Forest Carbon Partnership Facility (FCPF)

Readiness Fund

Additional Activities included in FY14 Readiness Fund Budget Proposal (PC15 Agenda Item 6)

June 26, 2013

This note is designed to inform the Participants Committee (PC) on the implementation of Additional Activities through the Readiness Fund budget during FY13 and to support the proposed budgets for Additional Activities in FY14. The budgets for the Additional Activities outlined in this note form part of the FY14 Readiness Fund budget proposed to the PC for approval under the Budget agenda item (agenda item 6).

Introduction

1. The activities proposed in October 2012 covered six key areas of support:
   - Reference levels and MRV
   - Country dialogues on the role of the private sector in REDD+
   - Registries for REDD+
   - Building REDD+ capacity for social inclusion
   - Linking lessons learnt from activities to address drivers of deforestation at the local level to REDD+ Strategy development and
   - Piloting governance diagnostics and setting up grievance redress mechanisms

2. In October 2012 the PC approved budgets for FY13 totaling $1.5 million for these Additional Activities, as shown in Table 1.

3. As part of the proposal for Additional Activities submitted to the PC in October 2012 (FMT Note 2012-9-rev) the FMT also provided an indicative budget for continuing those Additional Activities into FY14 of $1.7 million, although approval was not requested for those estimated FY14 costs at that time. An extract from that FMT Note reads as follows: “The activities are likely to continue in FY14, with an indicative FY14 budget estimate of $1,749,000. If the work program does continue into FY14, some adjustments may need to be made based on the results achieved in FY13 and PC approval of the FY14 budget will be solicited in June 2013.” These FY14 indicative budgets are also shown in Table 1. The total estimated cost for both years as at October 2012 of $3.3 million is shown in the final column of Table 1.
Table 1.

<table>
<thead>
<tr>
<th>Proposed Additional Activities ($000s)</th>
<th>FY13 Budget</th>
<th>FY14 Budget from FMT Note Oct 2012</th>
<th>Total for FY13 and FY14 (Oct 2012)</th>
</tr>
</thead>
<tbody>
<tr>
<td>MRV/Reference Levels/DB Man</td>
<td>375</td>
<td>375</td>
<td>750</td>
</tr>
<tr>
<td>Private Sector Engagement in REDD+</td>
<td>150</td>
<td>300</td>
<td>450</td>
</tr>
<tr>
<td>Registries for REDD+</td>
<td>225</td>
<td>200</td>
<td>425</td>
</tr>
<tr>
<td>Capacity Building for Social Inclusion</td>
<td>346</td>
<td>346</td>
<td>692</td>
</tr>
<tr>
<td>Linking Local Initiatives to Strategy</td>
<td>210</td>
<td>420</td>
<td>630</td>
</tr>
<tr>
<td>Piloting Forest Governance and Grievance Redress Mechanisms</td>
<td>217</td>
<td>108</td>
<td>325</td>
</tr>
<tr>
<td>Total</td>
<td>1,523</td>
<td>1,749</td>
<td>3,272</td>
</tr>
</tbody>
</table>

4. The estimated expenditures for FY13 for each of these Additional Activities is shown in Table 2, together with the proposed budgets for FY14 and a total estimated cost for both years as of June 2013. The current total estimated cost over both years of $2.7 million compares with the estimated cost over both years as of October 2012 of $3.3 million.

Table 2.

<table>
<thead>
<tr>
<th>Proposed Additional Activities ($000s)</th>
<th>FY13 Estimated Expenditure</th>
<th>FY14 Proposed Budget</th>
<th>Total for FY13 and FY14 (June 2013)</th>
</tr>
</thead>
<tbody>
<tr>
<td>MRV/Reference Levels/DB Man</td>
<td>32</td>
<td>560</td>
<td>592</td>
</tr>
<tr>
<td>Private Sector Engagement in REDD+</td>
<td>10</td>
<td>234</td>
<td>244</td>
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<tr>
<td>Registries for REDD+</td>
<td>153</td>
<td>196</td>
<td>349</td>
</tr>
<tr>
<td>Capacity Building for Social Inclusion</td>
<td>341</td>
<td>559</td>
<td>900</td>
</tr>
<tr>
<td>Linking Local Initiatives to Strategy</td>
<td>167</td>
<td>171</td>
<td>338</td>
</tr>
<tr>
<td>Piloting Forest Governance and Grievance Redress Mechanisms</td>
<td>72</td>
<td>66</td>
<td>138</td>
</tr>
<tr>
<td>Managing REDD+ Funds at Nat'l Level</td>
<td>-</td>
<td>97</td>
<td>97</td>
</tr>
<tr>
<td>Total</td>
<td>775</td>
<td>1,883</td>
<td>2,658</td>
</tr>
</tbody>
</table>

5. There is one additional proposed activity in FY14 – a South-South Knowledge Exchange on Managing REDD+ Funds at the National Level with a budget of $97k for the year.

6. Details of activities undertaken in FY13, and proposed activities for FY14 are provided under each of the activity headings below. Some activities planned for FY13 were not carried out so the budget requested for FY13 has, in some cases, been effectively rolled over into FY14.

7. The PC is asked to approve the budgets for Additional Activities for FY14 totaling $1.9 million as shown in table 2 above as part of their approval of the Readiness Fund budget proposal.
8. FCPF countries identified reference levels, forest monitoring and associated data management as high priority topics for country capacity building. Standardized methods are not yet available or are currently being developed by expert groups. Practical decision support tools, core capacity on methods, knowledge technological options and work organization are critical needs for countries to perform essential capacity building work going forward. Enhanced capacity and sound technical design are essential for REDD countries to participate in REDD+ transactions in the future (i.e. measure emission reductions against reference levels and manage associated data transparently and consistently).

9. This activity entails the development of practical tools and technical materials (e.g., modular tutorials), which will be developed through technical consultancies and with deliberate input from REDD countries through a series of capacity building workshops. The objective is to enable REDD+ countries to make informed decisions (e.g., what to do first as no-regrets actions) and conduct technical work related to reference levels, forest monitoring systems (measurement, reporting and verification of emission reductions), and data management effectively, while leveraging related ongoing international initiatives and resources. The activities are designed to support REDD countries in their readiness preparation, and in particular benefit those countries that are considering the development of ER programs for the FCPF Carbon Fund. Through regional workshops countries learn from each other and from countries actively developing ER programs for the Carbon Fund. The target audience is broad and includes REDD+ focal points, technical experts (e.g., those working on forest inventories), policy makers, forest managers, forest users, and potentially operational staff of Delivery Partners.

10. The development of decision support tools and technical tutorials for in-country application were contracted in FY13 and some relatively small early disbursements are expected to be made against early deliverables by the end of FY13. The majority of disbursements (for advanced and final deliverables, and regional workshops) are now expected to occur in FY14, although much of this expenditure was originally budgeted for in FY13. The overall cost of this activity over FY13 and FY14 is now estimated at $592k compared to $700k.

11. The technical consultancies funded by this activity budget were informed by the advancements in the development of the methodological framework for the Carbon Fund that occurred in the later part of FY13. That is, the decision support tools and good practice guidance material will directly inform how REDD countries can perform the necessary work to meet the design requirement of the FCPF Carbon Fund (and build capacity that has utility well beyond the FCPF). Going forward this activity will closely integrate and coordinate workshops related to reference levels, MRV, data management (previously linked with the activity on REDD+ registries) facilitated through the FCPF. The FMT is actively coordinating these activities with other technical partners and initiatives (including FAO and various international or bilateral capacity building initiatives).

Private Sector Engagement in REDD+
12. The potential roles of the private sector in REDD+ are still not well understood. This shortfall is often noted in FCPF R-PPs and FIP Investment Plans. Governments are at a loss regarding what the private sector can or should do. Risks thus exist that strategic decisions may be made that do not foster future participation by the private sector (e.g., allocation of carbon rights, RELs, etc.). On their end, private companies request better enabling frameworks and sometimes look for project-level opportunities that are disconnected from the emerging national frameworks.

13. The original plan for FY13 was to hold 1 or 2 country level dialogues and produce a report including recommendations for better consideration of the role of the private sector in REDD+ policy design. It was also the intention to help a number of countries begin assessing their needs in relation to the basic framework being developed and devise plans for how to meet these needs. However, no dialogues have taken place for a number of different reasons and there has been little expenditure in FY13 (estimated at $10k). $75k has now been committed for an analysis and a national round table on the role of the private sector in REDD+ in Costa Rica. The roundtable is scheduled for September 2013 so the actual expenditure will occur in FY14. The FMT proposes two additional country level dialogues in FY14 and follow-up reports including recommendations for better consideration of the role of the private sector in REDD+ policy design, with a total FY14 budget of $234k.

Registries for REDD+

14. Budget and activities proposed in October 2012 were $225k for FY13 and $200k for FY14. The proposed activities for FY13 were as follows:
   - Producing a set of building blocks (e.g., program accreditation, geo-referencing, safeguards information systems, asset custody), potentially with minimum design standards, for system developers to use. $150k
   - Help a number of countries to start assessing their needs in relation to the basic framework being developed and devise plans for how to meet these needs. $75k

15. The estimated expenditure for FY13 is $153k. The following activities and results were achieved:
   - An international workshop brought together technical representatives from various countries and other experts\(^1\) to share experiences, assess countries status and priorities moving forward.
   - The FMT produced draft functional specifications with minimum design standards for data management systems and ER transaction registries for REDD+.
   - Country needs assessments are underway with specific inputs already provided to demanding countries (Indonesia, Colombia, and Honduras).

16. Based on this FY13 work, a key distinction should be made between REDD+ data management systems used for registering and reporting on REDD+ implementation and Emission Reduction (ER) transaction registries used to handle the process of creating (i.e. issuing) ER units with unique serial numbers and supporting the transfer of ER units between account holders within the registry and to other linked trading registries.

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\(^{1}\) Colombia, Costa Rica, Guatemala, Mexico, Chile, Ethiopia, Indonesia, NCRC (NGO working with Ghana, Kenya, Tanzania, Uganda, Nigeria), Brazil (State of Acre), Markit, FAO, VCS
17. The priority of most REDD+ Countries is on REDD+ data management solutions to ensure consistency between the national, jurisdictional and project scales. The FMT proposes that this work stream be integrated into the additional activity on Reference Levels and MRV (see above).

18. Most countries understand the importance of an ER transaction registry for a future REDD+ mechanism and are interest in pursuing a common approach under FCPF leadership that could lead to the use of a centralized system. A limited set of countries are interested in pursuing work on national ER transaction registries. The proposed work-plan for FY14, with a proposed budget of $196k, is as follows:

- Investigate 3 ER registry options & make recommendation to FCPF.
  - Investigate options (October 2013)
  - Prepare an RFP for an interim outsourced ER Transaction Registry (December 2013)
  - Prepare an investment business case for FCPF consideration (March 2014)
- Develop funding model and secure investment for CF ER registry (by June 2014)
- Technical support associated with ER-transaction registries (in coordination with PMR).
- Funded south-south staff exchange programs and knowledge sharing activities, assessing best practices/technology solutions.

**Capacity Building for Social Inclusion**

19. During FY13 the FMT organized two Capacity Building for Social Inclusion in REDD+ Readiness regional workshops, as planned, in Anglophone Africa and Asia, covering safeguards, stakeholder consultations and grievance redress mechanisms.

20. During FY14 the FMT is planning three such regional workshops, and not two as originally projected. Hence the increase in the overall cost of this activity over FY13 and FY14 from $792k to $900k. Experience has shown that 7 countries is about the limit in any one of these workshops—and Latin America and the Caribbean region (LCR) has at least 14 FCPF countries. So, the proposed budget includes an additional workshop for LCR, with a workshop for Mesoamerican countries (tentatively scheduled for October 2013) and South American countries (tentatively scheduled for December 2013).

21. This first workshop will cover three major but inter-related themes in Readiness Preparation, for the benefit of multiple audiences in 7 Mesoamerican REDD+ countries in LCR. The themes are: (i) SESA/ESMF; ii) consultation & participation processes; and (iii) feedback & grievance redress mechanisms. As an outcome of the Joint Needs Assessment, and of in-country work by specialists with the FCPF FMT and with associated agencies, these have been identified as needing concentrated attention in the near term. The target audiences are: government officials, indigenous peoples, forest-dwelling communities, southern CSOs, World Bank technical specialists, FCPF Delivery Partner technical specialists, and consultants for both donor agencies and governments. The purpose of the workshop will be to address gaps in knowledge and understanding that still exist in relation to relevant aspects of the chosen themes. The 4-5 day workshop will take place in an appropriate venue in a Central American country as yet to be determined (likely to be El Salvador or Guatemala). The methodology for the workshop will be highly dynamic and participatory, likely to include an extended simulation exercise on its final day.

22. The proposed budget for the three regional workshops during FY14 is $559.
Linking Local Initiatives to Strategy

23. As planned one workshop on linking local initiatives to REDD+ strategy took place in FY13. The estimated expenditure for preparation of background notes and the actual workshop itself is $167k. This activity helped strengthen country's capacity to design and implement their national REDD+ strategies by promoting knowledge exchange on how local experiences on the ground are generating knowledge on how to address the drivers of deforestation and forest degradation.

24. The workshop “Linking Local REDD+ Projects to National REDD+ Strategies” took place in Hawassa, Ethiopia from April 29 – May 1, 2013. It was organized in collaboration with Ethiopia’s Ministry of Agriculture, the Oromia Forest and Wildlife Enterprise (OFWE) and Farm Africa (an international NGO active in the promotion of forest management in Ethiopia). The workshop was attended by representatives from national and local governments, delivery partners, civil society, and members of the private sector from 11 FCPF REDD+ countries (Cameroon, DRC, Ethiopia, Ghana, Indonesia, Kenya, Liberia, Madagascar, Republic of Congo, Tanzania, and Uganda), and two other countries (Brazil and Nigeria).

25. At the workshop, representatives from seven pilot projects presented how each project is addressing drivers of deforestation, linkages with national REDD+ processes, and the challenges and lessons learned from such projects. Similarly, government officials from Indonesia and the DRC presented on the development of national REDD+ frameworks. A one day field visit was conducted to a Participatory Forest Management (PRM) site in the Bale Mountains.

26. The participants actively engaged in sharing successes and failures of implementing REDD at local and national level. The most important added value of the workshop, as indicated by the participants, was an opportunity to share experiences among various stakeholders who are facing similar challenges and opportunities. They reflected the need of similar dialogues both at country level and international level. The main points discussed during the workshop have been summarized into a technical note available on the FCPF website. The FMT will disseminate these findings at the upcoming PC15 meeting though a Knowledge Sharing Panel.

27. The original budget for FY14 of $420k was intended to cover the costs of two regional workshops. The proposal now is to hold only one workshop in Asia, with a budgeted cost, including all preparation and workshop and travel costs, for this activity of $171k.

Piloting Forest Governance and Grievance Redress Mechanisms

28. The estimated budget for this activity for FY13 was $217k, including the estimated costs of two workshops. Only one workshop was held during FY13 with an estimated expenditure for the activity of $66k.

29. This activity helped identify priority forest governance issues relevant to the development and implementation of the REDD+ in Liberia and to propose actions to address the emerging needs.

30. As part of this activity, first, a background report on the status of forest governance in Liberia was prepared. This was shared widely with stakeholders in the country as a means of ensuring that the most current information on the issue was publicly available. Second, a multi-stakeholder national workshop, "REDD+ Forest Governance Workshop", was held in Monrovia on April 22-23, 2013. The workshop was organized and facilitated by the Forest Development Authority (FDA). FDA identified participants, developed the agenda, selected the facilitator, etc., with the Bank Team in a supportive and advisory role. Participants to the workshop included representatives from government
ministries including Environment Protection Agency (EPA), FDA, Land Commission, MOA, LISGIS, MPEA etc.; from CSO’s such as Global Witness, SDI, SADS, Foundation for Community Initiatives, etc; development partners such as EC, USAID and UNDP; representatives from the charcoal and chainsaw unions. There were also several representatives from counties (Bomi, Bong, Lofa, Nimba, Rivercess, Grand Gedeh).

31. Workshop participants (working in 3 smaller break-out groups) scored almost 100 questions on different aspects of forest governance, with the help of the PROFOR forest governance diagnostic tool, customized to the context of REDD+ in Liberia. From this, they recommended 9 of the highest priority actions items to be taken up in the country’s REDD+ Readiness preparations. These range from a need to resolve land-based conflicts, to considering gender issues in forestry, to enhancing the capacity of the Forest Development Agency. The multi-stakeholder centered discussions have also identified measures to address these weaknesses in the short, medium and long term, as well as the major agency responsible for implementation. While some of these will be implemented with the help of the Readiness preparation grant, alliances and funding from other development partners will also be sought to implement others. The implementation of the agreed to actions to strengthen governance will be accompanied by tracking of the outcomes, as part of Liberia’s REDD+ monitoring and evaluation framework.

32. A comprehensive workshop report is available on the FCPF website as well as hard copies at the PC meeting in Indonesia.

33. In the next FY, it is proposed to pilot the PROFOR tool in Laos and in another FCPF country in East Africa (from one of Uganda, Tanzania or Ethiopia) or Latin America. At present the proposed budget for FY14 of $66k is only intended to cover the pilot in Lao PDR. Should a formal request be received from another country, further budget approval shall be requested from the PC accordingly.

Managing REDD+ Funds at the National Level
(Mechanisms for Managing REDD+ Funds at the National Level - South-South Knowledge Exchange)

34. This is an additional activity over and above the previously proposed and budgeted activities in FY13. The proposed budget for FY14 is $95K. The activity will promote a series of knowledge exchange activities (jointly with UN-REDD) on National REDD+ Funds Management targeted at Colombia, DRC, Ethiopia, Indonesia, and Vietnam; while tapping into the knowledge from other countries (Brazil, Costa Rica and Mexico).