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I. What is the R-Package?

It is generally agreed that REDD+ implementation should follow a phased approach to enhance chances of success. During the first phase, countries prepare REDD+ strategies at the national level and initiate processes to ensure social and environmental soundness (including reference levels, safeguards, an implementation framework), generally called the Readiness phase. The second phase is a period when REDD countries begin the implementation of strategies and enabling processes, as well as undertake policy and legal reforms and the execution of demonstration activities. These two phases, taken together, will hopefully ensure that REDD countries are ready to receive performance-based payments—which is the third phase.

The Readiness package (or R-Package) is produced by countries at the end of the first phase, and is a collection of documents required by the World Bank's Forest Carbon Partnership Facility (FCPF) at the end of the readiness phase. The development of the R-Package is in fact a critical moment to build confidence in the process, as countries will need to have their R-Packages reviewed if they want to submit an emissions reductions programs to the FCPF Carbon Fund. R-Package assessment by the Participants Committee (PC) is voluntary, so if a country does not want to access the Carbon Fund, they do not have to be assessed if they don't want to.

As presented in PC9, the contents of the R-Package consists of 5 core elements: 1) a REDD strategy; 2) an Implementation framework; 3) a Monitoring Reporting and Verification (MRV) system; 4) a Reference Level scenario (REL); and 5) safeguards, although some countries are proposing clarifications or modifications.

There are a lot of unanswered questions regarding the R-Package, for example:

What are the standards that country progress will be measured against? What are the assessment criteria that will be used? What roles will independent experts and national and local civil society play?

How to ensure compliance with established standards and what happen when an R-Package is weak and does not meet standards?



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Can the R-Package also be seen as a piloting “system” for providing information on safeguards? There appears to be agreement on the currently proposed principles for assessing R-package, which is to focus on progress, feasibility, relevance and consistency, with many emphasizing the need for consistency with emerging UNFCCC guidance.

II. Why is it important?

The R-Package is important because it is a critical step to build confidence in the REDD mechanism, as it will perhaps mark the end of the readiness phase and the beginning of the implementation phase. The R-Package will determine the structure and contents of mid-term progress reports, and be the major international assessment of country REDD readiness efforts, determine or influence access to the FCPF Carbon Fund and other REDD+ financing, and will influence how countries respond to the Cancun Accord mandate to create information systems for safeguards.

Since it is not likely that most countries will be fully ready for REDD at time of preparation of the R-Package, the R-Package can provide orientation to donors for scaled up financing in the second phase. This includes demonstration programs and projects in the Carbon Fund, but critically also investments in institutional capacity building of government, civil society and indigenous actors, and the needed policy reforms to make REDD+ workable. The R-Package can provide confidence that REDD programs and measures are taking place in a transparent, participatory and accountable governance framework.

It should also provide clarity that countries can mitigate social and environmental risk and maximize social and environmental benefits to ensure sustainability. This will entail a detailed assessment of the quality and results of the strategic social and environmental assessment (SESA) process, and how those results have been incorporated into the national REDD strategy and the institutional arrangements for REDD. It will also require an assessment of not only the quality and completeness of the (required) Environmental and Social Management Framework (ESMF) but also a review of how those principles, criteria and processes are enshrined in national law and policy. Civil society and Indigenous peoples’ organizations need to be involved in both of these processes.



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It is also likely that whatever decision made by the Participants Committee at the FCPF on mid-term and R-package reporting for REDD readiness will influence UNFCCC discussions on safeguard information systems and the preparation of guidance for the application of the Cancun Accord safeguards.

III. Process moving forward

Proposed FCPF timeline

A PC decision on the R-Package is expected during the PC11 meeting in March 2012. A working group has been put in place with the purpose to start and advance discussions on the R-package ahead of the PC11 meeting. At this point, discussions focus on the content and assessment criteria and on how to prepare a presentation and/or a session for PC10 in Berlin in October 2011. The working group is composed of representatives from donor countries, FCPF participant countries, the FCPF Facility Management Team (FMT) and NGO and IP observers. A first teleconference by the group was held in early August 2011 and launched the discussion on devising the R-Package contents and review criteria. The group will have two additional conference calls before PC10 with the goal of having an "outline" of the R-package contents at PC10 (October 2011) for discussion and an "advanced draft" of the R-package and assessment criteria at PC11.

No process for post-PC10 has yet been discussed, although there was the mention of trying to organize a meeting on the outskirts of COP 17 in December in South Africa, and using the World Bank's global distance learning network to facilitate other discussions.

Civil Society Organizations' Issues

CSOs are concerned that the criteria and indicators for the evaluation of the R-Package will not be strong or specific enough to distinguish between countries making good progress and countries that are not, and further, that there may be no provisions for what happens in cases of non-compliance with standards. There is also concern that there will not be a clear role for civil society and indigenous peoples to participate and validate what their governments say about progress on REDD readiness. Given its importance to the readiness process and as a basis for future investment, as well as the speed with which the Carbon Fund is advancing, the PC needs to lay out a clear process



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for reaching decisions on mid-term and R-package reporting, and one that includes opportunities for public comment.

Opportunities to influence the process

Discussions on devising R-package contents and review criteria are ongoing. The Working Group established for this purpose is an important point of engagement for inputs in discussions and on influencing the process, but equally important is direct engagement with both the World Bank and governments represented in the FCPF Participants Committee. These R-Package discussions are an important aspect of the FCPF rules that will determine what and how countries need to report on their progress at mid-term and the end of the R-PP implementation, who else will be involved in that process, and what will happen when there is insufficient progress or non-compliance with standards or safeguards. Discussions are likely to go on through March 2012, when a PC decision is expected.

Additional information

The FMT presentation on R-package at PC9 is available [here](#), as well as the presentation of early ideas from [DRC](#), [Costa Rica](#), and [Nepal](#).

The World Resource Institute's [Forest Governance Indicators Framework](#) and the World Bank/FAO's [Framework for Assessing and Monitoring Forest Governance](#) are useful resources.



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The FCPF Carbon Fund Operational

The FCPF Carbon Fund was launched in May of 2011 when the FCPF secured two private sector companies to invest (British Petroleum and the French investment firm CDC Climat), bringing the total capitalization to about US\$175 million. The Carbon Fund (CF) was part of the initial design of the FCPF in 2007-8, and is supposed to pilot “performance-based payments” for REDD+, which means providing a stream of payments over several years based on a country accomplishing reductions in greenhouse gas (GHG) emissions in the forest sector. These performance-based payments will take the form of emission reduction payment agreements (or ERPAs), such that countries will have to generate carbon credits (one credit per ton of carbon avoided or removed).

The CF is slated to fund about four or five emission reduction programs, probably for a five to seven year period, with the possibility that some of the funds can be given to the country up-front. It is possible that the CF can enter into an agreement with sub-national, or even non-state entities, i.e. a regional government, private company, or conceivably an NGO, but these actors would need governmental approval as well as meeting other conditions.

The World Bank staff running the CF (the Facility Management Team, or FMT) plan on going to the WB Board of Directors to raise the capitalization limit of the CF, so it is possible that more ERPAs will be funded if more money is raised.

Box 1: Donors to the FCPF

Carbon Fund (in millions US\$)

Norway	\$50
Germany	\$46.1
UK	\$17.9
Australia	\$12.7
USA	\$10
Switzerland	\$6
European Commission	\$6.7
The Nature Conservancy	\$5
CDC Climat	\$5
British Petroleum	\$5

Governance

The CF has a governance structure that is different from the Readiness Fund—only CF Participants, in this case the donors (see box) are included—so there is no formal



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developing country participation in decision making on the fund, with a few exceptions where the Participants Committee of the Readiness Fund (which has a balanced governance structure of 14 developing countries and 14 donors) has some say, notably including decisions on the methodological approach to pricing and valuation. This does not include decisions about the price for carbon credits, or the overall amounts for individual ERPAs. Unlike the Readiness Fund, the WB is the only delivery partner for the CF. The governance arrangements at the CF make provisions for one observer from civil society and one observer from Indigenous Peoples organizations, who have voice, but not vote, in the meetings. It is important to note that the current proposal for the rules of procedure will exclude observers from the tranche meetings where decisions about ERPAs are made.

What is also important about the governance structure of the CF is that the donors divided themselves into two groups (called tranches)—with one group of all public (governmental) donors in a “restricted” tranche

who will “retire” the carbon credits they receive through the CF (i.e. not use, sell or trade them), while the other tranche, including the private sector companies, the US government and The Nature Conservancy (TNC) are in an “unrestricted” tranche that can use their credits for compliance purposes, i.e. to offset GHG pollution in the north. It is not clear where or how the US government would use those credits given the lack of a cap and trade regime in the United States.

Unresolved Issues

There are many issues still unresolved for how the CF will function and what they will do, given the recent launch, and that much of the methodological work is just beginning. Civil society organizations, however, have been critical of the early launch of the CF, arguing that it will divert human resources both within tropical forest countries and the FMT away from REDD readiness and towards carbon transactions. Additionally, while the FCPF, in line with the commitment not to “get ahead” of the UNFCCC negotiations has not taken a formal position on market-based financing for REDD, the fact is that the CF is on track to produce “compliance grade” emission reduction credits that can be sold, traded or used to offset pollution in the north by private sector companies like BP. This raises grave concerns among many who are critical of market-



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based approaches to REDD. CF methodological work on reference levels may also end up leading or influencing the international climate negotiations.

With respect to safeguards, the CF is committed (by the FCPF Charter) to abide by all World Bank operational policies and procedures, including the social and environmental safeguards, the Access to Information policy, and the WB's accountability mechanism—the Inspection Panel. What is not entirely clear is how other safeguards included in the Cancun Accord, for example on permanence and leakage, will be dealt with. ERPAs are also, in practice, excluded from public disclosure by the WB because of business confidentiality concerns. The charter-mandated gateway to the CF is the so-called Readiness package (or R-package) which is a series of documents produced by tropical forest countries participating in the FCPF. It includes the national REDD strategy, a description of the institutional arrangements for implementing REDD, a credible reference scenario, a functioning monitoring, reporting and verification (MRV) system, as well as a completed strategic environmental and social assessment (SESA) and an environmental and social management framework (ESMF). What is not yet clear are the details of what, exactly, will need to be included in the R-Package, and how these country submissions will be assessed by the Participants Committee, the WB and/or other delivery partners, and more critically, the level of rigor in applying quality standards and public participation in these assessments.

To get additional information on the R-Package and the Carbon Fund operational discussion process or to get involved, please contact Joshua Lichtenstein, BIC's Forest Campaign Manager at jlichtenstein@bicusa.org or Patrick Kipalu, BIC's Africa Program Associate at pkipalu@bicusa.org



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