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A close-up photograph of a large tree trunk with a thick, deeply textured bark. The bark is dark brown and shows signs of weathering and cracking. The tree trunk is the central focus, with other trees and green foliage visible in the background. A white rectangular text box is overlaid on the left side of the image, containing the title and subtitle.

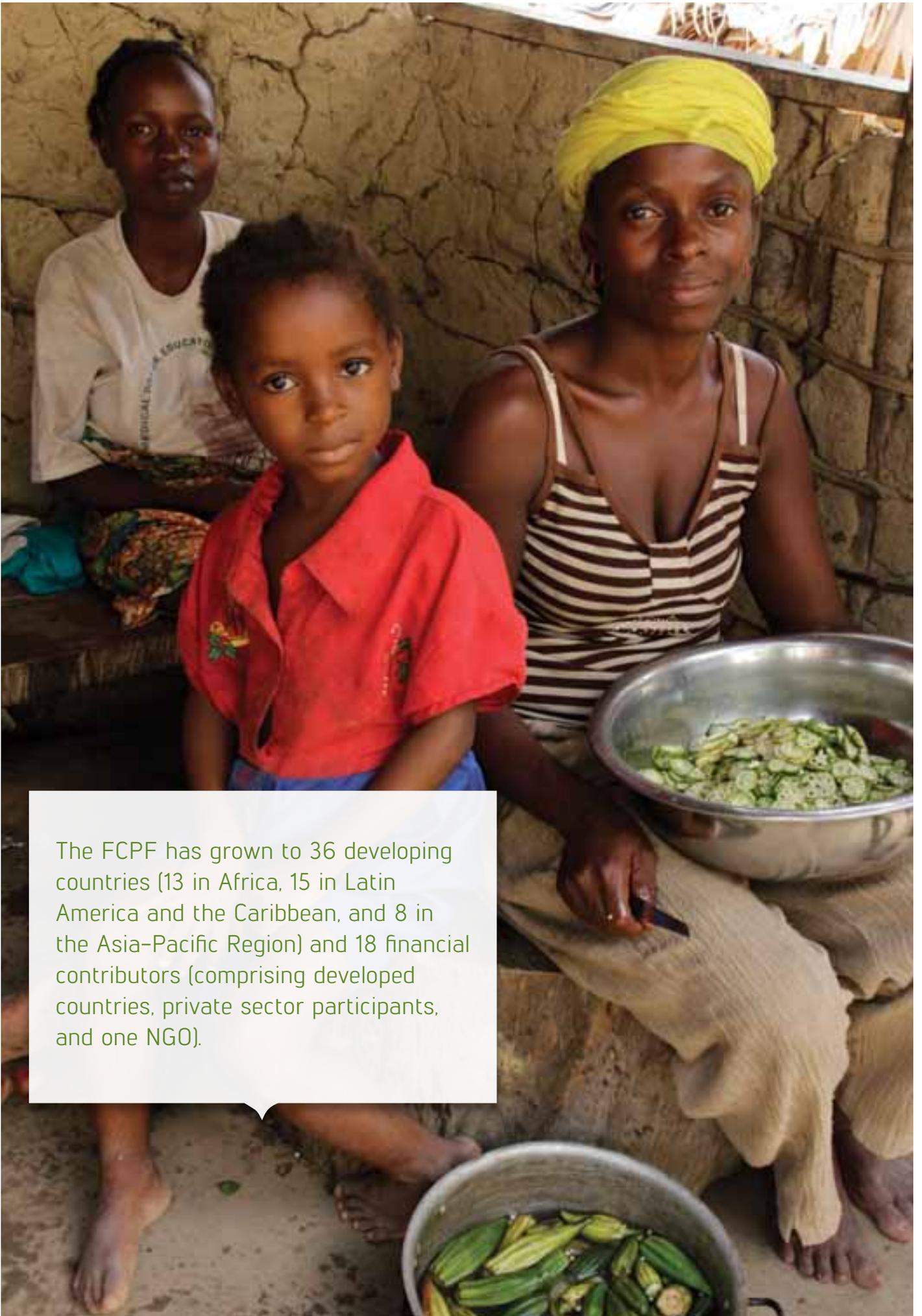
## THE FOREST CARBON PARTNERSHIP FACILITY

Demonstrating activities that reduce emissions from deforestation and forest degradation



# Acronyms

CF	Carbon Fund
C&I	Criteria and Indicators
COP	Conference of the Parties (to the UNFCCC)
CRGE	Climate-Resilient Green Economy
CSO	Civil Society Organization
DP	Delivery Partner
DRC	Democratic Republic of Congo
ER	Emission Reductions
ERPA	Emission Reductions Purchase Agreement
ERPD	Emission Reductions Program Document
ESMF	Environmental and Social Management Framework
FAO	Food and Agriculture Organization
FCPF	Forest Carbon Partnership Facility
FIP	Forest Investment Program
FMT	Facility Management Team
FRL	Forest Reference Levels
FY	Fiscal Year (World Bank fiscal year, July 1 through June 30)
IDB	Inter-American Development Bank
IP	Indigenous People
Lao PDR	Lao People's Democratic Republic
LOI	Letter of Intent
M&E	Monitoring and Evaluation
MF	Methodological Framework
MRV	Measurement, Reporting, and Verification
NGO	Non-Governmental Organization
PC	Participants Committee
PES	Payments for Ecosystems Services
PMF	Performance Measurement Framework
REDD	Reducing Emissions from Deforestation and Forest Degradation
REDD+	REDD <i>plus</i> conservation of forest carbon stocks, sustainable management of forests, and enhancement of forest carbon stocks
REL	Reference Emission Levels
RL	Reference Level
R-PP	Readiness Preparation Proposal
SBSTA	Subsidiary Body for Scientific and Technological Advice (under UNFCCC)
SESA	Strategic Environmental and Social Assessment
SFM	Sustainable Forest Management
SIS	Safeguards Information System
SMART (indicators)	Specific, Measurement, Relevant and Time-bound (indicators)
TAP	Technical Advisory Panel
UNDP	United Nations Development Programme
UNFCCC	United Nations Framework Convention on Climate Change
UN-REDD	United Nations Collaborative Programme on Reducing Emissions from Deforestation and Forest Degradation in Developing Countries



The FCPF has grown to 36 developing countries (13 in Africa, 15 in Latin America and the Caribbean, and 8 in the Asia-Pacific Region) and 18 financial contributors (comprising developed countries, private sector participants, and one NGO).

# General Introduction



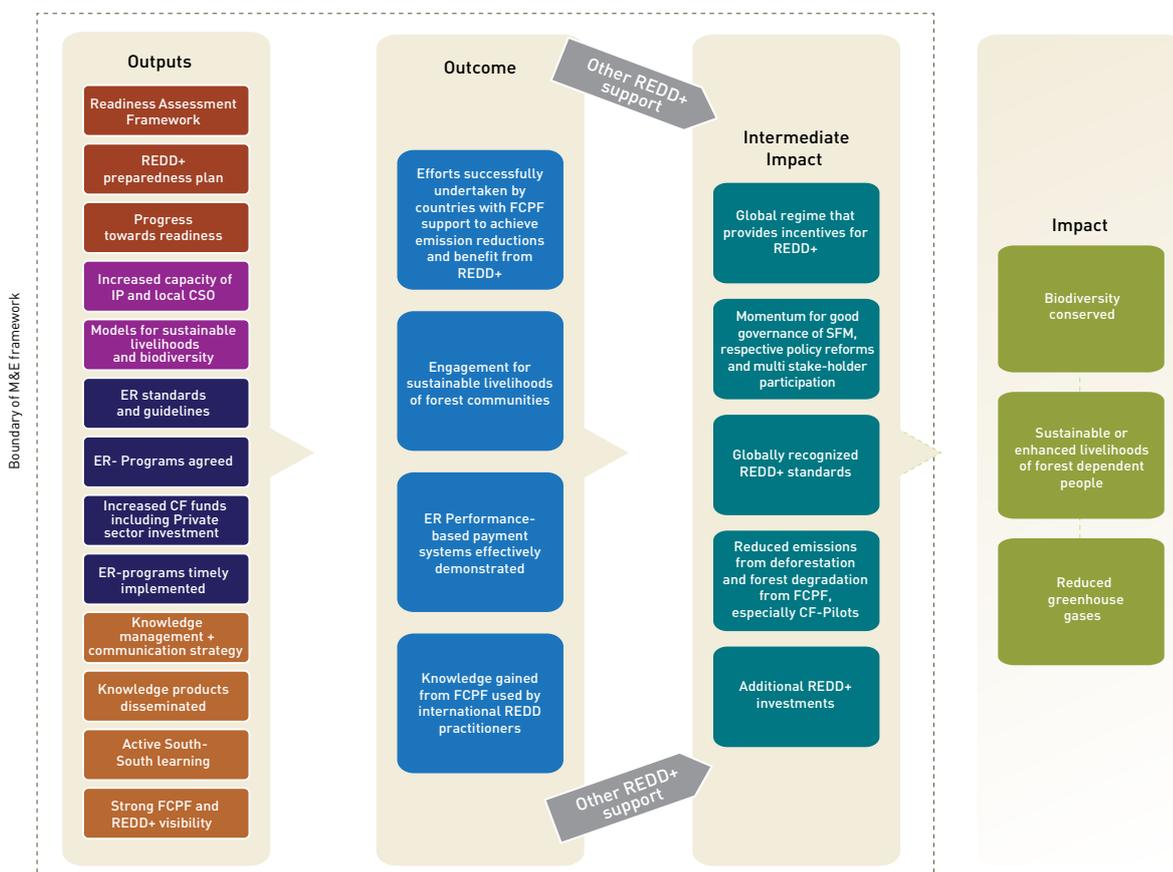
In contrast to previous annual reports, the FY13 report follows the structure of the Forest Carbon Partnership Facility (FCPF) Program Level Monitoring and Evaluation (M&E) Framework, adopted by the Participants Committee (PC) at its 14th meeting in March 2013. The M&E Framework is designed to keep track of the Facility’s performance in a way that helps ensure lessons can be learned and adaptive management is possible at the Facility level.

In line with the M&E Framework’s Performance Measurement Framework (PMF), this year’s annual report provides information on the main achievements related to the intermediate impact, outcomes (aligned with the four FCPF objectives), and outputs (short-term results), which together provide a strategic overview of the FCPF (see figure 1). Specific, Measurable, Achievable, Relevant and Time-bound (SMART) indicators have been developed at the level of impact, outcome, and output to track the progress of the FCPF. The targets for each indicator have been designed in a way that ensures results can be achieved within the life span of the Facility. This report also begins to integrate the new reporting structure at the country level—moving away from reporting on activities only and allowing for systematic,

country-specific assessment of readiness progress.

As the FCPF’s main focus has been on readiness and on laying the ground for future REDD+ activities and piloting performance-based payment systems, it is somewhat limited in its ability to report on longer-term and impact-level indicators at this stage. (Impact assessments will be part of the independent evaluations as planned in the M&E Framework.) Moreover, being a transition year, only a small number of countries have started using the new reporting structure. As a result, this report includes the information currently available and, for some indicators where portfolio-wide data was not available, country examples are provided. In the coming years the scope of the annual report is expected to expand as more information becomes available.

Figure 1: Result chain of FCPF interventions



The FCPF has two separate but complementary funding mechanisms—the Readiness Fund and the Carbon Fund (CF)—to achieve its strategic objectives. Together the two funds have raised \$648 million.



# Program Objectives

# 2

The FCPF is a global partnership of governments, businesses, civil society, and Indigenous Peoples (IP), focused on reducing emissions from deforestation and forest degradation, forest carbon stock conservation, the sustainable management of forests, and the enhancement of forest carbon stocks in developing countries (activities commonly referred to as REDD+).

**As stated in its charter, the FCPF pursues four strategic objectives:**

- > To assist eligible REDD+ Countries in their efforts to achieve Emission Reductions (ER) from deforestation and/or forest degradation by providing them with financial and technical assistance in building their capacity to benefit from possible future systems of positive incentives for REDD+.
- > To pilot a performance-based payments system for ER generated from REDD+ activities, with a view to ensuing equitable sharing and promoting future large-scale positive incentives for REDD+.
- > Within the approach to REDD+, to test ways to sustain or enhance livelihoods of local communities and to conserve biodiversity; and
- > To disseminate broadly the knowledge gained in the development of the Facility and implementation of Readiness Plans and ER Programs.

The FCPF has two separate but complementary funding mechanisms—the Readiness Fund and the Carbon Fund

(CF)—to achieve its strategic objectives. Together the two funds have raised \$648 million.

**The Readiness Fund** supports participating countries in the development of REDD+ strategies and policies, references emission levels (REL), measurement, reporting and verification (MRV) systems, and institutional capacity to manage REDD+, including environmental and social safeguards. The Readiness Fund became operational in 2008 and has a capital of about \$258 million.

**The Carbon Fund** builds on the progress made in readiness and is designed to pilot performance-based payments for ER from REDD+ programs in a small number of FCPF countries. The CF became operational in 2011 and has a capital of about \$390 million.

The FCPF has grown to 36 developing countries (13 in Africa, 15 in Latin America and the Caribbean, and 8 in the Asia-Pacific Region) and 18 financial contributors (comprising developed countries, private sector participants, and one NGO). It has six categories of observers, including IP and civil society. The core of the FCPF's inclusive governance structure is formed by the Participants Assembly and the PC.



## Looking back at 5 years of implementation: What defines the FCPF?

Five years into the Facility, REDD+ has changed from a creative international policy concept to structures coalescing the necessary country-driven national institutional architecture, technical capacity, and stakeholder participation to implement REDD+ activities on the ground.

**Building in-country capacity:** Since its origin, the FCPF has helped raise in-country awareness, capacity and skills around REDD+—thereby helping countries understand and establish processes, procedures, and standards for REDD+ readiness. A significant value of the FCPF process to date lies in the clear and constructive guidance it gives for the stepwise development of REDD+ readiness. The Readiness Preparation Proposal (R-PP) process and the unique system of peer review—which includes external, independent technical inputs—has fostered nationally-owned REDD+ strategies and supported a process of continually rising standards across the participating countries.

**Advancing REDD+ on the ground:** The hallmark of the FCPF is the establishment of multi-sectoral platforms within governments, which help break down sectoral silos (between agriculture, energy, environment, and forestry) and identify integrated solutions that serve multiple objectives and mainstream REDD+ in national policy frameworks. Within REDD+ countries, the FCPF has added fresh impetus and incentives with which to improve governance in the forest sector, and address challenges such as law enforcement, land and natural resource tenure conflicts, and illegal logging. It has advanced coordination across ministries and promoted participation and transparency in land-use decision making. Progress has been made in answering questions of carbon ownership and benefit-sharing mechanisms, as well as in establishing avenues for local, subnational, and national grievance redress. It has also given a boost to the political will of governments to tackle deforestation and address deforestation drivers. Recently, countries have begun to design large-scale REDD+ pilot programs. All of this further strengthens the foundation from which participating countries can leverage additional donor funding in support of REDD+ preparation and implementation projects.

**Fostering Partnerships:** The FCPF is leading the way in fostering consultative and participatory approaches at the country level. One of the defining achievements of the FCPF is the catalytic role it has played in establishing multi-stakeholder platforms—bringing together diverse stakeholders, including IP and forest-dependent communities, women and youth—and fostering a dialogue on issues pertinent to REDD+. Furthermore, the Capacity Building Program aims to enable and enhance the meaningful participation of IP, Southern CSOs, and local communities in the development of national strategies and programs. At the Facility level, the innovative governance structure of the FCPF (in which developing countries have the same voice as financial contributors, with a decision-making process that includes a wide spectrum of observers) is seen as highly effective by members and observers alike. This perception fosters trust and a cooperative spirit among all participants to advance the work of the FCPF and the global REDD+ agenda more generally.

**Creating global standards for REDD+:** The FCPF is a central piece in the REDD+ institutional landscape. It has created a structure for REDD+ readiness through the development of a common planning framework, a set of practical tools and guidance, and the robust assessment of country-owned proposals. The Common Approach to Environmental and Social Safeguards has established norms for safeguards and stakeholder engagement in REDD+ readiness. These include the undertaking of a Strategic Environmental and Social Assessment (SESA), the development of an Environmental and Social Management Framework (ESMF) for the national REDD+ strategy, and the establishment of national feedback and grievance redress mechanisms. The Readiness Assessment Framework provides a common approach to measure and communicate countries' relative progress on core readiness activities. Furthermore, the CF and its Methodological Framework (MF) are blazing the trail for the next generation of carbon initiatives by piloting the implementation of REDD+ programs via the use of performance-based systems of payments for verified Emission Reductions from REDD+ programs.

**Setting the path for impact on climate:** Five years into the implementation of the Readiness Fund, the FCPF is assisting 36 REDD+ countries in preparing themselves to reduce emissions from deforestation and forest degradation, and promote sustainable forest management. To date, under the CF, 10 program ideas have been presented and one Letter of Intent (with Costa Rica) has been signed. A total of \$650 million have been raised for the two funds: \$260 million from 15 donors for the Readiness Fund, and \$390 million from 11 financial contributors for the CF.

**Promoting sustainable landscapes:** The FCPF supports countries in their efforts to harness the potential of forests in their national contexts—from supporting the development of new markets and ways to benefit from carbon transactions, to reducing poverty, protecting watersheds or preserving biodiversity. The FCPF helps REDD+ countries achieve these multiple objectives by providing access to funding and a framework and process around which REDD+ planning can take place. National strategies are now incentivizing sustainable pathways of development, through smarter land use planning and policies, among other things, so that alternative models of economically sustainable development emerge.

**Stimulating non-carbon benefits:** Benefits like preserving biodiversity and enhancing sustainable livelihoods are integral to REDD+ readiness preparations and implementation. The earlier phases of REDD+ are critical to transitioning to low-carbon development approaches and building legitimacy with key stakeholders. The emerging benefit-sharing schemes of REDD+ strategies and programs that emerge in the implementation phase transcend the incentives to provide social and environmental added values. Providing such incentives is essential to securing broad community support and the legitimacy of REDD+ programs.

**Generating knowledge:** In its essence, the FCPF is maximizing learning value by testing various approaches to addressing the challenges of deforestation and forest degradation within countries and regions. Nurtured by a young tradition of candid exchange and learning-by-doing, and supported by South-South knowledge transfers, the Partnership is developing awareness and understanding of REDD+. Under the Readiness Fund, countries are exploring and generating lessons related to the policies and systems needed for adopting national REDD+ strategies; developing REL; designing MRV systems; and setting up REDD+ national management arrangements, including proper environmental and social safeguards. Moreover, the CF will provide “real life,” practical insights and knowledge derived from REDD+ countries’ piloting of performance-based mechanisms for REDD+.





Considering that the 36 countries in the FCPF are home to 53 percent of all forest area in the tropics and subtropics (Brazil has 26 percent of forest area but is not in the FCPF), the progress made with REDD+ readiness in the FCPF is set to have a significant global impact on forest conservation and climate mitigation.

# Executive Summary

# 3

In its fifth year of operation, the Forest Carbon Partnership Facility (FCPF) made tremendous progress with adopting and advancing a set of frameworks that govern the Facility and with guiding countries in their REDD+ activities. The adoption of the program-level Monitoring and Evaluation (M&E) Framework by the Participants Committee (PC) in March 2013 put in place an important structure to track the overall performance of the Facility more systematically.

Another highlight, in March 2013, was the approval of the Readiness Assessment Framework, which supports countries with measuring and communicating their relative progress on REDD+ readiness. Thirty-two of the 36 FCPF countries have now reached the first important milestone in the stepwise approach to REDD+ readiness and had their R-PP assessed by the PC. The independent Technical Advisory Panel (TAP) and the PC have emphasized the steady increase in the quality of R-PPs submitted and highlighted that the set of R-PPs presented during PC14 was the strongest set submitted to date.

Under the Readiness Fund, countries have continued to explore and generate lessons related to the necessary policies and systems for adopting national REDD+ strategies—developing reference emission levels (REL); designing measurement, reporting and verification (MRV) systems; and setting up REDD+ national management arrangements, including proper environmental and social safeguards. Although only nine countries had signed their readiness preparation grant by the end of FY13, the number is expected to double by the end of FY14, since countries have made much progress in finalizing R-PPs for the final completeness check, prior to the due diligence process by the Delivery Partners (DPs). Further, 100 percent of the supervision reports issued by the Delivery Partner (World Bank) show that grant implementation is progressing according to readiness objectives as per grant agreements. One country, the Democratic Republic of Congo (DRC), has already advanced to the mid-term review (MTR) stage, and several countries are expected to reach this milestone in FY14.

Considering that the 36 countries in the FCPF are home to 53 percent of all forest area in the tropics and subtropics (Brazil has 26 percent of forest area but is not in the FCPF), the progress made with REDD+ readiness in the FCPF is set to have a significant global impact on forest conservation and climate mitigation.

Significant progress has also been made on the development of the draft Methodological Framework (MF) to govern the CF. The CF will pilot performance-based mechanisms for REDD+ and provide “real life,” practical insights and knowledge derived from REDD+ countries’

experiences. Under the CF, thus far 10 program ideas have been presented, including eight new ideas or updated ideas presented in FY13 alone. In FY13, Costa Rica was accepted into the pipeline of the CF, as the first country, and set to sign a Letter of Intent (LOI) in early FY14.

With significant new contributions from Norway, Germany, and Finland, a total of \$650 million has been raised for the FCPF to date—\$260 million for the Readiness Fund and \$390 million for the CF. Initial targets have thus been exceeded. The Carbon Fund’s available capital for ER payments (approximately \$350 million) could purchase 70 million tCO<sub>2</sub>e (assuming a notional price of \$5 per tCO<sub>2</sub>e)—which corresponds to approximately 1 percent of annual deforestation emissions.

In FY13, the FCPF has also continued pushing the envelope in enhancing the capacity of Indigenous Peoples (IP) and CSOs working on social inclusion and in broadening outreach to a critical mass of IP and CSOs. A series of capacity-building workshops for social inclusion were organized and regional dialogues for Indigenous Peoples carried out. Further, a record number of 15 small grants worth over \$1.2 million were approved to support capacity building of IP and Southern CSOs last year. Transitioning into new delivery modalities, the six regional intermediary organizations that will administer the Capacity Building Program in FY14 and FY15 were selected.

The FCPF’s standards for inclusion and transparency are presently being translated from the global to the country level. Governments are paying more and more attention to the effective engagement of IP in national REDD+ processes and IP are now increasingly represented in national institutional arrangements for REDD+.

Moving into FY14, the FCPF is keen to shape a diverse portfolio of programs for the CF that will generate high-quality and sustainable ER at scale, deliver environmental and community benefits, and generate important lessons. The experiences to be gained while implementing these programs will surely offer important lessons for all 36 countries participating in the FCPF. They will also enable these countries to continue making great strides in reducing emissions from deforestation and forest degradation.



## BOX 1: FCPF PROGRAM-LEVEL MONITORING AND EVALUATION FRAMEWORK

The PC adopted the FCPF Program-Level M&E Framework at its 14th meeting in Washington, DC, in March 2013. At the FCPF program level, the M&E Framework is designed to keep track of the Facility's performance. It consists of a structure and system to ensure that all key data is collected, analyzed, and used in a way that helps ensure lesson learning and adaptive management at the Facility level.

In an attempt to streamline countries' reporting requirements, the FCPF M&E Framework includes a new country reporting structure. The revised template evolves and replaces the national Readiness Progress Fact Sheets template, by integrating the structure and content of R-PP template (version 6), the Readiness Assessment Framework, and the Facility-level M&E framework. The new template moves away from reporting on activities only, and allows for systematic, country-specific assessment of readiness.

### Central to guiding and organizing the M&E Framework are:

- The Result Chain and Logical Framework, which together provide a strategic overview of the FCPF. They support decision making by illustrating the main results to be achieved by the Facility at various levels with performance indicators. They include both the monitoring and evaluation efforts at the Facility level.
- The Performance Measurement Framework (PMF) is the key internal management tool used by the Facility Management Team (FMT) to manage the collection, analysis, and reporting on the performance data. It outlines proposed program indicators for each results level, targets, baselines, frequency of data collection, data sources and methods, as well as responsibilities for this data collection and consolidation.

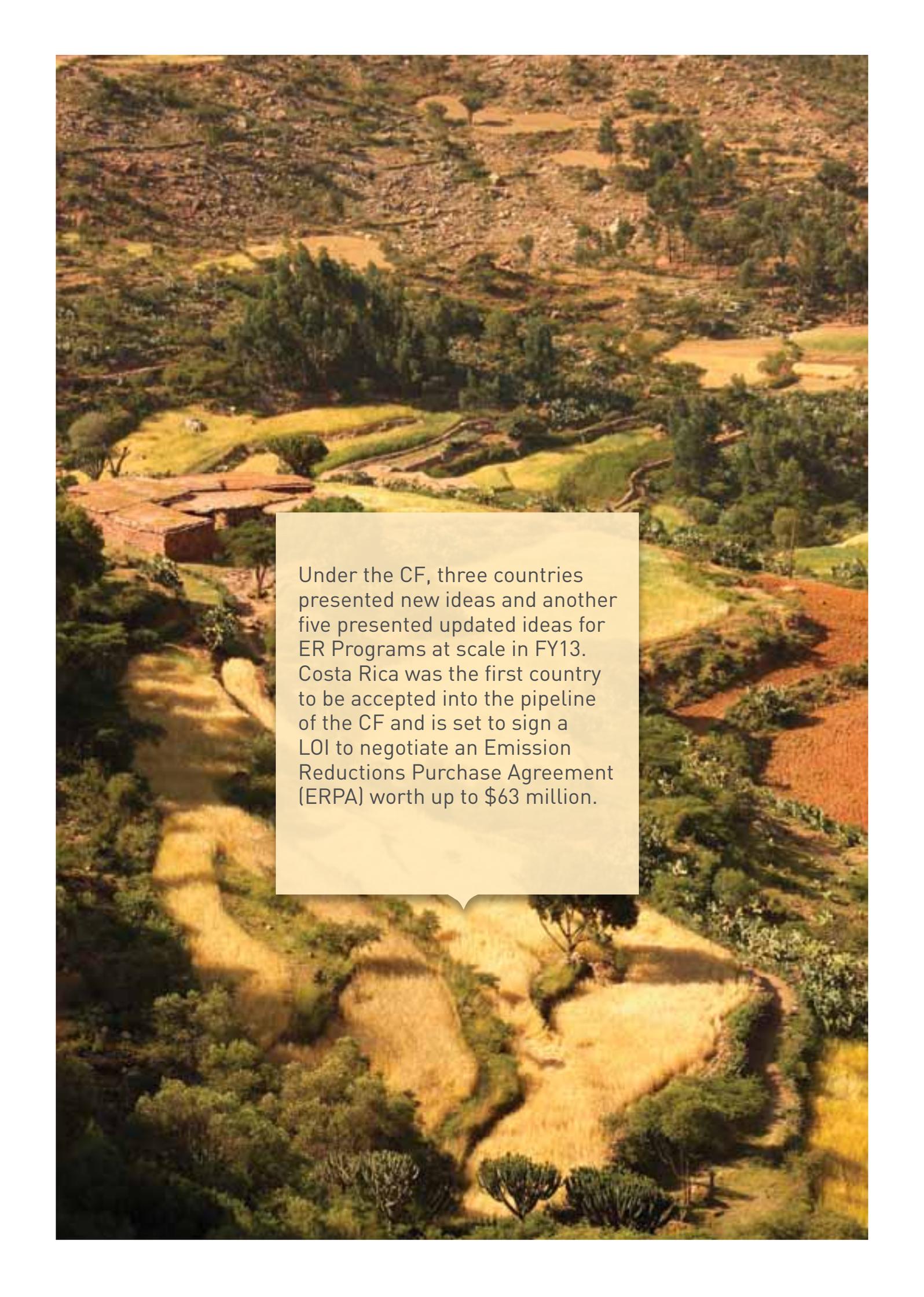
Operationalization of the Framework requires careful tracking by the FMT (with input from DPs, IP, and CSOs) and good-quality information from REDD+ countries. At the Facility level, this will include collecting, analyzing, and reporting on the performance data, as well as preparing for the second Program Evaluation, to be completed by 2015. At the country level, countries are expected to report on their progress annually (by August 30) and semi-annually (by March 30), prior to PC meetings (this year the deadline for reporting was 20 September, due to the PC meeting being held slightly later in the year and the fact that this year was considered a transition year for reporting

purposes). Countries should begin using the new reporting template and finalize their national-level M&E Framework, as envisaged in the R-PP. It is also suggested countries start reporting on their FCPF-financed activities and add reporting on other readiness activities (for example, activities supported by UN-REDD) over time as feasible. In this way, a complete picture of REDD+ readiness in a given country will eventually arise.

To make it easier for countries to align their FCPF readiness progress reporting with their country-level REDD+ M&E reporting, the FMT ran pilots in Liberia and Nepal aimed at helping these countries design their national M&E systems (which should systematically track their readiness progress and identify their remaining needs). The draft frameworks were presented at the PC meeting in Indonesia, in June 2013; the final results of these pilots will be available later this year. Pilots are also planned for Kenya and Costa Rica in late 2013 or early 2014. These examples of countries that have established their national M&E framework are expected to provide further opportunities for South-South exchange of information on existing M&E arrangements, hurdles overcome, and challenges that remain. The FMT will also prepare resources to help countries (i) understand their reporting obligations under the FCPF; (ii) design their national M&E frameworks around key milestones to track readiness progress; and (iii) use the revised country reporting template.

### Benefits of readiness progress reporting:

- The structure of the new country reporting template mirrors the Readiness Assessment Framework and walks countries through the steps to readiness, thereby allowing countries to become familiar with readiness criteria from the earliest stage
- Further strengthens quality and operationalization of M&E (R-PP component 6)
- Moves from activity-based to results-based monitoring
- Streamlines annual and semi-annual (updated) reporting to the FCPF
- Helps countries identify and prepare for key readiness milestones & outcomes to be achieved in the short- and medium term, including at mid-term and at the R-Package stage
- Gives an overall picture of progress (including FCPF and non-FCPF funded contributions)

An aerial photograph of a rural landscape. The terrain is hilly and features terraced agricultural fields in various shades of green and yellow. A small cluster of buildings with reddish-brown roofs is visible on the left side. The overall scene is bathed in warm, golden light, suggesting late afternoon or early morning. A semi-transparent text box is overlaid in the center of the image.

Under the CF, three countries presented new ideas and another five presented updated ideas for ER Programs at scale in FY13. Costa Rica was the first country to be accepted into the pipeline of the CF and is set to sign a LOI to negotiate an Emission Reductions Purchase Agreement (ERPA) worth up to \$63 million.

# Main Achievements and Results During the Period

## 4

### 4.1. Highlights

In FY13, the FCPF delivered a Readiness Assessment Framework to support countries in measuring and communicating their relative progress on REDD+ readiness, and provided finance, technical support, as well as knowledge to help countries advance in their REDD+ readiness process.

The FCPF has enabled developing countries to follow a structured, stepwise approach to developing a strategic REDD+ framework, building technical capacity, and promoting an inclusive and broad-based process to manage forests more sustainably. In so doing, the Facility has helped set standards for REDD+ and informed the United Nations Framework Convention on Climate Change (UNFCCC) process.

The CF is the FCPF's instrument to pilot results-based payments for ER from REDD+ programs at scale. Over the past year, important progress has been made with the development of the MF for the CF, which is recognized as an emerging global standard for REDD+ transactions at scale. Piloting of carbon finance transactions through the CF (2013–20) is expected to significantly inform the development of a REDD+ system under the UNFCCC.

Participation in the FCPF CF provides REDD+ countries with the opportunity to be a front-runner in innovating on large-scale land-based carbon finance; to benefit from new incentives for sustainable land use that contribute to sustainable development goals; to benefit from technical assistance and access to cutting-edge knowledge on REDD+; and to gain experience aligning national REDD+ frameworks and systems with emerging international guidance on REDD+.

Substantial additional financial contributions, totaling

approximately \$180 million, were made by Norway (Nkr 600 million, approximately \$100 million), Germany (€56.4 million, approximately \$74 million), and Finland (€4 million, approximately \$6 million) in FY13 and demonstrated a vote of confidence in the FCPF by key donors. The new contributions to the FCPF raised the Facility's capitalization to about \$650 million. Most of the new funding went to the CF.

Five years into operation, REDD+ readiness has advanced significantly. As eight R-PPs were assessed in FY13, 32 out of 36 FCPF REDD+ Country Participants<sup>1</sup> have now reached this important first milestone in the stepwise approach to REDD+ readiness. As a pioneer of REDD+ readiness, the DRC has already advanced to mid-term stage and many more countries are expected to reach this milestone in FY14. Under the CF, three countries presented new ideas and another five presented updated ideas for ER Programs at scale in FY13. Costa Rica was the first country to be accepted into the pipeline of the CF and is set to sign a LOI to negotiate an Emission Reductions Purchase Agreement (ERPA) worth up to \$63 million. This makes it the first country to access large-scale performance-based payments for conserving forests and confirms its role as a global pioneer in exploring innovative ways to transform its development path.

<sup>1</sup> A REDD+ Country Participant is a developing country located in a subtropical or tropical area that has signed a Participation Agreement to participate in the Readiness Fund.

## Lessons Learned

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### LESSON 1:

#### REDD+ methodological issues require a balance between simplicity and robustness

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The MF that has been developed and will be piloted under the CF is viewed by CF Participants as a critically significant standard to guide the preparation and implementation of future ER Programs. The issues papers commissioned by the FMT as well as Design Forums and Working Group discussions held in FY13 highlighted the complexity of the issues and the difficulty of ensuring that future ER Programs in the CF portfolio are not only technically robust and socially inclusive, but can also be implemented in reasonable time frames.

**Example from FY13:** *The development of a MF is proving to be a complex task. CF Participants considered several trade-offs—simplicity of methods used (and the need to avoid complex methodologies), flexibility to pilot approaches and encourage innovation, consistency of ERs, and predictability of assessment of ER Programs. CF Participants decided to use a set of criteria and indicators (C&I). The application of the Framework to ER Programs is expected to generate more lessons that will inform the international REDD+ process.*

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### LESSON 2:

#### Readiness and design of pilot ER Programs can advance in parallel

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Countries that are designing and piloting the implementation of ER programs are demonstrating how readiness processes inform the design of such programs. At the same time, site-specific piloting presents an opportunity to advance knowledge exchange and work on elements that are relevant to national readiness preparations, such as Reference Scenario, SESA, and MRV. Real situations call for realistic solutions, which in turn give focus and momentum to the readiness work. Readiness is increasingly understood as a continuum, and there are strong synergies and feedback between the two aspects of REDD+.

**Example from FY13:** *In Costa Rica, the DRC, Ethiopia, Indonesia, and the Republic of Congo, the REDD+ readiness process has benefitted from discussions and stakeholder feedback for the design of a subnational ER Program.*

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### LESSON 3:

#### Readiness Assessment Framework informs all stages of readiness

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The Readiness Assessment Framework approved by the PC has useful applications for tracking progress throughout the readiness phase, not just at the time of submission of the Readiness Package. The assessment criteria for each of the nine readiness subcomponents are useful benchmarks for a country's self-assessment of readiness progress and help focus preparation activities going forward.

**Example from FY13:** *Examples of early application include use by the DRC, as a management tool to refocus readiness preparations after its mid-term review, and by Nepal for stock-taking to inform its mid-term report. The revised country reporting template, included in the FCPF M&E Framework that draws upon the Readiness Assessment Framework, was successfully used for the first time by some REDD+ countries (Nepal, Liberia) to transition to a reporting format that is aligned with the Readiness Assessment Framework.*

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### LESSON 4:

#### REDD+ Implementation in Countries:

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##### (a) Implementation gains momentum once capacity increases in REDD+ Coordination Units

In several FCPF countries, one of the first activities undertaken with readiness grants was the hiring of experts and support staff (REDD Coordinator, Technical Advisor, Procurement Specialist, Communications Specialist) for REDD Coordination Units. This has meant that readiness implementation was often slow to start, but once key staff was in place, grant

implementation picked up. This is not surprising as these capacity needs were to a large extent identified by countries in their R-PP. Looking forward, it is important that the capacity of the REDD Coordination Units be enhanced and sustained.

**Example from FY13:** *It took a few months in countries such as Liberia and Nepal to complete the hiring and placing of key staff in the REDD Coordination Units. However, once the staff within the REDD Coordination Unit was fully on board, the implementation of FCPF grants gained momentum.*

#### **(b) Stakeholder engagement is essential to broadening understanding of REDD+**

Countries do recognize the need for stakeholder involvement in decision making. At the global level, this is evident by the diverse range of stakeholders represented in panel discussions on REDD+ issues. At the country level, stakeholder representation in REDD+ technical working groups and national climate change steering committees is improving, be it that the degree of engagement varies across countries (from stakeholder consultation on REDD+ to active contribution, giving feedback, and leading the national dialogues).

**Example from FY13:** *Governments, NGOs, CSOs, and IPs were well represented at the governance workshop in Liberia, the social inclusion workshops in Nairobi and Bangkok, and the workshop on linking of REDD+ pilots to REDD+ strategy development in Ethiopia, organized by the FMT. These workshops also pointed to the risk of overly high expectations in countries regarding REDD+ and a sense of urgency to showcase results on the ground. At the country level, positive examples of active stakeholder engagement have also emerged. For example, the REDD+ Technical Working Groups' coordination in Liberia is led by a CSO representative. Costa Rica has used its REDD+ readiness resources to come up with a detailed plan for consultations with stakeholders (including civil society and IP) about the government's interest in undertaking a REDD+ initiative.*

#### **(c) Mainstreaming REDD+ in low-carbon development strategies**

Overall, REDD+ countries continue to experience challenges in cross-sectoral coordination and cooperation towards the preparation of REDD+ strategies. However, there are also examples of what can be achieved with successful coordination.

**Example from FY13:** *Country progress sheets highlighted the challenges of coordinating activities within the Ministry/ Departments that house the national REDD+ as well as cross-sectoral coordination with other ministries. At the workshop on linking local REDD+ experiences to national REDD+ strategies, held in Ethiopia, REDD+ countries highlighted that a paradigm shift needs to occur toward more holistic approaches to land and resources management—not just across sectors but also related to cooperation among multiple actors at various levels (project to national).*

*On a positive note, the DRC continued to maintain a high level of in-country coordination and became the first FCPF country to submit its mid-term progress report and request additional financing in the amount of \$5 million.*

*In Ethiopia, the government recently developed a Climate-Resilient Green Economy (CRGE) strategy emphasizing sustainable, climate-resilient development, and aiming to achieve carbon neutrality by 2025. REDD+ is one of eight "sectors" that play a key role in the CRGE strategy, which sets ambitious goals related to land-use change and forestry. The emphasis on REDD+, agriculture, and livestock in the CRGE vision demonstrates the importance the government places on identifying synergies and trade-offs among different development sectors such as energy, industry, transport, agriculture, and forestry.*

#### **(d) Importance of seeking private sector engagement at the country or program level**

At the global level, private sector interest in REDD+ seems to have diminished somewhat compared to previous years. However, private sector engagement in REDD+ is still very relevant and can be reinforced at the country level. Cooperation between policy makers and the private sector can result in economic models that are sustainable. In the context of REDD+, the private sector can provide not only market access but also technical expertise.

**Example from FY13:** *Costa Rica's ER Program has been selected for inclusion in the FCPF CF's pipeline. The Program plans to involve private owners of natural forests, planted forests or non-forested land, by making them responsible for implementing the activities of the REDD+ strategy; mobilizing over \$26 million in private finance for forestry and agroforestry activities; and creating local demand for sustainably sourced timber. The FCPF is supporting the organization of a national dialogue to assess options and make concrete proposals for the involvement of the private sector in the ER Program. The analytical work is already underway and the dialogue is to take place in the first quarter of 2014.*

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## LESSON 5:

### Effective communication on abstract elements of REDD+ is best achieved with examples

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Stakeholder feedback indicated that the risk of overly high expectations in countries regarding REDD+ created a sense of urgency to link REDD+ readiness to implementation in order to showcase what REDD+ could mean for communities. On the other hand, careful messaging and communication related to the three phases of REDD+ from readiness to implementation are equally relevant and remain challenging for countries.

**Example from FY13:** At the portfolio level, the FMT put more emphasis on clear communication and messaging on evolving processes (Readiness Assessment Framework, Methodological Framework, etc.). More needs to be done in these areas in the coming year.

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## LESSON 6:

### Building on experiences in managing forest resources at the local level can inform national land-use decisions related to the REDD+ Implementation Framework

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A wealth of experience exists in countries on approaches to forest management but this arsenal has not been adequately tapped into. A shift towards more holistic land management approaches needs to occur—not just across sectors but also in terms of cooperation among multiple actors at various levels (project to national). Local REDD+ pilot projects can test practical aspects and find simplified approaches for effective implementation. Successful pilots will help translate actions into policies. In addition, pilot projects are critical for demonstrating to local constituents that REDD+ is real, and goes beyond REDD+ readiness activities.

**Example from FY13:** The above messages surfaced in reflections made during the workshop on linking local REDD+ experiences to national REDD+ strategies, organized by FMT in Ethiopia, in which 12 REDD+ Country Participants (policymakers and project developers) from Africa and Asia participated.





## 4.2. Progress at the Impact Level

The following section is organized along the lines of the PMF for the FCPF. Progress is reported based on indicators at impact, outcome, and output level, in line with the format for annual reporting approved by the PC in March 2013 as part of the M&E package. Several indicators, among others, those related to ER Program implementation under the CF, are not relevant at this time. Accordingly, they are not referred to in the narrative below. Moreover, some indicators require that information be generated at the country level and aggregated at the portfolio level. However, as this is the year in which the FCPF and REDD+ Country Participants transitioned to a new reporting format, data is not consistently available to allow a quantitative analysis and instead available anecdotes and examples from countries have been provided. The FCPF FMT expects to be able to report comprehensively at the portfolio level and provide some quantitative analysis in forthcoming reports. Please refer to Section 8 (Results Measurement Reporting Framework) for a tabular aggregation of targets and outputs.

### Impact-level Results 1.1: The FCPF has contributed to the design of a global regime under or outside UNFCCC that provides incentives for REDD+

#### *Impact-level indicator 1.1.B: Examples of how FCPF learning and experience has fed into UNFCCC REDD+ decisions*

The FMT made a statement on REDD+ financing during the “Second workshop on results-based finance for the full implementation of the activities,” referred to in decision 1/CP.16, paragraph 70, Bonn, Germany, 21–22 August 2013. The statement focused on key lessons for the effective transfer of results-based finance and highlighted the FCPF CF as a relevant pilot program at the World Bank to test results-based finance for REDD+. The statement and workshop docs are available at: [http://unfccc.int/methods/redd/redd\\_finance/items/7729.php](http://unfccc.int/methods/redd/redd_finance/items/7729.php)

The FCPF further informed REDD+ discussions on Reference Levels, MRV and Safeguards under the UNFCCC process. The creation of standards for readiness and early experiences from REDD+ countries in the FCPF have informed the guidance on REDD+. For example, the stepwise approach and learning-by-doing approach on MRV is consistent with the guidance of the Readiness Assessment Framework and the R-PP template.

### Impact-level Results 1.2: Reduced emissions from deforestation and forest degradation from FCPF, especially CF portfolio countries

This impact-level result is not yet applicable.

### Impact-level Results 1.3: FCPF has catalyzed the creation of recognized standards for REDD+

The FCPF is a global partnership initiative of 53 partners that has pioneered a framework for reducing deforestation and forest degradation—a major potential contribution of developing countries to climate change mitigation—through (i) finance, technical support, and knowledge sharing; and (ii) piloting of results-based finance for ER from REDD+ programs at scale. The FCPF has enabled developing countries to follow a structured and stepwise approach to develop a strategic framework, build technical capacity, and promote an inclusive and broad-based process to manage forests more sustainably. In the process, the Facility has helped set standards for REDD+ and informed the UNFCCC process since its inception at the Conference of the Parties (COP) to the UNFCCC in Bali.

In FY13, the FCPF continued to develop and contribute to the establishment of global standards for REDD+. A major accomplishment was the adoption of the Readiness Assessment Framework, which guides countries on how to measure and communicate their relative progress on REDD+ readiness, and which builds on the foundations and platforms created for the Readiness Preparation phase.

The CF is the FCPF’s instrument to pilot results-based payments for REDD+. Over the past year, important progress has been made with the development of the MF for the CF, which is recognized as an emerging global standard for REDD+ transactions at scale. Piloting of carbon finance transactions through the CF (2013–20) is expected to significantly inform the development of a REDD+ system under the UNFCCC.

#### *Framework for REDD+ readiness*

The Readiness Assessment Framework<sup>2</sup> was adopted at the 14th meeting of the PC<sup>3</sup> in March 2013. It was developed over two years of discussions in the PC of the FCPF, and informed by country experiences to date in formulating and implementing their R-PPs and existing good practices.

The Readiness Assessment Framework provides a common framework to measure countries’ relative progress on core readiness activities. At the heart of the Readiness Assessment is a thorough self-examination by REDD+ country stakeholders to take stock of the activities implemented during the REDD+ readiness preparation phase and assess progress on REDD+ readiness, in relation to 34 corresponding assessment criteria. The Framework has been widely accepted and is now starting to also be used by countries beyond the FCPF partnership. Besides documenting country’s readiness progress, the self-assessment report or Readiness Package (R-Package) also captures lessons learned, assesses remaining gaps, and identifies activities required to be able to transition to the implementation of performance-based activities.

#### *Methodological Framework*

The CF is designed to pilot the implementation of REDD+ programs via use of performance-based systems of payments

<sup>2</sup> A User Guide is available at <http://www.forestcarbonpartnership.org/sites/fcp/files/2013/July2013/FCPC%20framework%20text%207-25-13%20ENG%20web.pdf>.

<sup>3</sup> See Resolution PC/14/2013/1 and FMT Note 2013–1 rev.



for verified Emission Reductions from REDD+ programs. The ambition of the CF is to test large-scale (that is, jurisdiction or eco-region) approaches that require a mix of policies and investments, integration with national development strategies, use of innovative financial structures, and multi-stakeholder engagement. The CF thus moves beyond the project-based approach that most REDD+ transactions in the voluntary markets have relied on to date.

Over the past year, important progress has been made with the development of the MF<sup>4</sup> for the CF—a critical component to guide REDD+ countries in designing their proposals for and implementation of ER Programs for the CF. The MF will be used by CF Participants (among other selection criteria, see ER Program Origination Brochure) to select ER Programs into the Carbon Fund portfolio. The ER Programs proposed by REDD+ countries to the CF are expected to demonstrate conformity with the Framework's criteria.

Once the foundations had been laid in the Guiding Principles for the development of the CF MF, the attention shifted to translating the MF high-level principles into specific criteria and indicators that could be applied in the ER Program context. A series of CF Working Group meetings and a REDD+ Design Forum with over 40 stakeholder representatives and experts were held. Building on the results of these discussions and on the lessons of safeguards-related activities in a number of REDD+ countries, the FMT of the FCPF finalized an analysis that examined the consistency between the World Bank safeguards policies and the safeguards included in the UNFCCC

guidance related to REDD+ (refer to FMT Note CF-2013-3 World Bank Safeguards Policies and the UNFCCC REDD+ Safeguards). This analysis served as the basis for tracing key links between ongoing safeguards work during the readiness phase at the national level and program-specific safeguard requirements for the ER Program area. It also complemented new guidance on (i) the features of effective feedback and grievance redress mechanisms for REDD+, and (ii) the potential for information generated from the application of World Bank safeguards to the ER Program to serve as input for the national Safeguard Information System (SIS) required by the UNFCCC.

*Impact-level indicator 1.3.A: Examples of non-participant countries that have adopted FCPF standards in their own REDD+ process*

Eleven non-participant countries have adopted common FCPF standards and prepared R-PPs on their own account and initiative. While the decision made at PC14, in March 2013, to reopen the FCPF to new REDD+ countries certainly triggered some of the effort and motivation, countries were aware that only a limited number of countries would be accepted into the FCPF at PC16 in December 2013. Nonetheless, these eleven countries prepared R-PPs and carried out a consultative stakeholder engagement process as per FCPF standards, without receiving any dedicated financial or technical support from the FCPF.

<sup>4</sup> More information, including frequently asked questions, can be found at <https://www.forestcarbonpartnership.org/carbon-fund-methodological-framework>

This demonstrates that the countries consider the development of an R-PP, the associated consultative development process, as well as the quality review and feedback mechanism provided through the two-step review process by the TAP and the PC a valuable and beneficial exercise—regardless of whether a country is eventually accepted into the Facility. Preparing an R-PP provides countries with the opportunity to identify drivers of deforestation across different development sectors and convene a broad range of national stakeholders to identify holistic solutions to reduce forest loss. The exercise of R-PP development further offers an opportunity to demonstrate national commitment to REDD+ and potentially attract additional funds from external sources to cover the cost of REDD+ readiness.

*Impact-level indicator 1.3.B: Common Approach successfully implemented*

The Common Approach has been designed to provide the World Bank and the other FCPF DPs with a common platform for risk management and quality assurance in the REDD+ readiness



preparation process, using the safeguard policies of the World Bank as a minimum acceptable standard. Implementation of FCPF-financed readiness preparation activities has not yet commenced in any of the countries that selected DPs other than the World Bank. It is thus premature to report on examples or lessons from implementation of the Common Approach. In FY13, activities concentrated on capacity building and raising awareness of the Common Approach, including applicable policies and procedures on environmental and social safeguards, disclosure of information, and grievance and accountability mechanisms. To support capacity building on the Common Approach specifically, and social inclusion more generally, two regional workshops were held in FY13. The workshop in Nairobi, Kenya, held in December 2012, brought together stakeholders from seven African countries—Ethiopia, Ghana, Kenya, Liberia, Mozambique, Tanzania, and Uganda. A second regional workshop was held in Bangkok, Thailand, in April/May 2013, and brought together stakeholders from eight Asia-Pacific countries—Cambodia, Indonesia, Lao PDR, Nepal, Papua New Guinea, Thailand, Vanuatu, and Vietnam—to take stock, analyze, and share progress made and challenges faced with regards to social inclusion in REDD+ readiness. The two regional workshops supported regionally based teams to understand that compliance with the Common Approach requires paying special attention to the various elements of the same, namely: (i) the SESA/ESMF; (ii) stakeholder engagement; (iii) information disclosure/dissemination; and (iv) feedback and grievance redress mechanisms, as well as being aware of the interrelations.

To support countries and DPs with risk management as per the Common Approach, the FMT is developing a safeguards/ESMF online learning module. Work is well advanced and the training is expected to be launched later this year.

**Impact-level Results 1.4: FCPF has catalyzed investment in REDD+ (CF, and grants)**

*Impact-level indicator 1.4.A: Amount of non-FCPF investments under R-PP process in Participant countries and for implementation of ER Programs (e.g., FIP, bilateral donors, private sector)*

The R-PP process as supported by the FCPF has helped countries leverage additional external funding to finance the cost of readiness activities. As per the FCPF’s criteria, development of the R-PP entails a participatory and inclusive process, requires government ownership, and encourages transparency. The process has therefore gained donors’ confidence and attracted additional funds to cover the costs of REDD+ readiness, which often exceed grant funding available from the FCPF Readiness Fund. The table below provides examples of non-FCPF investments received under the R-PP process and at the stage of ER Program development. However, it should be noted that the figures are based on preliminary reporting by countries and may not be exhaustive.

Table 1: Amount of non-FCPF investments\*

Amount of non-FCPF investments received under R-PP process		
REDD+ Country	Source	Amount provided
Ghana	Gordon and Betty Moore Foundation for stakeholder consultations and biomass map	\$148,063
Nepal	USAID	\$965,000
	DFID/SDC	\$491,000
	Government of Finland	\$360,000
	Government of Japan	\$2,000
Uganda	Government of Austria	€650,160
Costa Rica	GIZ	\$2,000,000
	UN-REDD	\$250,000
	NORAD	\$105,000
	USAID	\$500,000
	Government of Costa Rica	\$250,000
Republic of Congo	UN-REDD	\$4,000,000
	Government (State)	\$600,000
	COMIFAC (Regional REDD+ Project and Regional Project MRV)	\$650,000
Democratic Republic of Congo	UNDP	\$3,110,690
	FAO	\$2,926,450
	UNEP	\$1,346,060

Amount of non-FCPF investments received for implementation of ER Programs (e.g., FIP, bilateral donors, private sector), if relevant		
REDD+ Country	Source	Amount provided
Ghana	Japanese Funded Forest Preservation Programme (FPP) Technology Transfer and Support for trend analysis of forest land change, Forest resource map, biomass and C-Stock estimation and Capacity building	\$7,800,000
	GIZ Supporting Ghana in Forest Monitoring based on German Remote Sensing Technology	€500,000
Democratic Republic of Congo	FIP	\$60,000,000
	Norway	\$2,500,000
	Congo Basin Forest Fund (CBFF)	\$24,000,000
	OIBT	\$600,000

\*It should be noted that figures are based on country reporting but may not be exhaustive.

### Impact-level Result I.5: The FCPF has generated momentum to address governance and transparency issues and policy reforms related to sustainable forest resource management and REDD+

*Impact-level indicator I.5.B: Number of policy reforms initiated, completed or underway complying with REDD+ standards in Participants' country, potentially include issues of land tenure*

The following two examples provide a snapshot of important progress made in FY13 on policy reforms that guide and inform REDD+ standards and touch upon issues of land tenure.

In May 2013, a ruling by the Constitutional Court in Jakarta was an important step towards wider recognition of IP' rights in Indonesia. The ruling concluded that the customary forests of IP should not be classified as falling in "State Forest Areas," thereby departing from weak use rights that IP' "customary forests" had within State Forest Areas under the 1999 Forestry Act. Government statistics indicate that land of some 32,000 villages overlap areas classified as "State Forest Areas," making the Court's ruling an important decision for IP, who have long been stewards for forest protection in these areas.

In FY13, the government of Mozambique advanced the process towards approval of a new decree that establishes rules and procedures to guide private investments in REDD+ and defines the legal treatment of REDD+ demonstration projects (that is, legal jurisdiction to grant permission for REDD+ projects, legal nature of carbon credits). The regulations standardize the requests from the private sector, NGOs, and communities for permits to undertake REDD+ projects and eventually trade carbon credits that derive from these projects. More specifically, the regulations deal with the process and competencies for granting such permits (for example, safeguards and consultation requirements). With technical assistance from the FCPF, the country prepared these regulations in a highly participatory fashion and with active collaboration from national NGOs, research centers, and the private sector. In addition, public consultations were carried out in June 2013. The Council of Ministers approved the Decree in August 2013, which presents one of the first legislations of this type in Africa, as well as in the world.

At the national level, Liberia took a significant legislative step when the Land Commission approved the National Land Rights Policy on May 21, 2013. This Land Rights Policy concerns four land rights categories (Public Land, Government Land, Customary Land, and Private Land) and a cross-cutting sub-category called Protected Areas, which must be conserved for the benefit of all Liberians. For Public Land and Government Land, the Policy sets forth critical policy recommendations regarding how the government transfers such land and how the Government acquires land, especially through the exercise of eminent domain (that is, forced acquisition). This is a major accomplishment for REDD+.



### 4.3. Progress at the Outcome Level

**Outcome-level Result 1: Efforts successfully undertaken by countries with FCPF support to achieve ER from deforestation and/or forest degradation, and to benefit from possible future systems of positive incentives for REDD+ (Readiness Fund)**

This outcome-level result is not yet applicable.

**Outcome-level Result 2: Selected FCPF countries demonstrate key elements (carbon accounting, programmatic elements and pricing) of performance-based payment systems for ER generated from REDD+ activities with a view to ensuring equitable benefit sharing and promoting future large-scale positive incentives for REDD+ (Carbon Fund)**

This impact-level result is not yet applicable.

**Outcome-level Result 3: Engagement of all stakeholders (governments, CSO, IP, private sector, delivery partners) to sustain or enhance livelihoods of local communities and to conserve biodiversity within the approach to REDD+**

*Outcome-level indicator 3.A: Design of national REDD+ strategies, monitoring systems and ER Programs addresses indicators for enhancement of livelihoods of local communities and for biodiversity conservation*

The DRC's National REDD+ Framework Strategy, developed through national multi-stakeholder processes, is an example of how indicators for the enhancement of livelihoods and biodiversity conservation have been incorporated in the national approach to REDD+. Considering the importance of growth and poverty alleviation for the DRC, a national

prescriptive framework for implementation of REDD+ has been developed that aims to guarantee REDD+ co-benefits. The national framework incorporates environmental and social considerations, in full compliance with the Cancún Agreements and associated international standards. The current version of these national standards, which were designed in a participatory manner, include 7 principles, 25 criteria, and 43 indicators as well as means of verification tailored to specific national circumstances. For proper management, monitoring, reporting, and evaluation of these standards, a Safeguards Information System (SIS) has been developed through a SESA. The SIS will be fully integrated into the National REDD+ Registry to simplify implementation by project developers. More broadly, the 2012 National REDD+ Framework Strategy is integrated into national development policy and envisages more sustainable land use and the stabilization of the forest cover at 63.5 percent of the national territory by 2030.

An important element to ensure local community benefits is the emphasis on community forest management, which features as a component in almost all emerging REDD+ strategies and is a well-established practice in many countries participating in REDD+.

In Tanzania, for example, a number of ongoing REDD+ pilot projects are informing the development of the national REDD+ strategy. Having adopted a more integrated approach to participatory forest management, land use planning, and REDD+—with a view to achieving better protection for those forests that are at immediate threat from deforestation—the Mjumita REDD+ pilot project has provided important lessons that are feeding into national REDD+ strategy development. The project has supported communities to establish four community



forestry networks to address governance issues at village and site-level. Besides community monitoring, the networks have started to combat issues such as illegal timber harvesting. Promoting the role that communities and IP play in forest monitoring can enhance REDD+ program implementation.

Clarifying land tenure and ensuring land rights of communities helps to ensure equitable distribution of benefits to support local livelihoods. In Costa Rica, the Payments for Ecosystems Services (PES) program was amended to reduce barriers to participation by accepting proof of right of possession for at least 10 years in lieu of land title in certain circumstances.

In El Salvador, the government adopted an innovative approach called Adaptation-based Mitigation, which builds the core of the R-PP. The approach responds to conditions where critical environmental thresholds have been reached that are now magnified by the impact of climate variability. The approach further seeks to address environmental as well as social dynamics that are threatening livelihoods in various areas of the country. It combines strategies, goals, and resources that seek to contribute to mitigation actions. At the same time, it is laying the groundwork for climate change adaptation, thereby addressing the food security and other livelihood challenges rural communities are facing due to vulnerability to the changing climate.

**Outcome-level Results 4: Knowledge gained in the development of the FCPF and implementation of Readiness Preparation Proposals (under the Readiness Fund) and Emission Reductions Programs (under the Carbon Fund) broadly shared, disseminated and used by international REDD+ practitioners**

*Outcome-level Indicator 4.A: Number of new countries/ stakeholders requesting to become FCPF members/observers*

At PC14, in March 2013, the PC decided to reopen the FCPF to new REDD+ countries. Subsequently, 17 countries expressed interest in joining the FCPF: Belize, Bhutan, Burkina Faso, Burundi, Chad, Côte d'Ivoire, Dominican Republic, Fiji, Jamaica, Nigeria, Pakistan, Philippines, Republic of Sudan, South Sudan, Sri Lanka, Togo, and Uruguay. To be considered as potential candidates for selection into the FCPF at PC16, in December 2013, countries were asked to submit complete R-PPs to the FMT by July 31, 2013. Eleven countries submitted their R-PPs by the deadline. In accordance with the existing R-PP review process, the R-PPs from these eleven countries will undergo a completeness check and then be reviewed by the TAP, ahead of their formal presentation to PC16.

In FY13, the FMT also received a request to invite a Women's Observer to PC meetings. At PC15, in Lombok, Indonesia, the request was granted. Accordingly, a regional representative of the Global Women's Tenure Network will be invited to future PC meetings. Representatives to each PC meeting will rotate, based on the region the meeting is held in.

*Outcome-level indicator 4.B: Examples of utilization of/or reference to FCPF knowledge products*

Undoubtedly, the most requested knowledge product in FY13 was the *Guide to the FCPF Readiness Assessment Framework*. Reporting from several countries indicates that the Assessment Framework has been applied by several countries at different stages of readiness preparation and has helped countries focus the remaining readiness preparation activities. While no country has advanced to the point of preparing an R-Package,



the following examples demonstrate how the framework can be applied at the inception of readiness preparation activities as well as around mid-term. Examples of such early application include use by Cameroon (to identify strong indicators for FCPF readiness grant implementation), by Indonesia (to prepare its mid-term report and inform the development of a road map to readiness), by the DRC (as a management tool to refocus readiness preparations after MTR) and by Nepal (for stock-taking to inform its mid-term report).

#### 4.4. Progress by Output

##### Output 1.1: Readiness Assessment Framework is agreed upon and disseminated

###### *Output-level indicator 1.1: Existence of published assessment framework on readiness package*

The Readiness Assessment Framework<sup>5</sup> was adopted at the 14th session of the PC.<sup>6</sup> It was developed over two years of discussions in the PC of the FCPF, and informed by country experiences to date in formulating and implementing their R-PPs and existing good practices.

##### Output 1.2: Countries demonstrate an adequate plan to achieve preparedness for REDD+ funding

###### *Output-level Indicator 1.2.a: Number of R-PPs endorsed by PC*

In FY13, significant progress was made on the number of R-PPs endorsed by the PC, well exceeding the PMF's targets. Eight additional R-PPs—from Cameroon, Colombia, El Salvador, Honduras, PNG, Suriname, Thailand, and Vanuatu—were assessed by the PC and grant resources totaling around \$30 million were allocated for REDD+ readiness preparation. With the additional eight R-PPs, 32 out of 36 FCPF REDD Country Participants have now met this important first milestone in the stepwise approach to REDD+ readiness.

<sup>5</sup> A User Guide is available at <http://www.forestcarbonpartnership.org/sites/fcp/files/2013/July2013/FCPC%20framework%20text%207-25-13%20ENG%20web.pdf>.

<sup>6</sup> See Resolution PC/14/2013/1 and FMT Note 2013-1 rev.

The TAP and PC noted that the submissions in FY13 presented the strongest set of R-PPs ever submitted. The continuous increase in the quality of the R-PPs reflects countries' improved understanding of essential REDD+ readiness elements, including the need to work across sectors. Particularly components 3 (on Forest Reference Levels) and 4 (on National Forest Monitoring) have seen significant improvements compared to earlier R-PPs.

###### *Output-level Indicator 1.2.b: Number of Readiness Preparation Grant agreements signed*

Unfortunately, progress on the subsequent major milestone—signature of readiness preparation grants—did not advance equally fast. In FY13, two additional readiness preparation grants were signed by Ethiopia and Vietnam. This brought the total number of countries that had entered the REDD+ readiness preparation stage by the end of FY13 and are now implementing their Readiness Preparation Grants to nine.

For another four countries (Lao PDR, Nicaragua, Mozambique, and Uganda), due diligence on the final R-PP was completed and internal review meetings were held in FY13. Further, for a significant number of countries, the due diligence process is well advanced and internal review meetings are planned for the first half of FY14. Consequently, the total number of readiness preparation grant agreements signed is expected to double in FY14.

This also includes readiness agreements for countries that have selected the Inter-American Development Bank (IDB) and the United Nations Development Programme (UNDP) as DPs under the Readiness Fund. Transfer Agreements were signed between the World Bank, acting as the Trustee of the FCPF, and the UNDP on August 9, 2012, and between the World Bank and the IDB on October 9, 2012, respectively. The PC approved the UNDP as the DP under the FCPF for Cambodia, Central African Republic, Honduras, Panama, Paraguay, Papua New Guinea, and Suriname, and the IDB as the DP for Guyana, Guatemala, and Peru.

The FMT, in coordination with the World Bank and other DPs, meanwhile, focused on providing technical assistance and guidance to countries to accelerate implementation and, with it, the disbursement of funds in countries with active grant agreements.

##### Output 1.3: Countries progress adequately on implementation of their R-PP and Grant Agreements

###### *Output-level Indicator 1.3.a: Number of mid-term progress reports presented by countries that follow agreed reporting standards and are presented in a timely manner*

During FY13, one country, the DRC, presented its mid-term progress report on the national REDD+ readiness process at PC13, in October 2012, in Brazzaville. The mid-term progress report was complemented by an independent evaluation and the mid-term report from the World Bank, and the DRC submitted a request for additional funding.

## BOX 2. THE PURPOSE AND SCOPE OF THE READINESS ASSESSMENT

The assessment provides an opportunity for REDD+ countries to demonstrate their commitment to REDD+. The assessment helps countries identify remaining gaps and further needs, and generates feedback and guidance to countries from multiple stakeholders and the FCPF PC.

The scope of the R-Package and its assessment is national and encompasses all core readiness activities (regardless of financing source—the FCPF or other development partners), including REDD+ organization, consultation, and strategy preparation, design of reference levels and monitoring systems, as well as cross-cutting issues such as governance, and environmental and social safeguards. In that way, the R-Package captures the important relationships among different readiness preparation activities and helps to ensure consistency across components.

The preparation of the R-Package is a beneficial step for any REDD+ country that has advanced in REDD+ readiness as it serves multiple purposes. It provides a country with the opportunity to:

- Assess progress on readiness preparation
- Demonstrate national commitment to REDD+
- Participate in the FCPF CF (eligibility requirement, among others)
- Focus readiness preparation activities going forward
- Display transparency in readiness preparations
- Assure national and international stakeholders that potential social and environmental risks are being addressed
- Receive international recognition for early REDD+ activities
- Receive valuable feedback and technical guidance through a two-step assessment process (as described above)
- Potentially attract additional funds from external sources for scaling up activities

While the FCPF Readiness Assessment Framework does not define universal requirements for REDD+ readiness, it nonetheless gives a good sense of what is important and essential for REDD+ readiness. The Readiness Assessment is not a pass-fail exercise: It identifies core aspects the PC of the FCPF considers essential for readiness and poses a series of questions that capture the desired outcomes of readiness preparation activities. Because circumstances are different in each country, it is designed to help countries assess their *relative* progress.

The R-package process is voluntary and not a reporting requirement under the FCPF Readiness Fund. It becomes mandatory if a country aims to participate in the Carbon Fund—that is, a country's R-Package needs to be endorsed by the PC before an Emission Reductions Program Document (ERPD) can be considered by the CF. The R-Package, and the outcomes of its assessment, will provide the CF with additional information to ensure consistency of an ER Program with the national REDD+ readiness preparations and of ER Program activities (likely to be of subnational scope) with overarching safeguard requirements.

With its comprehensive overview of the progress made in REDD+ readiness, the R-Package can also be used by REDD+ countries to attract additional funds from external sources for scaling up activities, or by donors or other international initiatives as a tool to gauge progress on REDD+ readiness and to inform decision making on support for REDD+.

Noteworthy was the DRC's achievement in leveraging multiple sources of REDD+ funding and coordinating the use of funds in a highly effective manner through the national REDD+ coordination cell. PC members and reviewers further noted the progress made with the adoption of a regulation on pilot projects and on the design of a national registry, early ideas presented on a potential grievance mechanism, and the continued dialogue with IP and CSOs, which has been carried out as part of the readiness process. However, the PC requested that a number of issues be addressed prior to the release of the additional \$5 million of grant financing for readiness activities. The additional grant is expected to be signed at the beginning of the next fiscal year (FY14).

*Output-level Indicator 1.3.b: Percentage of countries that are achieving planned milestones according to approved Readiness Preparation grant (> \$3.4 million)*

All of the DP reports (Grant Reporting and Monitoring) for the nine countries that have entered the readiness preparation stage indicate that readiness preparation grants overall are well aligned, and progressing according to readiness objectives to be achieved with FCPF support, as per approved grant agreements.

*Output-level Indicator 1.3.c: Percentage of countries that are overall achieving planned milestones for subcomponent as per country annual reporting scale*

The target to be met for this indicator at the portfolio level is: By 2015, 50 percent of countries implementing R-PPs show performance (at the subcomponent level) that is "Progressing well further development required" in 50 percent of subcomponents.

The current status is as follows: Seven of the 11 countries with signed grant agreements (includes Mozambique and Uganda, which signed at the beginning of FY14) have reported

progress at the subcomponent level in the revised reporting format and carried out a self-assessment of progress at the subcomponent level using the progress scale. Three countries (Costa Rica, Liberia, and Uganda<sup>7</sup>) are in very early stages of R-PP implementation (first year or less) and the progress at the subcomponent level is too early for countries to assess. Three countries (Ghana, the DRC, and Republic of Congo) have overall achieved planned milestones. Nepal has not advanced at the same level in all subcomponents. Ethiopia, Indonesia, Mozambique and Vietnam have reported using the old format; hence, it is difficult to assess objectively the progress at the level of subcomponents.

*Output-level Indicator 1.3.d: Percentage of countries with a disbursement rate that is in line with agreed Readiness Preparation grant (> \$3.4 million) disbursement plans of grant agreement (up to 10 percent variance with plans)*

For FY13, 33 percent of countries with signed grant agreements and disbursing (three out of nine) are in line with their planned disbursements. Cumulative disbursements in the DRC, Ghana, and Indonesia through the end of FY13 were within 10 percent variance of disbursement plans. The other countries are short of their planned disbursement targets.

#### **Output 2.1: Standards and preparations in place for high-quality ER Programs discussed and endorsed by CF Participants and/or PC**

*Output-level Indicator 2.1: Number and types of standards and management tools discussed and endorsed by CF participants and/or PC for ER programs including:*

##### **2.1.a: Methodological Framework and Pricing Approach**

###### **Methodological Framework**

Over the entire last year, the draft MF was developed, building on the *Guiding Principles on the key Methodological Framework for the Carbon Fund*, adopted by the FCPF PC in June 2012.<sup>8</sup> The process included presentations on the design of the MF at four CF and PC meetings, three Working Group meetings, and three REDD+ Design Forums.

CF Participants decided to use a set of C&I to elaborate requirements for ER Programs to be piloted in the CF. This decision was made in consideration of several trade-offs: simplicity of methods, flexibility to pilot large-scale approaches and encourage innovation, consistency of ERs, and predictability of assessment of ER Programs. The draft MF consists of 37 criteria and related indicators (C&I), associated with five major aspects of ER Programs: level of ambition, carbon accounting, safeguards, sustainable program design and implementation, and ER Program transactions. Additional operational information and non-binding good practice guidance may be developed to complement the MF. The MF may be refined over time, as pilots are implemented and new lessons learned.

### **BOX 3: ABOUT THE METHODOLOGICAL FRAMEWORK**

**Applying the Methodological Framework:** The MF will be used by ER Program Entities in REDD+ countries to inform the design and implementation of their ER Programs; by the FMT and TAP to review ER Program's eligibility and performance; and by CF Participants to select ER Programs into the CF portfolio (as part of the selection criteria).

REDD+ countries may apply the MF to additional REDD+ activities as a means of attracting funding from other (non-CF) sources for scaling up activities. Donors or other international initiatives may find the MF useful to inform decision making on REDD+ programs.

**Building on readiness preparations:** ER Programs in the CF are expected to build on and inform readiness preparation—including the national REDD+ strategy, reference levels, monitoring and reporting systems, and environmental and social safeguards. For example, REDD+ countries are required to undertake a SESA, and develop an ESMF for the national REDD+ strategy. The SESA process and its resulting ESMF provide the national framework within which the ER Program-specific Safeguards and Benefit-Sharing Plans are developed and applied.

**Informing UNFCCC:** The CF aims to be consistent with emerging policy guidance on REDD+ under the UNFCCC and other systems. It does not intend to pre-empt international negotiations on REDD+ but seeks to provide “real life” practical insights and knowledge generated from REDD+ countries piloting performance-based mechanisms for REDD+. Piloting of carbon finance transactions through the CF (2013–20) is expected to significantly inform the development of a REDD+ system under the UNFCCC.

**Benefitting REDD+ countries:** Participating in the FCPF CF provides REDD+ countries with the opportunity to be a front-runner in innovating on large-scale land-based carbon finance, to benefit from new incentives for sustainable land use that contributes to sustainable development goals, to benefit from technical assistance and access to cutting-edge knowledge on REDD+, and to gain experience to align national REDD+ frameworks and systems with emerging international

<sup>7</sup> Mozambique and Uganda signed the Readiness Preparation Grant Agreement in July 2013.

<sup>8</sup> Resolution PC/14/2013/3.

Looking ahead, the CF Participants are expected to consider and possibly adopt a final draft of the MF at their 8th meeting in Paris, in December 2013.

Meanwhile, the FMT is developing a number of supporting guidance for implementation of the MF. In FY13, work was advancing well on guidance on REDD+ Registry development, REL, REDD+ cost assessment, and SESA/ESMF online training, among other things.

### Pricing Approach

In FY13, CF Participants discussed a Pricing Approach for the CF. It was agreed that, under current conditions, fixed pricing is preferred. This might be re-considered, based on the possibility of having a relevant price reference. Recognizing the need for capacity building of REDD Country Participants on costs assessment and financial analysis of their ER Programs, a REDD+ Cost Assessment Tool is currently being developed.

### Output-level Indicator 2.1.c: Legal documents (General Conditions, ERPA term sheet)

Meeting the target as per the FCPF M&E Framework, the PC endorsed the Term Sheet for the FCPF General Conditions of the ERPA at the 14th PC meeting held in Washington, DC. In accordance with the resolution, the FMT presented a first draft of the ERPA General Conditions at the 15th meeting of the PC in Lombok, Bali.

## Output 2.2: Countries have entered in the portfolio of the CF

### Output-level Indicator 2.2.a: Number of early ideas or ER Programs presented by countries to the CF

To date, 10 countries have presented an early idea with the aim to receive early feedback and expert advice on the evolving ER program ideas (refer to table 2 below). In FY13, new ideas were presented by Chile, Ethiopia, and the Republic of Congo. The first window for submission of Emission Reductions Program Idea Notes (ER-PINs) was opened at CF5 in October 2012. In FY13, two of the early ideas were advanced to ER-PINs. Costa Rica presented its ER-PIN first at CF5, and then at CF6. Costa Rica thus became the first country to be selected into the CF pipeline at CF6. Subsequently, a LOI was negotiated with Costa Rica for a contract value up to \$63 million and a maximum contract volume of up to 12 million ER. This could make Costa Rica the first country to access large-scale performance-based payments for conserving forests. Having long been a pioneer in tropical forest preservation and innovation on green growth, the proposed ER Program would contribute to Costa Rica's ambitious transition to carbon neutrality by 2012. The improved management of forest and agricultural land is expected to contribute as much as 80 percent of its projected carbon ER.

The DRC first presented its ER-PIN at CF7. CF Participants requested a number of clarifications before they would consider it for selection. They further emphasized their desire to review ER-PINs in batches, rather than on a rolling basis, to allow for comparison of ER-PINs.

Table 2: Countries that have presented early ideas or ER-PINs to the CF

Country	CF2	CF3	CF4	CF5	CF6	CF7
Chile						Early Idea
Costa Rica	Early Idea		Early Idea	ER-PIN	ER-PIN	
Democratic Republic of Congo	Early Idea		Early Idea			ER-PIN
Ethiopia					Early Idea	
Indonesia	Early Idea					Early Idea
Mexico	Early Idea					Early Idea
Ghana		Early Idea				
Nepal		Early Idea				
Republic of Congo					Early Idea	
Vietnam			Early Idea	Early Idea	Early Idea	

The feasibility of signing five ERPAs by 2015 depends on country capacity to design ER Programs that are consistent with the MF and on the World Bank due diligence process.

## Output 2.3: Increased levels of private sector investment for incentivizing, testing, and supporting up-scaling of ER activities

### Output-level indicator 2.3: Number of private sector participants in Carbon Fund

Target: Two new private sector participants by 2014

At the global level, private sector interest in REDD+ seems to have diminished somewhat compared to previous years because of poor policy and regulatory signals and lack of demand for carbon credits. As a result, the target of bringing two new private sector participants into the CF has not been met. However, private sector engagement in REDD+ is very relevant and there are opportunities to reinforce this engagement at the country and ER Program level. The private sector, both large and small, is a key agent in driving deforestation through agricultural expansion, land development, and harvesting of forest products. Yet, as demonstrated by increasing public commitment to zero-deforestation supply chains, many international companies are now recognizing the value of adopting sustainable land use practices to secure long-term supply chains and reduce investment risk. This provides an opportunity for the FCPF CF to adopt a targeted approach to collaborate with private sector partners on specific

#### **BOX 4: FEEDING EXPERT KNOWLEDGE ON FOREST REFERENCE LEVELS INTO THE DESIGN OF THE METHODOLOGICAL FRAMEWORK**

A number of expert workshops were held in FY13, which garnered key lessons to inform the development of the CF MF. One example was the technical workshop on “Building REDD+ Reference Levels,” which the FCPF cohosted with the World Wildlife Fund (WWF), in January 2013, in Washington, DC.

The key messages that came out of the workshop could be summarized as follows: Forest Reference Levels (FRL) are the benchmark against which performance in a country (or jurisdiction) is measured. FRL are a central component of REDD+ as they serve at least two overarching functions critical to the implementation of successful REDD+ national or subnational strategies: climate integrity (for example, by demonstrating that ER are additional and not double-counted) and access to finance (enabling results-based payments to flow from measurable reductions in emissions from deforestation and forest degradation). FRL are also important for planning and management purposes, more specifically, to identify areas where intervention strategies need to occur.

Overall, the workshop provided a diverse and neutral forum for countries, states, and civil society to share their experiences in the development of national and subnational FRL. Participants from academia, civil society, the private sector, multilateral REDD+ funds, as well as governmental and intergovernmental organizations expressed a wide range of views on the technical and political aspects of FRL implementation. Participants discussed topics such as forest classification, scope (land-based versus activity-based accounting, RED or REDD+), scale (nesting), pools and gases, adjustments and uncertainty. They also garnered key lessons to inform the development of the CF MF, as well as the emerging process of FRL implementation and ongoing policy discussions on FRL design.

ER programs and leverage additional capital, operational resources, technical expertise, and innovation. It also provides an opportunity for policy makers and the private sector to work together at the country level to build economic models that are sustainable. In the context of REDD+, the private sector can provide market access and technical expertise, while the public sector can improve enabling environments and reduce barriers for private sector investments.

#### **Output 3.1: Enhanced capacity of IP and CSOs to engage in REDD+ processes at the country level**

*Output-level indicator 3.1.a: (i) Number and type of examples of in-country REDD+ actions where IP and CSOs and local communities participate actively*

*Target: Various new examples exist with strong evidence of IP and CSO active participation and broad community support in REDD+ programs/readiness by 2015*

During the earlier stages of R-PP formulation in Thailand, the engagement of IP and CSOs faced several challenges and a number of stakeholder groups felt excluded from the process. In an effort to rekindle an inclusive dialogue, the government recently made concerted efforts towards greater social inclusion and participation of IP and CSOs in REDD+. A series of meetings were held among the government, IP, and civil society to jointly identify the best stakeholder engagement mechanism. It was agreed that regional working groups would be formed. Consequently, the government, with support from the FMT, facilitated the creation of REDD+ CSOs/IP working groups in the four regions of the country. Working Group Coordinators representing each regional group at the national level have played a key role in working with the government to design and deliver a series of regional dialogues with IP and local CSOs on the draft R-PP. The working groups were formed through a self-selection process and each working group developed its agenda of critical issues—such as land tenure, social and environmental issues in REDD+—to be addressed in the dialogue. Based on the constructive discussions, recommendations from the working groups have been incorporated into Thailand’s revised R-PP.

In Nepal, CSOs and IP organizations working on forestry and REDD+ have formed a platform, the REDD+ CSOs & IPOs Alliance, to discuss and develop a common understanding of REDD+. Since the formulation of the R-PP in Nepal, the Alliance has played a key role for stakeholder engagement by working closely with the REDD+ coordination cell to draft the consultation and participation component of the R-PP. The Alliance has also provided concrete inputs to other relevant components of the R-PP, more specifically, the social and environmental impacts associated with the drivers of deforestation and forest degradation. As Nepal moves forward with the implementation of its readiness activities, the Alliance continues to be essential for social inclusion. Working with the team of consultants supporting the SESA process, the Alliance is closely engaged in implementing SESA consultations in one district. The Alliance further provided important strategic inputs on social and environmental concerns within the country’s different agro-ecological zones and continues to campaign for greater transparency on institutional and policy reform related to REDD+ and for meaningful engagement of the Alliance in other REDD+ readiness activities.

In Nicaragua, the government organized a series of preparatory SESA workshops in 2012 to gather stakeholder feedback on the proposed REDD+ strategic options. Workshops were first held at the regional level in Bluefields and in Bilwi in the autonomous regions and then at the national level in Managua. Additionally, a National SESA workshop was held in April 2013, using a differentiated stakeholder methodology to guide the discussions in identifying the risks and benefits of each proposed REDD+ option and the drivers of deforestation.

In Cameroon, IP and civil society participation in the national REDD+ process has been enhanced by a CSO Platform for REDD+ and Climate. The Platform has been instrumental in identifying and setting up a registry of forest-dwelling villages, and has received grants from the FCPF's CSO Capacity Building Program to strengthen its own governance structure, including better outreach and representation at the local level.

*Output-level indicator 3.1.a: (ii) Examples of resources made available to enable active participation of IP, CSOs, and local communities in national REDD+ readiness*

FY 13 has been an important year for the Capacity Building Programs of the FCPF for Forest-Dependent IP and Forest Dwellers and for Southern CSOs. During the reporting period, a record number of grants were approved, and the transition from an individual grant system to a more comprehensive program, managed by regional indigenous and CSOs, was initiated.

With regard to the individual capacity-building grants for both IP and CSOs, a total of \$1,234,920 for 15 grants was

approved in FY13, following the vendor system applied over the past years (three from Asia, three from Africa, nine from LAC). These 15 grants cover a broad spectrum of activities, from training for carbon monitoring to legal readiness development for local communities. The total represents a significant up-scaling compared to previous years. In Latin America, award of the grants followed a new, competitive grant process. The nine awards were competitively selected from 20 applications received in a public call for proposals.

The strengthening of the capacity-building programs has been one of the priority activities identified in the series of regional dialogues with IP that took place in FY13 and culminated in the second global meeting in Doha, in December 2012, which resulted in the issuance of the Global Action Plan. The document is owned by the IP and provides a comprehensive and pragmatic roadmap for the engagement between IP and the FCPF.

Based on suggestions from indigenous and civil society organizations to enhance their ownership of the programs, it was decided to change the delivery modalities for FY14 and FY15. Among different options, the proposal that gained most traction was to use regional intermediary organizations to administer the program. To this end, a call for expressions of interest was launched in FY13, resulting in 10 submissions, and after a detailed review of the submissions, six organizations were selected (see table 3) based on a set of agreed criteria. These included the organization's representativeness, regional credibility, track record on REDD+, experience in collaborating regionally, fiduciary and safeguards capacity, and the capacity to address grievances and provide redress mechanisms.



**Table 3: Intermediary organizations selected for implementation of the capacity-building programs in FY14 and FY15**

Region	Indigenous Peoples	Civil Society Organizations
Africa	Mainyoto Pastoralist Integrated Development Organization (MPIDO)	Pan-African Climate Justice Alliance (PACJA)
Asia	Indigenous Peoples' International Centre for Policy Research and Education (Tebtebba)	Asia Network for Agriculture and Sustainable Bioresources (ANSAB)
Latin America	Sotz'il	Asociación Coordinadora Indígena y Campesina de Agroforestería Comunitaria de Centroamérica (ACICAFOC)

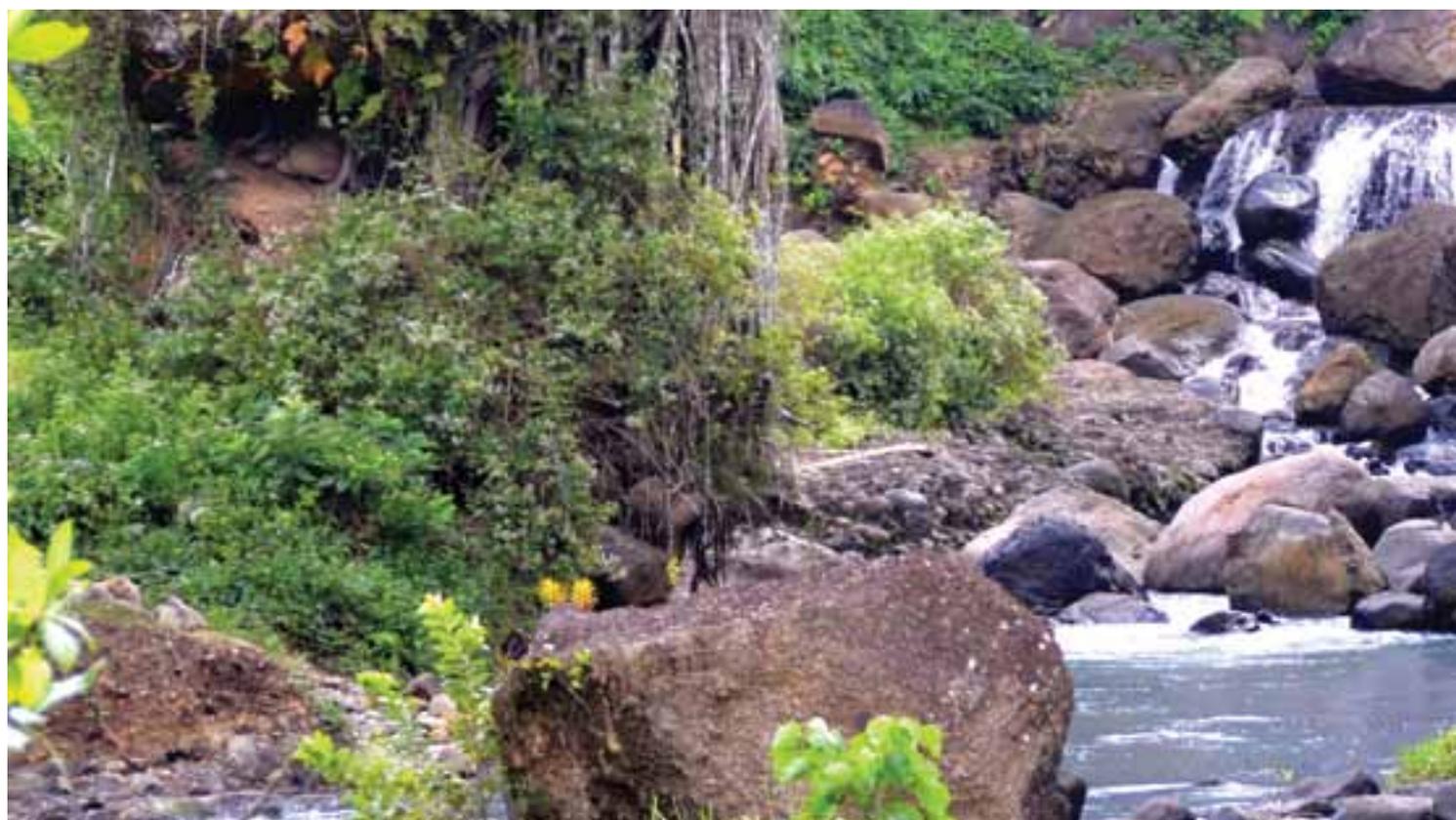
Each of the six regional intermediary organizations (for IP and CSOs respectively) will be responsible for selecting and supporting small capacity-building projects within their regions. A general set of eligibility criteria for project selection has been agreed upon, but regional intermediaries retain the flexibility to adopt a competitive small grants scheme or, alternatively, targeted regional work programs around prioritized topics or themes, depending on the regional context.

To operationalize the flow of funds to the regional intermediaries, a number of processing steps related to due diligence for small and micro grants need to be carried out, in line with World Bank procedures. The regional intermediaries

will be supported to complete the necessary fiduciary and safeguards capacity building and training on relevant World Bank grant procedures and remaining questions. Some of these planning and operational issues were addressed in a workshop that took place in Washington, DC, in September 2013.

*Output-level indicator 3.1.b: Number of IP and REDD+ country CSO representatives (men/women and/or youth) that have participated and benefitted from FCPF organized workshops/trainings on SESA, governance, MRV aspects/related aspects of REDD+*

The FMT continues to push the envelope in strengthening the capacity of IP and CSOs related to social inclusion as well as ensuring greater outreach to a critical mass of IP and CSOs. With the recent regional social inclusion capacity-building workshops in Kenya and Thailand, FCPF program-level targets for training IP and CSOs have already been surpassed. Of the 115 participants at the two workshops representing IP and CSOs, 40 percent were women and 5 percent were youths. More youths attended the workshop in Thailand. The workshop in Nairobi, Kenya, in December 2012, brought together 60 participants from seven African countries—Ethiopia, Ghana, Kenya, Liberia, Mozambique, Tanzania, and Uganda. The second regional workshop in Bangkok, Thailand, held in April/May 2013, brought together 55 stakeholders from eight Asia-Pacific countries—Cambodia, Indonesia, Lao PDR, Nepal, Papua New Guinea, Thailand, Vanuatu, and Vietnam.



It is expected that more than 400 IP and CSO representatives will have been reached by the time the FMT completes the regional workshops for Latin America (planned for December 2013 in Colombia) and for Francophone Africa (planned for March 2014).

The fundamental take-away message from these two workshops is that social inclusion matters because it empowers people with knowledge, information, and tools to actively engage into the national REDD+ dialogue and shape and influence decisions on institutional and policy reform associated with REDD+. The social inclusion workshops have provided IP and CSOs with solid knowledge on how to implement the SESA, how to carry out effective consultations, and how to set up effective grievance mechanisms at the national level. Building on participatory approaches as well as South-South knowledge sharing of in-country experiences, these workshops benefited IP and CSOs with knowledge, tested approaches, ready-to-use tools, and solid information on how best to facilitate social inclusion in their own countries.

Earlier in FY13, a series of regional follow-up meetings to the global dialogue were also held, in line with the Action Plan adopted by IP representatives at their first global meeting on REDD+ (held in Guna Yala, Panama, in September 2011). The first event, the Pan-African Indigenous Peoples' Dialogue with the FCPF, was held in Arusha, Tanzania, in April 2012. In FY13, similar regional events took place in Lima, Peru, in August 2013, bringing together 45 IP representatives from 15 Latin American countries, and in Chiang Mai, Thailand, in September

2012, bringing together 52 representatives from 12 Asian countries. Both regional dialogues also included a large number of representatives from governments in the respective regions, from CSOs, and from international organizations. The series of regional dialogues culminated in a second global dialogue with IP in the margins of the annual UNFCCC meetings (COP18) held in Doha, Qatar, in December 2012, and a follow-up meeting specifically on proceedings of the CF of the FCPF (jointly with CSOs) in Washington, DC, in January 2013. The key outcome from the meeting in Doha was the finalization of the Global Action Plan for IP relating to the FCPF, which puts forward a set of activities and recommendations aimed at ensuring the rights of IP within the implementation framework of the FCPF. The Capacity Building Program for Indigenous People serves as a means to support IP with the implementation of some of the priority activities identified.

The overall discussions at these meetings showed how much has been achieved over the past two years. Significant capacity has been built to enable IP' representatives to proactively engage in relevant discussions, rather than merely being on the receiving end of information dissemination. Representatives are now actively providing input in highly technical aspects of the FCPF's pioneering work, including on the Assessment Framework for REDD+ readiness, on the Guidelines for Stakeholder Engagement in REDD+ readiness, and on the Common Approach for the application of environmental and social safeguards by the multiple DPs of the FCPF.





More generally, the discussion has evolved and focusses on how IP can participate fully and effectively in REDD+ design and benefit from implementation, rather than revolving around the basic question of whether there should be REDD+ or not. IP have taken their collective experiences forward and are now members of national steering committees that guide decision making on institutional, policy, and technical aspects of the REDD+ readiness process in their country.

However, the engagement process still remains far from perfect, in particular in large, heterogeneous countries with large, often difficult-to-reach indigenous populations. Here, the question of how well national spokespeople represent their broader constituency groups outside the national capitals and urban centers continues to arise. A divide also remains between traditional decision-making processes of IP and national government processes. Thus far, it has proven difficult to identify culturally appropriate indicators for monitoring effective engagement of IP in REDD+. Another priority concern that continues to be raised in the multi-stakeholder discussions is the question on how to ensure that statutorily or customarily held rights to land are not undermined by REDD+ and that progress is made on securing equitable land tenure reform and benefit-sharing mechanisms as a global agreement on REDD+ is negotiated.

At the World Bank, a newly appointed Senior Advisor for Indigenous Peoples and Ethnic Minorities has been closely engaged in the ongoing dialogue. This engagement has helped to raise IP' concerns related to REDD+ implementation within the World Bank and supported the process of feeding IP' concerns into the ongoing review of World Bank safeguard policies based on the Advisor's deep involvement in the public consultation process with IP on the latter.

*Output-level indicator 3.1.c: Examples of IPs and REDD+ country-CSO representation in institutional arrangements for REDD+ at the national level*

As a result of the FCPF's commitment to IP' engagement, governments are paying increasing attention to effective engagement of IP in national REDD+ planning, in the formulation of R-PPs, and, more recently, in the design of national REDD+ strategies and programs. Based on the FCPF's efforts and prioritization of social inclusion, IP are now represented in many national institutional arrangements for REDD+, such as national REDD+ technical bodies and steering committees. As a result, they are actively contributing to the planning and design of REDD+ readiness implementation as well as the design of REDD+ programs. The consultative process that a country engages in, starting with the formulation of an R-PP and intensifying during the implementation of the SESA process, fosters the inclusion of IP and local CSOs in institutional arrangements for REDD+.

For example, in the DRC, representatives of IP and civil society make up four of the 12 members of the *Comité Nationale de REDD+*, which is the main policymaking and coordinating body for REDD+ in the DRC. Similarly, in

Nepal, IP and CSOs are represented on the National REDD+ Technical Committee. In Peru, the government recently reached agreement with two organizations representing IP, the *Asociación Interétnica de Desarrollo de la Selva Peruana* (AIDSESP) and the *Confederación de Nacionalidades Amazónicas del Perú* (CONAP), to establish the *Mesa Nacional de REDD+ Indígena de Perú*. The Platform will be the main interlocutor between IP and all other actors involved in REDD+ in Peru.

In February 2013, the FCPF's commitment to social inclusion was also recognized within the World Bank with the receipt of the "People First Award," which is awarded annually by the Bank's Social Development unit to projects and initiatives that have demonstrated excellence in social inclusion, innovation, and results.

### **Output 3.2: Pilots have been successfully implemented on ways to sustain and enhance livelihoods and conserve biodiversity**

*Output-level indicator 3.2.a: Number of countries where stakeholder engagement platforms proposed in RPPs have taken up work and meet regularly*

Several countries have established stakeholder engagement platforms and associated innovative processes to deepen participation and collaboration with a wide range of local, subregional, and national stakeholders relevant to REDD+. In particular, countries in Latin America have advanced such engagement processes in response to active and vocal stakeholder groups that are well organized and connected not only at the national but also at the regional level.

One example is the three-tier structure for stakeholder participation that has been developed in Nicaragua. The three levels of participation support the development and implementation of the National REDD+ Strategy (known in Spanish as ENDE-REDD+). The first level includes relevant

national ministries, representatives of the two autonomous regional governments in the Caribbean part of the country, representatives from municipalities and IP, as well as from the national forces and national police. The second level brings together representatives of the sectoral institutions responsible for land use and forestry, including representatives of the Indigenous Territorial Governments under the two autonomous regional governments. Academia and producer associations such as cattle ranchers are also included in this second tier. The third level is an open public platform for consultation that is convened by the government to inform a wider range of stakeholders, gauge public opinion, and gather feedback.

### **Output 4.1: Knowledge products and lessons from piloting of REDD+ in general and FCPF activities in particular are developed and disseminated, in accordance with global knowledge management and communication strategy and annual work plans**

During FY13, a number of knowledge products were developed and disseminated both electronically and in print. Key knowledge products included:

- Guide to the FCPF Readiness Assessment Framework
- Brochure on the Readiness Assessment Framework
- Report on "Linking local REDD+ experiences to national REDD+ strategies"
- Report on "Assessment of key governance issues for REDD+ implementation in Liberia"
- Brochure on the Carbon Fund
- Brochure on ER Program Origination
- Series of learning videos from Payments for Environmental Services for REDD+
- Toolkit on Grievance Redress Mechanism
- FAQ and Flyer on M&E
- A virtual platform for experts to share knowledge and discuss REDD+ registry development

## **BOX 5: DEVELOPING A DECISION SUPPORT TOOL FOR THE DEVELOPMENT OF REDD+ REFERENCE LEVELS AND DESIGN OF MRV SYSTEMS**

Stemming from the UN-REDD/FCPF Country Needs Assessment, work commenced on constructing a decision support tool for the development of REDD+ reference levels and the design of MRV systems. The aim of such a tool is two-fold: (i) to enable REDD+ countries to understand the technical, capacity, and policy implications of the approaches they choose to develop reference levels and design MRV systems, and (ii) to learn from advanced countries how to best tailor tools and training materials, and quickly make them available to all FCPF countries.

Work on the decision-support tool has started and will include harnessing existing and emerging resources, information, data, and technical good practices in a user-friendly format, accompanied by learning and capacity-building material that is suitable for REDD+ countries. A number of in-country and regional workshops are scheduled for FY14 to test and improve the tool.

The broader benefits of this work are to facilitate informed decisions related to the planning and implementation of RL and MRV technical work, allow countries to make constructive contributions to the UNFCCC process (for example, through submission of RLs), and help practitioners decide what to do first as no-regrets actions. For countries that have expressed interest in the FCPF CF, the tool should help stakeholders formulate clear and coherent ideas for ER Programs using a structured and practically focused approach.

In addition, a new FCPF website was launched and key sections and content revised for clarity and ease of access to information. FAQs were developed for various topics—the CF, the MF, M&E—and incorporated into the website.

A number of in-depth training tools are under development. Two that are expected to become available next year are (i) an online training course for safeguards application, with a focus on the process of the SESA and the ESMF; and (ii) a tool to assess all relevant cost elements of REDD+, which has been tested in a series of country pilots in Colombia, the DRC, and Tanzania.

Practical experiences gained in the FCPF also fed into a number of meetings and publications, including the Steering Committee for the Global Forest Observation Initiative (GFOI) and its Advisory Group on the development of Methodological & Guidance Documentation (MGD) materials, the Global Observations of Forest and Land Cover Dynamics (GOFC-GOLD), and the Center for International Forestry Research (CIFOR).

#### **Output as per PMF 4.2: Participants actively engage in South-South learning activities**

##### *Output-level Indicator 4.2.a: Number of S-S learning activities and/or events connecting FCPF countries*

Over the course of FY13, participants were actively engaged in about eight South-South learning activities, which included:

- A South-South exchange linking local REDD+ Projects to National REDD+ Strategies in Ethiopia
- A South-South exchange on National REDD+ Fund Management jointly organized with UN-REDD
- A series of Regional and Global Dialogues with Indigenous Peoples (refer to Indicator 3.1.B.)
- A South-South exchange to share experiences on the development of data management systems and ER transaction registries

- A virtual South-South exchange to learn from the DRC’s experience with REDD+ strategy development
- A number of knowledge sessions in the context of the PC meetings, among others, on governance reforms for REDD+ in Brazzaville, in October 2012, on implementation of REDD+ safeguards (particularly the SESA) in Washington, DC, in March 2013, and on management of REDD+ funds at the national level as well as lessons from moving from REDD+ projects to programs and policies in Indonesia, in June 2013

As countries are making progress with their readiness activities and many are expected to reach the mid-term review stage of their readiness implementation process sometime in the next year, there will be increased focus on capturing experiences and lessons over the course of next year. Up to this point, knowledge to inform national REDD+ strategy development had to draw mainly on experiences from REDD+ pilot projects but, as countries advance with national-level readiness implementation, they will start to draw important lessons from their respective national readiness processes, enabling them to learn and adjust their strategy. The growing body of experiences and lessons learned from the readiness phase will also serve more South-South learning activities in the next few years.

##### *Output-level Indicator 4.2.b: Total number of participants to South-South knowledge exchange activities by category*

Since the FCPF M&E framework was adopted by the PC in March 2013, monitoring of participants in South-South knowledge activities by category (female, male, youth, etc.) has not yet been carried out. However, approximately 400 participants took part in South-South knowledge exchange activities during FY13; several participants took part in multiple exchange activities.

#### **BOX 6: TRAINING PRACTITIONERS HOW TO ASSESS THE TOTAL COST OF REDD+**

A national training workshop to assess the total costs of REDD+ activities in the DRC was held in Kinshasa, in April 2013, in collaboration with the National REDD+ Coordination and the Regional Post-graduate Training School of Integrated Management of Tropical Forests and Lands (ERAIFT). The objective of the workshop was to train 24 participants from ERAIFT, the Ministry of Environment, Nature Conservation and Tourism (MECNT), the Ministry of Planning, the University of Kinshasa, and civil society in the use of a software tool to analyze the total costs of REDD+ activities in DRC. The last day was dedicated to presenting the results to a broader public.

The REDD+ Cost Elements Assessment Tool (RCEAT) has been jointly developed by the FCPF, the World Bank Institute, and UN-REDD (UNDP) since 2010. It is based on the Opportunity Costs as outlined in the REDD+ Manual, a series of country studies in Tanzania, DRC, and Colombia, and regional workshops. The purpose of the tool is to provide REDD+ project or program planners with an economic tool to assess all relevant REDD+ cost elements (opportunity, implementation, transaction, and institutional costs), as well as reference emissions and REDD+ related ER, in a consistent way, and to quantify the total abatement costs of the proposed activity. The tool, and more importantly its application, provides an initial understanding of REDD+ related costs at the national level, in addition to a cost assessment framework of REDD+ at the project level. This tool will be available later this year and can be used in the development of ER Programs.

**BOX 7: LEARNING FROM DIVERSE PILOT PROJECTS TO INFORM NATIONAL REDD+ STRATEGY DEVELOPMENT**

From April 29 to May 1, an exchange on Linking Local REDD+ Projects to National REDD+ Strategies in Africa was held in Hawassa, Ethiopia, in collaboration with Ethiopia's Ministry of Agriculture, the Oromia Forest and Wildlife Enterprise (OFWE), and Farm Africa. The meeting brought together a range of stakeholders from 13 REDD+ countries (Brazil, Cameroon, DRC, Ethiopia, Ghana, Indonesia, Kenya, Liberia, Madagascar, Nigeria, Republic of Congo, Tanzania, and Uganda), including representatives from national and local governments, DPs, civil society, and the private sector.

To date, the FCPF, UN-REDD, and many other international REDD+ funds have focused primarily on Phase 1 of REDD+, namely building capacity in forest countries to develop the technical and policy infrastructure needed for effective implementation of REDD+ at the national level. However, more recently, REDD+ countries have started expressing a need for more REDD+ pilot projects that offer testing, learning, and help create buy-in from communities, local and central governments. Such on-the-ground activities can be linked to the preparation of national-level REDD+ strategies, but no concerted effort to date has been made to determine how this could be done best.

The meeting in Hawassa was therefore a first regional exchange for stakeholders implementing REDD+ at various levels—national, subnational, and project—to share lessons learned and discuss the linkages between different levels. Seven pilot projects implemented by government, civil society, and the private sector were presented. Discussions of the projects focused on how each is tackling drivers of deforestation, linkages with national REDD+ processes, and the challenges and lessons learned from such projects.



### BOX 8: SHARING KNOWLEDGE ON NATIONAL REDD+ FUNDS MANAGEMENT

The South-South Knowledge Exchange began in early 2013 as a joint initiative of the FCPF and the UN-REDD Programme to facilitate the exchange of experiences on topics relevant to fund design among countries that are establishing national REDD+ funds. In Bonn, in May 2013, the FCPF and UN-REDD convened a planning meeting where participant countries presented the structure of their national REDD+ funds and identified topics for future work supporting knowledge exchange. These topics include: funds governance; modalities of funds disbursement; links between national funds and strategic goals on REDD+ and climate; sources of funding; and safeguards. Initial participants were Brazil, Indonesia, Ethiopia, Colombia, Vietnam, and the DRC. This dialogue started at an important time, as an increasing number of countries have decided to establish national funds to channel support towards the implementation of REDD+ activities. The ongoing Exchange allows lessons learned to be shared and capacity to be built among the participating REDD+ countries.



### Output 4.3: Strong visibility of REDD+ and FCPF is achieved

#### *Output-level Indicator 4.3.a: Number of neutral/positive mentions of FCPF and REDD+ issues in different key media worldwide per X period*

On average, there are 8–10 neutral or positive mentions each month that specifically reference the FCPF in different media worldwide. This number increases exponentially when the FCPF releases information in the form of press statements, press releases, and other communication means. The news on the selection of Costa Rica into the pipeline of the CF in October 2012 as well as the announcement of significant additional donor funding provided to the FCPF by Norway, Germany, and Finland, in December 2012, attracted the highest media attention last year. Each event received several hundred mentions, although it should be noted that this count includes not only original reporting, but also the reuse of stories by secondary media outlets. Monitoring of media coverage over the past year confirmed that press releases and blogs reach a much broader audience if they are actively promoted via a twitter campaign on an established twitter channel with a large list of followers, such as the World Bank's Climate Change Twitter account.

#### *Output-level Indicator 4.3.b: Number of negative mentions of FCPF and REDD+ issues in different key media worldwide per year*

The general perception is that negative mentions of the FCPF and REDD+ issues remained similar to those made the previous year, although no quantitative comparison is possible for FY13 due to the lack of data. Most negative mentions refer to concerns over insecure land tenure rights as well as risks related to equitable benefit-sharing and carbon rights in the context of REDD+. Such concerns are raised in both country-specific articles and articles on thematic pieces. Other negative mentions, although much less prolific, relate to the low disbursement of FCPF funds as well as the gap between countries' financing needs during the readiness phase and the actual volume of funds provided by the FCPF Readiness Fund. Proactive outreach to key media and provision of notes to editors has contributed to increasingly accurate reporting on the FCPF.

### **BOX 9: SOUTH-SOUTH EXCHANGE ON REGISTRIES FOR REDD+**

A South-South exchange brought together technical representatives from various countries in Washington, DC, in March 2013 to share experiences, assess country status in the development of data management systems and ER transaction registries for REDD+, and identify priorities moving forward. Participants included representatives from Brazil (State of Acre), Colombia, Costa Rica, Guatemala, Mexico, Chile, Ethiopia, Indonesia, as well as from NCRC (an NGO working with Ghana, Kenya, Tanzania, Uganda, and Nigeria), Markit, FAO, and VCS.

Building on the workshop, the FMT produced a draft functional specification with minimum standards for the identified building blocks of data management systems and ER transaction registries for REDD+. In FY13, work also went ahead on a country needs assessment with specific input provided by requesting countries (Colombia, DRC, Honduras, Indonesia, Mexico, and Peru).

Discussions showed that the priority of most REDD+ countries lies with procedures and data management solutions for REDD+ project/program approval that ensure consistency between the national, jurisdictional, and project scales. Most countries are well aware of the importance of an ER transaction registry for a future REDD+ mechanism and have shown interest in pursuing a common approach that could lead to the use of a centralized system. A limited set of countries, among others, Mexico, is interested in pursuing work on national ER transaction registries.

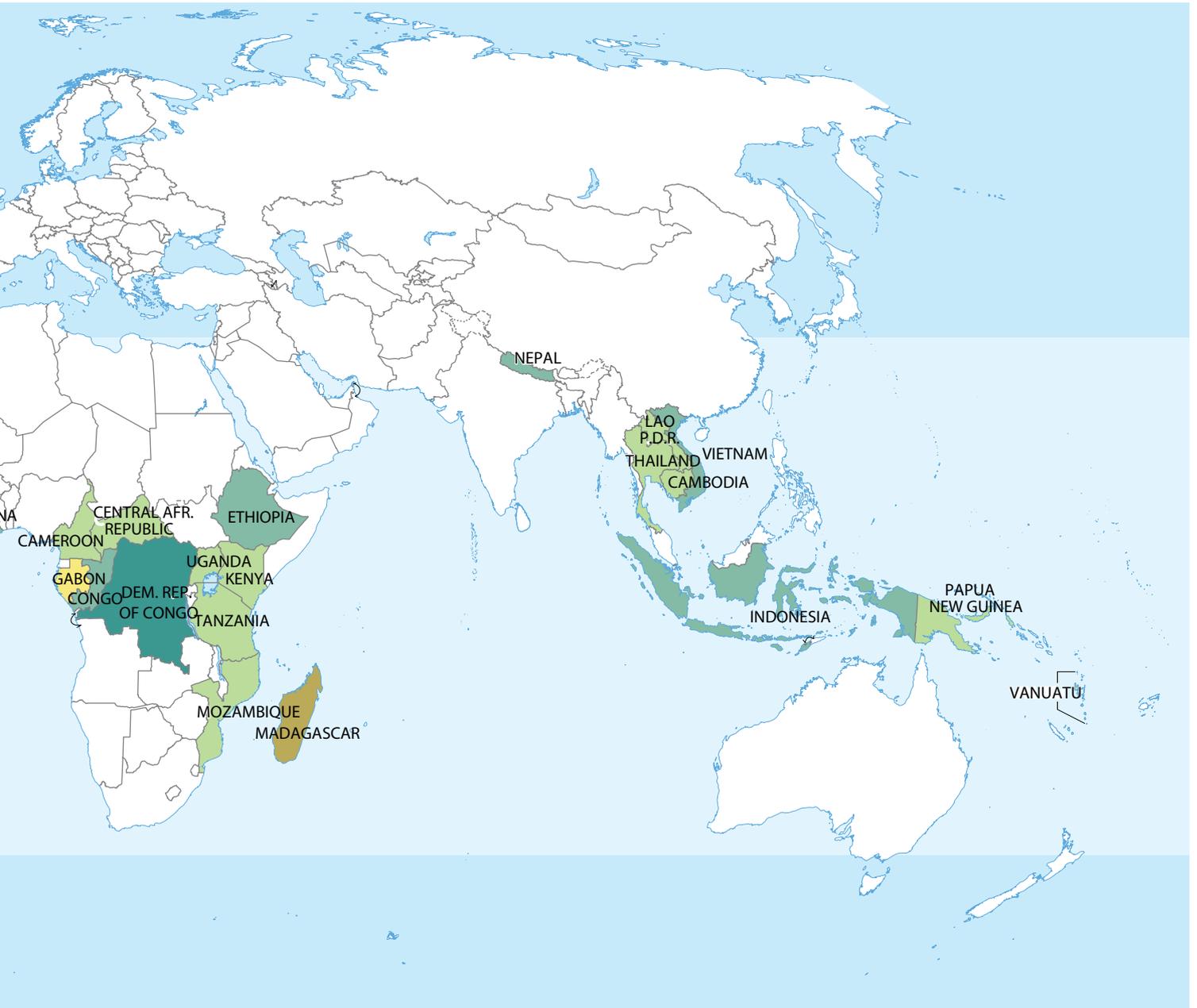
# FCPF REDD+ COUNTRY PARTICIPANTS

REDD+ Country Participants.  
 37 REDD+ Country Participants have been selected into the FCPF. 36 have signed the Participation Agreement. The map illustrates the progress within the FCPF of each of the 36 countries as of June 1, 2013.

- PARTICIPATION AGREEMENT SIGNED [36]
- INFORMAL READINESS PREPARATION PROPOSAL (R-PP) PRESENTATION [21]
- R-PP ASSESSED BY PARTICIPANTS COMMITTEE (PC) [32]
- READINESS PREPARATION GRANT SIGNED [9]
- MIDTERM PROGRESS REPORT ASSESSED BY PC [1]



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 NOVEMBER 2013  
 This map was produced by the Map Design Unit of The World Bank. The boundaries, colors, denominations and any other information shown on this map do not imply, on the part of The World Bank Group, any judgment on the legal status of any territory, or any endorsement or acceptance of such boundaries.



## Coordinating with other REDD+ Initiatives

REDD+ has a challenging agenda given its multi-sectoral and multi-stakeholder dimensions, and the large financial and capacity needs involved. It is important, therefore, that development partners come together to provide a package of financial and technical assistance to better serve their client countries.

### **UN-REDD Programme**

In FY13, the FCPF and the UN-REDD Programme continued their cooperation in providing assistance to countries to get ready for REDD+. Coordination has entailed joint country missions and sharing responsibility for financing readiness activities. At the global level, coordination between the FCPF and the UN-REDD Programme involves joint scheduling of governance body meetings, the harmonization of programmatic documents, the coordination of analytical and capacity-building efforts, and the joint delivery of secretariat services to the REDD+ Partnership. In FY13, several knowledge activities were planned and carried out jointly, including a South-South exchange on management of REDD+ funds at the national level and preparation for an expert workshop on IP in REDD+ processes, among others. Further, a joint Knowledge Day is being organized in conjunction with the next UN-REDD Policy Board and FCPF Participants Committee meeting, and will bring together over 200 participants and stakeholders from both initiatives to jointly reflect on progress and achievements made with REDD+ readiness as well as implementation since the two initiatives became operational 5 years ago.

### **Forest Investment Program**

The Forest Investment Program (FIP) supports developing country efforts to reduce deforestation and forest degradation, and promote sustainable forest management that leads to ER and enhancement of forest carbon stocks (REDD+). The FIP focuses on sizable investments in a smaller number of key countries in order to achieve economic transformation and generate global knowledge. The FIP is currently active in eight pilot countries (Brazil, Burkina Faso, the DRC, Ghana, Indonesia, Lao PDR, Mexico, and Peru), most of which are also FCPF REDD Country Participants (with the exception of Brazil and Burkina Faso).

Implementation at the country level is based on FIP investment plans that have been developed through a country-led process and that build on FCPF readiness or equivalent processes and draw on the R-PPs and the emerging REDD+ strategies. Coherence and cooperation across the different FIP and FCPF activities have been achieved especially in the DRC, Ghana, Indonesia, and Mexico, as governments ensure that activity planning is closely coordinated between the two initiatives. At the secretariat level, the FCPF is an observer to the FIP governing body and has shared pertinent information with the Committee, for instance, on the FCPF Readiness Assessment Framework. FIP has equally participated in the PC meeting in Lombok and presented an update of implementation activities in FIP countries, which are also supported by the FCPF Readiness Fund. The FIP has further continued taking advantage of the established FCPF roster of experts for the independent review of investment plans prior to their endorsement by the FIP Sub-Committee. The FIP has commissioned an in-depth study on the link between REDD+ readiness and implementation in FIP pilot countries. The report will analyze in detail the REDD+ activities supported through readiness mechanisms, such as FCPF, and the advancements in identifying, preparing, and implementing investments prioritized through national REDD+ processes in the eight FIP pilot countries.

### **BioCarbon Fund**

The BioCarbon Fund (BioCF) is a public-private carbon fund, operational since 2004, that pioneers projects that sequester or conserve carbon in forest- and agro-ecosystems, mitigating climate change and improving livelihoods. The overall goal of the Fund is to demonstrate that land-based activities can generate high-quality ER with strong environmental and socio-economic benefits for local communities. In the first-generation trust funds, about 80 percent of the BioCF's

resources were earmarked for afforestation and reforestation projects under the Clean Development Mechanism; the remainder was allocated to REDD+ and sustainable land management projects. BioCF projects have a range of different objectives, including fuel wood production, timber production, and environmental restoration. With the development of 10 CDM-approved methodologies and a variety of capacity and outreach activities, the BioCF has actively promoted the development of the forest carbon market and pioneered forest carbon transactions on the basis of local know-how. The BioCF delivered 80-90 percent of the carbon assets to its Participants. Most of the carbon assets will be used to meet compliance targets under the UNFCCC's Kyoto Protocol, which ended in 2012.

Leveraging lessons and experience from a successful track record on project-based carbon finance in the land-use sector, the BioCF embarked on a new initiative in FY13. The Initiative for Sustainable Forest Landscapes (ISFL) is a new, multilateral facility that promotes and rewards reduced greenhouse gas emissions from the land sector, including REDD+, more sustainable agriculture, as well as smarter land use planning and policies. ISFL will help countries identify and promote climate-smart agricultural and low-carbon land-use practices in selected geographical areas where agriculture is a major cause of deforestation. The initiative will build a portfolio of jurisdictional programs spread across diverse geographies that have significant impact and transform rural areas by protecting forests, restoring degraded lands, enhancing agricultural productivity, and by improving livelihoods and local environments.

### **REDD+ Partnership**

The REDD+ Partnership—for which the FMT serves as Secretariat, jointly with the UN-REDD Programme Team—takes REDD+ issues outside of negotiations to advance progress on REDD+ and tap the knowledge of various constituencies. The FMT worked closely with the UN-REDD Programme Team and the rotating Partnership co-chairs to organize Partnership meetings in FY13; each brought together approximately 100 country partners and stakeholders. In June 2013, in Bonn, Germany, the Partnership adopted the work program for 2013–14 for the REDD+ Partnership, which was initially discussed in Doha, in December 2012, and is based on the REDD+ Partnership Agreement adopted in Oslo, in May 2010. The work program has five components aimed at: (i) facilitating readiness activities through knowledge exchange; (ii) facilitating demonstrating activities by capturing experiences and lessons learned; (iii) facilitating results-based actions through better analysis of the main aspects; (iv) facilitating the scaling up of finance and actions by promoting the effective deployment of REDD+ support and finance to address gaps in REDD+ finance; and (v) promoting transparency and communication through information sharing and knowledge exchange. Several workshops were held during FY13, including in Colombia (July 2012), Thailand (September 2012), Congo Basin (September 2012), Qatar (November 2012), and Bonn (June 2013). These workshops brought together practitioners to discuss key issues such as safeguards, monitoring, reference levels, financing options, and drivers of deforestation and forest degradation. The REDD+ Partnership also received additional funding of \$1 million from Germany.





Due to slow progress in the REDD+ negotiations under the UNFCCC and the lack of certainty in the compliance market for ER more broadly, it has proven difficult to find private sector entities willing to invest financially in the Fund, even from the perspective of corporate social responsibility.

# Issues and Challenges

The overall progress on FCPF outputs and outcomes as intended for the FY13 reporting period has been satisfactory. Some of the challenges identified in this reporting period are described below.

# 5

## 5.1. Disbursements

One of the challenges has been the slow disbursement under the Readiness Fund of the FCPF. The cumulative disbursement of readiness grants by REDD+ countries through June 2013 is \$9.85 million, of which the disbursements for the period July 2012 through June 2013 (FY13) is \$4.92 million, compared to disbursements of \$2.68 million in the previous fiscal year (FY12). For the first quarter of FY14, disbursements already stand at \$2.1 million, which suggests that disbursements will continue their upward trend in FY14, especially as more countries sign readiness grant agreements.

However, during the FY13 reporting period, only three of the nine countries that had a signed grant agreement by the end of FY13 met the forecast target for indicator 1.3.d, related to disbursements. Against the 60 percent target, only 33 percent of REDD+ countries have a disbursement rate that is in line (i.e., within a 10 percent variance) with their disbursement plans as per agreed Readiness Preparation grant (>\$3.4 million).

The PC recognized the need to increase total disbursements, which will require a greater focus by countries themselves to execute national REDD+ activities. A session at the pre-PC workshop at the PC meeting held in March 2013, in Indonesia, was dedicated to understanding the reasons for the relatively slow disbursements, and finding ways to increase disbursements of readiness grants. A select number of REDD+ countries with a signed grant agreement shared their experience at this pre-PC workshop and cited the following issues as the main reasons for the slow start on readiness activities and the resulting slow disbursements: lack of procurement capacity in the REDD+ project management units in REDD+ countries, inadequate understanding of World Bank procurement rules, and lack of experience with the drafting of terms of reference for the key readiness activities. The lack of procurement capacity is being resolved in several countries by hiring a procurement specialist for the project management units in REDD+ countries. Most of the FCPF countries recognized upfront the need to enhance their in-country procurement capacity, and readiness preparation grants in

seven FCPF countries with signed agreements have supported the hiring of a procurement specialist. In addition, staff from project management teams has been trained in procurement procedures. The FMT has also made available the terms of reference for readiness activities on the FCPF website, for easy access by other countries.

In the coming year it is expected that the disbursements will increase significantly, as the target number of countries with signed grant agreements is expected to rise from 9 to 24 by June 2014. Cumulative disbursements of readiness grants to REDD+ countries by the end of FY14 is estimated to be \$21.29 million, thanks to the signing of new grants and higher disbursements in REDD+ countries that have been in readiness preparation and are expected to disburse with the completion of the major readiness activities and other deliverables in FY14.

### *Proposed actions to be taken:*

The slow pace of readiness grant disbursements has remained one of the key challenges in FY13. Although an upward trend is anticipated for FY14, the FMT will solicit PC feedback at the annual meeting on possible measures to accelerate disbursements in the coming years. It will also include recommendations in the work plan for FY15 or undertake follow-up action in the form of interim measures in FY14.

## 5.2. Endorsement of the ERPA General Conditions

The ERPA General Conditions had been expected to be endorsed by PC16 as the idea was that the discussions on ERPA General Conditions and the MF would proceed in parallel. However, some issues (such as addressing non-permanence and title to ER) have implications for the ERPA and need to be agreed upon in the MF before the ERPA General Conditions can be endorsed by the PC.

### *Proposed actions to be taken:*

The ERPA General Conditions will be presented for endorsement by the PC once the MF has been approved by the CF Participants. It is expected this milestone will be reached by PC17.

### 5.3. Country-Level M&E Frameworks and Readiness Reporting

The annual reporting by the FMT on outcomes and outputs as per the FCPF's M&E Framework requires a robust reporting framework at the country level. The PMF outlines all indicators where country level information has to be aggregated to facilitate portfolio-level reporting. All FCPF REDD+ countries are further expected to operationalize the national level M&E Frameworks early in their readiness phase. Preparation of national level frameworks will need to be expedited urgently, with support from the FMT if

necessary. This would help streamline reporting at the FCPF program level. Following endorsement of the program-level M&E Framework by the PC in March 2013, the FMT initiated piloting of M&E Frameworks in a few FCPF countries (Nepal, Liberia, Kenya, and Costa Rica). The FMT also solicited feedback from REDD+ countries on the type of support countries would need to develop and operationalize the M&E Framework, but the response rate was low.

#### *Proposed actions to be taken:*

Building on the earlier piloting efforts, the FMT will reach out to REDD+ countries again to solicit suggestions and



feedback for supporting national efforts on preparation of M&E Framework and reporting. In FY14, the FMT will also provide increased assistance to countries in preparing annual country reports as well as semi-annual updates.

#### 5.4. Private Sector Engagement

The FCPF had intended enhancing the engagement of private sector participants in the CF, aiming for two new private sector participants by 2014. Due to slow progress in the REDD+ negotiations under the UNFCCC and the lack of certainty in the compliance market for ER more broadly, it has proven difficult

to find private sector entities willing to invest financially in the Fund, even from the perspective of corporate social responsibility.

##### *Proposed actions to be taken:*

Looking ahead, the FMT will only invest time and resources in engaging private sector investors if there is substantive progress on REDD+ at the international level. However, it is important to note that the FCPF is engaging with the private sector in other ways, for instance, through targeted engagement for the development of ideas for ER Programs.





# 6

## Monitoring of Assumptions and Risk

An assumption in most cases indicates areas/circumstances that are beyond the control of the governance framework of the FCPF. However, tracking of assumptions is important to gauge unforeseen consequences in case the assumptions did not hold true.

The following table presents a snapshot of assumptions identified in the Log Frame against key impacts, outcomes and outputs, the level of risk associated with these assumptions, and the proposed mitigation measure as relevant. An assumption in most cases indicates areas/circumstances that are beyond the control of the governance framework of the FCPF. However, tracking of assumptions is important to gauge

unforeseen consequences in case the assumptions did not hold true. Reference to the impact, outcome and output where the assumption was referenced in the Log Frame of the M&E Framework is included in Column 1 of the table.

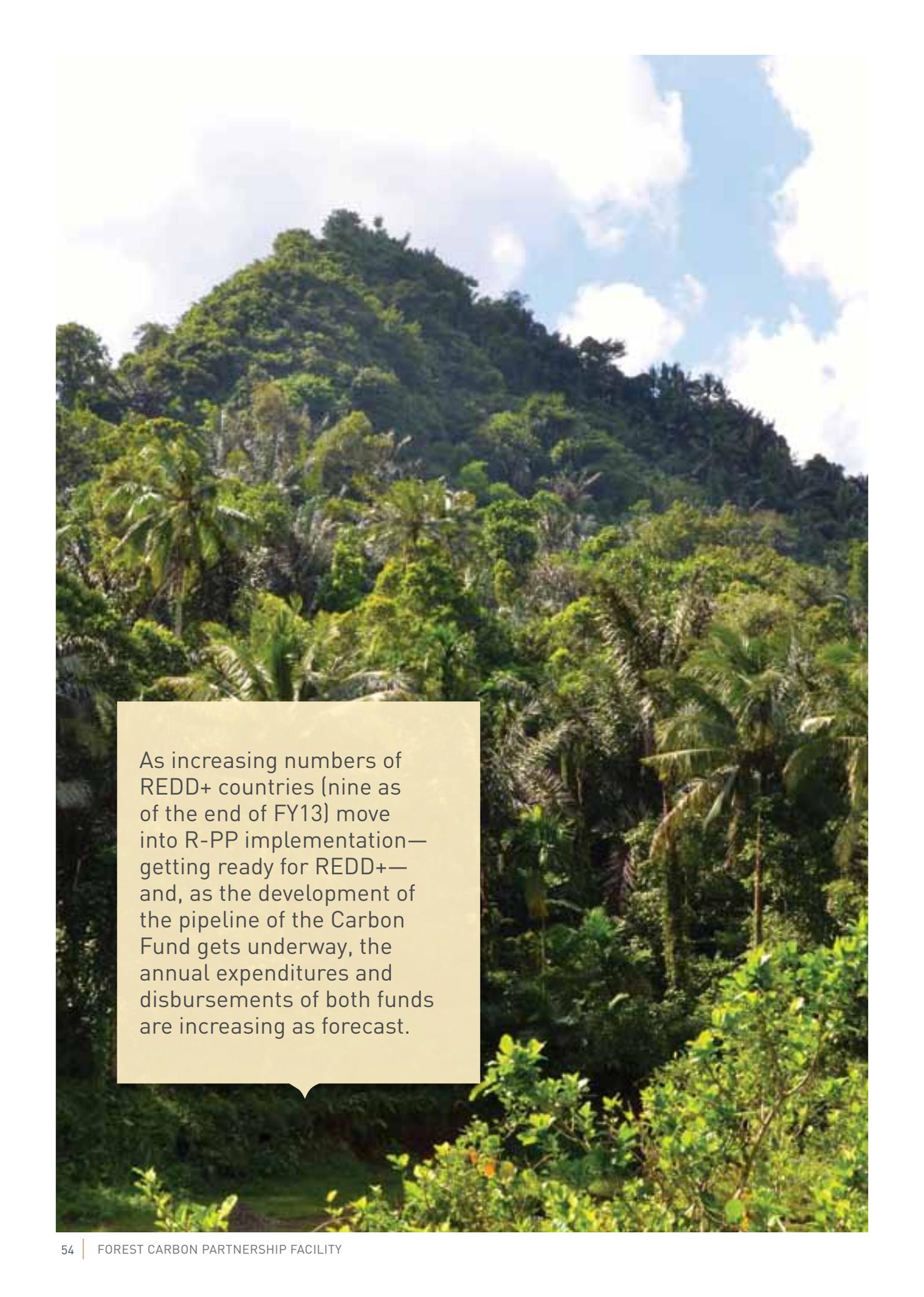
A second table with new risks that were previously not identified in the Log frame is also included.

Level at which assumption is referred to in LF	Original assumptions from LF	Current level of risk	Explanation of risk rating	Mitigation measure proposed
Impact 1.1 Outcome 1 Output 2.3 Outcome 3 Outcome 4 Output 4.3	Global climate change negotiations under UNFCCC remain supportive.	Medium	The progress in the negotiations has been slow over the last year and the timeline for decisions and further guidance on REDD+ is uncertain.	The risk associated with this assumption is beyond the direct control of the FCPF. The FCPF continues to remain responsive and to inform the negotiation process.
Outcome 1 Outcome 3 Outcome 4	The incentives provided by REDD+ schemes are sufficient.	Low	The risk relates to incentives for countries to advance to the Readiness Package, stakeholder engagement, and knowledge dissemination of experiences. Sufficient resources are available to countries through the FCPF, other bilateral and multilateral resources to advance to the R-Package, while maintaining adequate levels of stakeholder engagement.	No mitigation measure is required at this stage.
Outcome 1	For purposes of the Readiness Fund, submission of the R-Package by REDD+ Participants is voluntary.	N/A	-	The assumption does not require monitoring.
Outcome 1	There are no extraordinary circumstances in the country that prevent submission of RPs.	Low	At the portfolio level, only a small percentage of countries have socio-political circumstances that could slow submission of the R-Package.	No mitigation measure is required at this stage at the portfolio level.

Level at which assumption is referred to in LF	Original assumptions from LF	Current level of risk	Explanation of risk rating	Mitigation measure proposed
Output 1.2	Plans and targets were realistically assessed by technical experts before approval in view of existing baseline capacities and participant countries' contexts.	Medium/High	In some countries the signing of grant agreements following R-PP endorsement by the PC has taken longer than anticipated.	DPs are providing support to help countries address the comments from expert reviews, where the delays are on account of technical issues. The FMT will take measures to track issues early on. Delays due to other reasons, such as internal re-organization within country, cannot be mitigated by the DP.
Output 1.3	The political and socio-economic context in the Participant countries remains stable enough over the implementation period so that the capacity built remains in place.	Low	The overall risk at the portfolio level associated with the political and socio-economic context for readiness implementation remains low.	The diversity of REDD+ countries in the portfolio is a built-in mitigation measure.
Outcome 2	Interest in performance-based payments remains high enough.	Low	The interest of donors in performance-based payments schemes has been high in the reporting period. Interest in performance-based payments by REDD+ countries is evident from the first expressions of interest of ER-PINs to the CF.	The risk will be monitored continuously in the forthcoming periods.
Output 2.2	A large enough number of countries have the capacity to meet all standards and FCPF/DP administrative processes do not put undue burden on the CF operation.	Medium	The assumption is in relation to the likelihood of countries entering the CF portfolio. The risk rating is subjective and based on the early feedback from REDD+ countries in the course of the development of the MF.	Piloting of the MF in the first few REDD+ countries is proposed and will provide a realistic assessment of country capacity to meet the standards.
Output 2.4	Five REDD+ countries have signed ERPAs by 2015	Medium/High	The successful selection of ER-PDs will indicate the timelines for ERPA signing and program implementation. This indicator will be monitored closely in FY14.	The business process (under preparation) is realistic.
Output 3.1	Relevant guidelines in the Common Approach are followed and processes such as SESA are actually implemented in countries, providing for a receptive environment.	Low	The SESA process is starting to be rolled out in readiness implementation in several countries.	At the portfolio level, some stakeholder groups identified a need to enhance in-country understanding of the SESA. Among other efforts, the FMT has held regional-level, social inclusion workshops to mitigate this gap and ensure proper SESA implementation.
Output 4.2	Events managed directly by countries (not organized by FMT itself) are timely and effectively planned to feed into the process of learning and involve key stakeholders.	Medium	There is diversity in the FCPF portfolio on how events are managed at the country level. Assessment is based on feedback.	Countries continue to enhance communication and stakeholder engagement capacity through readiness grants and other bilateral sources.

New risks/previously unidentified risks that have a bearing on annual work planning and intervention logic	Mitigation measure proposed
1. Weak procurement capacity has delayed the start of readiness implementation in some countries.	Readiness grants are recipient-executed and are supporting the hiring of procurement experts and/or the procurement training needs of relevant staff of national REDD+ coordination office.
2. Reduced interest of private sector in REDD+ at the country level.	Countries encourage a dialogue with relevant private sector companies in the design of ER Programs and REDD+ strategy preparation.



A photograph of a dense tropical forest covering a hillside. The foreground is filled with various green plants and trees, including several palm trees. The background shows a steep, forested hill rising towards a bright blue sky with scattered white clouds. The overall scene is vibrant and lush.

As increasing numbers of REDD+ countries (nine as of the end of FY13) move into R-PP implementation—getting ready for REDD+—and, as the development of the pipeline of the Carbon Fund gets underway, the annual expenditures and disbursements of both funds are increasing as forecast.

# FY13 Financial Report of the Facility

7

The PC is responsible for approval of the annual budget for the Readiness Fund and the “Shared Costs” of the Facility, while the participants of the Carbon Fund are responsible for approval of the annual budget for the Carbon Fund as a separate trust fund.

## 7.1. Budget Approval Process

With five fiscal years of Readiness Fund and two of the Carbon Fund operation now complete, the budgetary, expenditure, and financial planning processes within the Facility have become more systematized. As increasing numbers of REDD+ countries (nine as of the end of FY13) move into R-PP implementation—getting ready for REDD+—and, as the development of the pipeline of the Carbon Fund gets underway, the annual expenditures and disbursements of both funds are increasing as forecast. The expansion to other DPs in the Readiness Fund has inevitably involved additional complexity in the financial processes. On the upside, as the other DPs move into action, financial commitments and disbursements will accelerate. For example, in FY13 alone, an additional \$11.4 million in funds was disbursed to DPs for grants.

The budgets for both the Readiness Fund and the Carbon Fund are based on the World Bank’s fiscal year (beginning July 1) and are approved annually in accordance with the FCPF Charter. The PC is responsible for approval of the annual budget for the Readiness Fund and the “Shared Costs” of the Facility, while the participants of the Carbon Fund are responsible for approval of the annual budget for the Carbon Fund as a separate trust fund. Both budgets are usually approved in June of the preceding fiscal year.

To date, the PC has approved six budgets for the Readiness Fund for FY09–FY14, along with amendments and revisions to those budgets during each fiscal year. Three annual budgets have been approved for the Carbon Fund (FY12, FY13, and FY14). Informal guidance was sought by the FMT for developmental expenditures prior to that time (before the Fund became fully operational).

As part of the approval of the Readiness Fund budget, the FCPF Charter indicates that the PC shall make decisions on all Shared Costs for activities that cut across and benefit both the Readiness and Carbon Funds. In practice, the Shared Costs have typically included FCPF Secretariat and REDD+ Methodology Support activities, such as the costs of travel and expenses for REDD Country Participants to attend the Participants Assembly and PC meetings and the work of the TAPs.

Pursuant to the Charter, the Readiness Fund pays 65 percent and the Carbon Fund pays 35 percent of Shared Costs, unless the PC decides otherwise. The PC approved resolutions waiving cost sharing through the end of FY11 (to reflect the fact that the CF was only fully operational as of May 2011) and paying 100 percent of the Shared Costs from the Readiness Fund. In addition, the PC agreed that cost sharing at the 65/35 level would apply from FY12 onward. However, there is an important caveat in Resolution PC/8/2011/8, approved in March 2011, in that the PC agreed to a lifetime cap of \$12 million on the Shared Costs that it will charge to the CF. This resolution responded to the concerns of several existing and potential CF Participants that an upward limit be placed on such costs, given that the PC otherwise makes all decisions regarding their composition and annual approvals.

## 7.2. The Readiness Fund

### 7.2.1. Funding Sources

The Facility continued to grow in financial terms during FY13, with the Readiness Fund receiving donor contributions of \$30 million over the past year. Table 4 presents the committed contributions for the Readiness Fund as of the end of FY13. Although total signed Donor Participation Agreements amounted to \$258.2 million, some of the agreements included a phased contribution into the Readiness Fund spread out over a few years.

In FY13, \$30 million cash was received into the Readiness Fund. This was made up of \$5.3 million from Finland, \$13.1 million from Germany, \$7.6 million from the Netherlands, and \$4 million from the United States of America. This addition to the \$212.6 million in cash received in the previous four fiscal years brought the total cash contributions through the end of FY13 to \$242.6 million. This leaves outstanding commitments of \$15.6 million from existing signed agreements to be paid by the European Commission (\$2.6 million) and Germany (\$13.1 million) into the Readiness Fund in the coming years.

The total contributions of \$258.2 million compares to a total as of the end of FY12 of \$239.4 million. This represents an increase in committed funding during FY13 of more than

**Table 4: Commitments to the Readiness Fund as of June 30, 2013 (in \$ thousands)**

Participant Name	FY09	FY10	FY11	FY12	FY13	FY14–16	Total
Australia	9,565		7,997	6,330			23,892
Canada			41,360				41,360
Denmark		5,800					5,800
European Commission				2,688		2,560	5,248
Finland	8,956			5,749	5,261		19,966
France	4,612	592		5,136			10,340
Germany			25,956		13,113	13,056	52,125
Italy			5,000				5,000
Japan	5,000	5,000		4,000			14,000
Netherlands	5,000			7,635	7,635		20,270
Norway	5,000	16,398	8,801				30,199
Spain	7,048						7,048
Switzerland	8,214						8,214
United Kingdom			5,766				5,766
United States	500	4,500			4,000		9,000
<b>Committed Funding</b>	<b>53,895</b>	<b>32,290</b>	<b>94,880</b>	<b>31,538</b>	<b>30,009</b>	<b>15,616</b>	<b>258,228</b>

\$19 million, with additional contributions of almost \$14 million from Germany and \$5.3 million from Finland.

### 7.2.2. Funding Uses

#### a) Cash Disbursements

As the FCPF moves ahead in the implementation phase, annual expenditures have also generally increased, especially in areas with a focus on country support. This is the case for the REDD Methodology Support, Country Advisory Services, and Country Implementation Support activities. In FY13, the PC approved a somewhat larger budget for operational and administrative support to REDD+, in part to reflect the growing staffing capacity of the FMT, in part to reflect the growing program to support IP and CSOs, and in part to reflect the anticipated use of DPs other than the World Bank. The small increase in Fund Administration is attributed to the development of the FCPF M&E Framework.

Table 6 shows the evolution and status of the FY13 budget. While an original budget of \$12.8 million was approved at PC12, the approval of supplemental funding for additional activities increased the overall envelope by \$1.32 million, from \$12.8 million to \$14.1 million. With the additional budget approved during the year, the FMT would provide workshops on social inclusion, a South-South exchange on REDD+ Financing, as well as advance work on registries, Reference Levels, and MRV systems. These programs fall under the categories of REDD Methodology Support and Country Advisory Services. For the full list of additional activities approved refer to resolution PC13/2012/4.

**Table 5: FCPF Readiness Fund Annual Expenditures (in \$ thousands)**

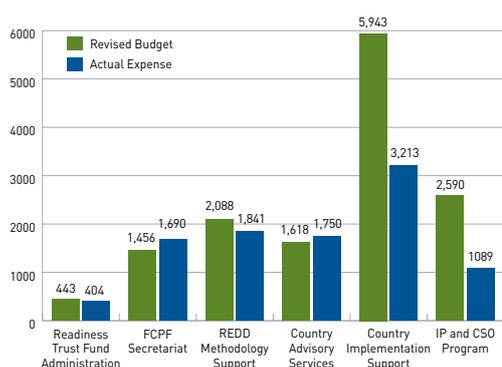
Activities	FY09 Actual	FY10 Actual	FY11 Actual	FY12 Actual	FY13 Actual
Readiness Trust Fund Administration	471	362	366	356	404
FCPF Secretariat	988	1,321	1,685	2,056	1,690
REDD Methodology Support	828	1,266	1,921	999	1,841
Country Advisory Services	801	793	545	1,073	1,750
Country Implementation Support	409	1,660	1,904	1,701	3,213
IP and CSO Program				267	1,089
<b>Total Readiness Fund (including Carbon Fund Shared Costs)</b>	<b>3,497</b>	<b>5,402</b>	<b>6,421</b>	<b>6,452</b>	<b>9,987</b>
Less: Carbon Fund Shared Costs				(1,069)	(1,236)
<b>Total Readiness Fund</b>	<b>3,497</b>	<b>5,402</b>	<b>6,421</b>	<b>5,383</b>	<b>8,752</b>

**Table 6: FCPF Readiness Fund Expenditures by Activity for FY13 (in \$ thousands)**

Activities	Original Budget	Revised Budget	Actual Expense	Variance	Expense Rate (%)
Readiness Trust Fund Administration	443	443	404	39	91
FCPF Secretariat	1,456	1,456	1,690	(234)	116
REDD Methodology Support	1,338	2,088	1,841	247	88
Country Advisory Services	1,045	1,618	1,750	(132)	108
Country Implementation Support	5,943	5,943	3,213	2,730	54
IP and CSO Program	2,590	2,590	1,089	1,501	42
<b>Total Readiness Fund (including Carbon Fund Shared Costs)</b>	<b>12,815</b>	<b>14,138</b>	<b>9,987</b>	<b>4,151</b>	<b>71</b>
Less: Carbon Fund Shared Costs	(978)	(1,240)	(1,236)	(4)	100
<b>Total Readiness Fund</b>	<b>11,837</b>	<b>12,898</b>	<b>8,752</b>	<b>4,147</b>	<b>68</b>

Figure 2 compares the FY13 final budget with the actual expenditures by activity on a cash basis. The final budget for the Readiness Fund net of Shared Costs of \$12.9 million compares to the total Readiness Fund expenditures for the year of \$8.75 million. The fiscal year therefore closed with spending at 68 percent of the final budget and \$4.1 million unspent. The largest share (\$2.4 million) of the underspend is due to the delayed signature of the DP Transfer Agreement with UNDP. The FY13 budget for Country Implementation Support assumed that the implementation costs for six countries would be transferred to UNDP during FY13. A smaller transfer for three countries was finally made in early FY14.

Another large share of this underspend (\$1.5 million) relates to the IP and CSO Capacity Building Program. The budget for this Program for FY13 of \$2.6 million includes support through contracts/grants of \$1.7 million, including a carry-over of grants from FY12. The unspent balance on contracts/grants has again been carried over to future financial years. The principal reason for this underspend is the change to a new process and structure, whereby IP and CSO Communities administer the Capacity Building program themselves through six Regional Intermediaries (three for IP groups and three for CSO groups).

**Figure 2: FY13 Budget Performance (in \$ thousands)**

As per table 6, Readiness Fund Administration costs were \$404,000, or about 91 percent of the \$443,000 budgeted in FY13. These costs reflect the work of all World Bank staff involved in Fund management, contributions management, accounting, legal, and other services required by the Readiness Fund Trustee. A new activity under this category was the development of the M&E Framework for the FCPF.

FCPF Secretariat expenses were \$1.69 million (or 116 percent of budget), compared to the budget of \$1.46 million. Expenditures included the standard costs for program management, organization of the annual Participants Assembly and PC meetings, and travel costs for REDD+ Country Participants to those meetings. Increasingly, knowledge and learning events on REDD+ and other key partner meetings (for example, the UN-REDD Programme or REDD+ Partnership) are jointly organized to maximize the use of participant time and to keep overall costs as low as possible. FCPF Secretariat costs in FY13 included the cost of hosting and maintaining the FCPF Web site, strengthened communications to FCPF stakeholders, and expanded translation of FCPF materials. Secretariat costs at \$1.69 million, while over budget for FY13, are less than the previous year's costs of \$2.1 million.

With the budget for REDD Methodology Support activities set at \$2.1 million in FY13, and total expenditures at \$1.8 million, spending was 88 percent against FY13 plans. The principal reason for this underspend was the deliberate hold-over of work on Reference Levels and MRV, awaiting greater clarity on the Carbon Fund Methodological Framework. Costs reflect the expenses of the independent TAPs supporting the FCPF (consulting contracts, travel, and meeting costs), including the Carbon Fund TAP, and the considerable work on the Pricing and Methodological Framework, including costs of the Methodological Framework Working Group and Design Forums.

The related line item for Country Advisory Services came to about \$1.75 million, or about 8 percent over the amount originally budgeted in FY13 of \$1.6 million. The majority of these costs came from FMT, forestry, and social development staff

advice and guidance to REDD+ Country Participants on their programs. This included development of the R-PP Assessment Framework and SESA and consultation processes, as well as the sharing of cross-country experiences. This increased level of spending (compared to about \$1.1 million in FY12) largely reflects the fact that more FMT staff worked in-country with REDD+ countries to develop and share guidance and further develop individual country experiences. The overspend of \$132,000 includes approximately \$70,000 in work on social inclusion, \$20,000 on benefit-sharing research, and the remainder on a mixture of travel for closer country support and R-PP Assessment Framework Development.

Costs for country implementation support totaled \$3.2 million, or 54 percent of the planned budget. In previous periods, this line item reflected the direct assistance of World Bank country teams to REDD+ Country Participants, including technical assistance, grant supervision, and assessments provided to the PC. Now that agreements have been formalized with the new DPs, the costs of country implementation support include the costs incurred by partner institutions beyond the World Bank. While spending and activities were generally at the levels anticipated at the start of FY13, as mentioned earlier, most of the underspend is due to the delayed signature of the DP Transfer Agreement with UNDP.

#### *b) Grant Disbursements*

An important aspect of the Readiness Fund from its inception has been that it makes available grant funding to countries—the grants are now up to \$3.8 million per REDD+ Country Participant—in support of country-led readiness work. The REDD+ Country Participants manage and utilize the grants for REDD+ activities and expenses, which are counted as disbursements in World Bank financial statements only after the REDD+ Country Participant completes reimbursement from the grant resources. By the end of FY13, 18 R-PP Formulation Grant Agreements had been signed, with 14 of them fulfilled and the remainder actively disbursing. Nine Readiness Preparation Grants had also been signed; of those seven had disbursements in FY13. These signed agreements represent firm commitments of approximately \$35.4 million. Against these signed grants, approximately \$4.9 million in disbursements were fully processed and expensed by REDD+ Country Participants during the fiscal year (see table 8), bringing the total grant disbursements through the end of FY13 to \$9.85 million.

**Table 7: Grant Disbursements to end FY13 (in \$ thousands)**

Description	Total	FY13	Total to FY12
<b>Formulation Grants</b>			
<b>AFRICA</b>			
Cameroon	192	134	58
DRC	191		191
Ethiopia	200		200
Ghana	200		200
Kenya	170		170
Liberia	182		182
Mozambique	87	87	
Republic of Congo	195		195
Uganda	166		166
<b>AFRICA subtotal</b>	<b>1,583</b>	<b>221</b>	<b>1,362</b>
<b>LATIN AMERICA &amp; CARRIBEAN</b>			
Colombia	200		200
Costa Rica	161		161
El Salvador	150	98	52
Nicaragua	200	77	123
<b>LATIN AMERICA &amp; CARRIBEAN subtotal</b>	<b>711</b>	<b>175</b>	<b>536</b>
<b>EAST ASIA &amp; PACIFIC</b>			
Indonesia	200	60	140
Lao PDR	173		173
Thailand	200	163	37
Vanuatu	127	106	21
<b>EAST ASIA &amp; PACIFIC subtotal</b>	<b>700</b>	<b>329</b>	<b>371</b>
<b>SOUTH ASIA</b>			
Nepal	200		200
<b>SOUTH ASIA subtotal</b>	<b>200</b>		<b>200</b>
<b>Total Formulation Grants</b>	<b>3,194</b>	<b>725</b>	<b>2,469</b>

Table 7: (continued)

Description	Total	FY13	Total to FY12
<b>Preparation Grants</b>			
<b>AFRICA</b>			
DRC	2,179	1,382	797
Ethiopia	400	400	
Ghana	712	312	400
Liberia	305	305	
Republic of Congo	618	237	381
<b>AFRICA subtotal</b>	<b>4,213</b>	<b>2,635</b>	<b>1,578</b>
<b>LATIN AMERICA &amp; CARRIBEAN</b>			
Costa Rica	375	375	
<b>LATIN AMERICA &amp; CARRIBEAN subtotal</b>	<b>375</b>	<b>375</b>	
<b>EAST ASIA &amp; PACIFIC</b>			
Indonesia	1,565	1,187	378
Vietnam			
<b>EAST ASIA &amp; PACIFIC subtotal</b>	<b>1,565</b>	<b>1,187</b>	<b>378</b>
<b>SOUTH ASIA</b>			
Nepal	500		500
<b>SOUTH ASIA subtotal</b>	<b>500</b>		<b>500</b>
<b>Total Preparation Grants</b>	<b>6,654</b>	<b>4,198</b>	<b>2,456</b>
<b>TOTAL GRANT DISBURSEMENTS</b>	<b>9,848</b>	<b>4,923</b>	<b>4,925</b>

### 7.2.3. End of Year Account Balance

In summary (see table 8), at the close of FY13, the Readiness Fund stood at \$195.8 million. Total new funds into the account totaled about \$30.9 million, including donor contributions of \$30 million (see table 4) and investment income of \$0.9 million earned on the account balance. Total disbursements on a cash basis were \$25.1 million, made up of cash expenditures of \$8.75 million (see table 6), grant disbursements of approximately \$4.9 million (see table 7), and disbursements to DPs for grants of \$11.4 million (see table 8).

Table 8: FY13 Financial Statement for the Readiness Fund (in \$ thousands)

Item	Amount
Beginning Balance	189,999
Donor Contributions	30,009
Investment Income	897
<b>Total Receipts</b>	<b>30,906</b>
Cash Disbursements	8,752
Grant Disbursements*	4,923
Disbursements to DPs for Grants	11,400
<b>Total Disbursements</b>	<b>25,075</b>
Fund Balance	195,830

\*Includes \$278,347 of Bank-executed grant disbursements.

Table 9 shows the summary financial statement from the opening of the Fund through the end of FY13. Total Donor Contributions received to date are \$242.6 million. Investment income of nearly \$4 million brings total receipts to date to \$246.5 million. Total disbursements through FY13 are \$50.7 million and consist of \$29.5 million in cash disbursements, \$9.8 million in grants to REDD+ countries, and \$11.4 million in disbursement to DPs for readiness grants to countries. The balance of the fund at the end of FY13 was \$195.8 million.

Table 9: FY09–FY13 Financial Statement for the Readiness Fund (in \$ thousands)

Item	Amount
Beginning Balance	-
Donor Contributions	242,612
Investment Income	3,921
<b>Total Receipts</b>	<b>246,533</b>
Cash Disbursements	29,455
Grant Disbursements*	9,848
Disbursements to DPs for Grants	11,400
<b>Total Disbursements</b>	<b>50,703</b>
Fund Balance	195,830

\*Includes \$455,197 of Bank-executed grant disbursements.

### 7.2.4. Financial Commitments over the Longer Term

Since the term of both Funds runs until December 31, 2020 (with CF ERPA payments expected to dominate the latter years of financial operations), the annual budgets need to fit into a long-term financial planning framework for each Fund, consistent with World Bank policies for the financial management of trust funds. These policies generally require funds to be fully set aside for commitments made by the participants as well as for meeting the fiduciary obligations entered into by the World Bank as Trustee.

In order to plan resources over this longer-time horizon, the PC issues resolutions from time to time to establish funding priorities and commitments for the coming years. These commitments are considered “notional” when the PC has set aside or allocated financial resources of the Readiness Fund that are not yet signed into formal grant agreements or contracts. They are converted to “full” commitments once the grant agreements (or vendor contracts) are signed by recipients and/or by the World Bank as Trustee of the Readiness Fund, or expenditures are made.

As noted above, full signed commitments amount to approximately \$35.4 million. However, there has been a considerably higher level of notional grant commitments made by the FCPF to REDD+ Country Participants. Table 10 provides a more complete picture of the level of these notional commitments, together with the necessary notional commitments to operate the Fund for its full term, including the direct implementation support costs and associated country services costs.

Table 10 shows the long-term notional commitments or planned uses of the Fund. The table shows that, as of the end of FY13, notional commitments of full grants to 36 countries and the estimated associated costs of the Fund during its lifetime amount to almost \$206 million.

This long-term financial plan includes commitments for the operation of the secretariat by the FMT and the trustee role of the World Bank over the full term of the Fund—reflecting the fact that the Facility is expected to be fully active through that time, even when the Carbon Fund is supporting programs in select REDD+ Country Participants and making ERPA payments.

Total committed and pledged funding to the Readiness Fund as of June 30, 2013, is approximately \$258.2 million (see table 4). This level of funding is therefore adequate to meet the notional commitments of full Readiness Preparation Grants of up to \$3.8 million to all 36 selected REDD+ Country Participants, together with the estimated costs of the Fund during its lifetime, including the estimated associated country services for those 36 countries.

During FY12, the PC approved access for REDD+ Country Participants to up to \$5 million in additional grant funding for countries that showed significant progress. The PC took into account these possible additional grants and the surplus at that time when considering the future strategic direction of the Fund at PC14 in March 2013. The decision to open the Readiness Fund to new countries will be considered in December 2013 at PC16.

**Table 10: Summary of Long-Term Uses of Readiness Funds (as of June 30, 2013)**

Committed Uses for Funds	
Commitments (grants) to REDD+ countries (36 @ \$3.8 million) <sup>a,b</sup>	136.8
Additional grant funding to DRC (for REDD+ countries that demonstrate significant progress on readiness) <sup>c</sup>	5.0
Less grants to REDD+ countries who did not submit R-PPs by PC14 (3 @ \$3.8) <sup>d</sup>	(11.40)
<b>Net Grant Commitments</b>	<b>130.4</b>
<b>Administrative, Operations, and Country Support, of which:</b>	<b>75.4</b>
FY09–FY13 Actual costs	29.2
FY14 Budgeted costs	10.6
FY15–FY20 Projected costs <sup>e</sup>	33.6
Reserve for DP capacity for dispute resolution	2.0
<b>Total Uses</b>	<b>205.8</b>

Notes:

- Expecting grants to 36 REDD+ Countries Participants. All 37 originally selected in to the FCPF but excluding Equatorial Guinea (PA not signed by February 1, 2012).
- Due to the current political situation Madagascar's R-PP has not yet been formally assessed. Through Resolution PC14/2013/2 the PC decides that for those REDD+ Country Participants who submitted their R-PP by PC14 but whose R-PP was not formally assessed by PC14, Readiness Preparation Grant funding would be available to them only if their R-PP is formally assessed by the PC at or before PC17.
- The additional \$5 million for DRC is already committed per PC Resolution PC13/2012/3.
- Per Resolution PC/10/2011/1.rev, includes Bolivia, Gabon and Paraguay.
- Steady operational budget through FY16 (including an estimate for continuing additional activities), with 20% annual cuts thereafter.

## 7.3. The Carbon Fund

### 7.3.1. Funding Sources

Table 11 shows that total commitments to the Carbon Fund as of the end of FY13 amounted to almost \$388.5 million. This compares to a total as of the end of FY12 of \$218.4 million, representing an increase in funding during FY13 of approximately \$170 million, with additional contributions of approximately \$110 million from Norway and \$60 million from Germany. All contributions are fully committed funding with signed Participation Agreements.

**Table 11: Commitments to the CF as of June 30, 2013 (in \$ thousands)**

Participant Name	FY09	FY10	FY11	FY12	FY13	FY14-17	Total
Australia			12,735	5,658			18,393
BP Technology Ventures			5,000				5,000
Canada				5,015			5,015
CDC Climat			5,000				5,000
European Commission	6,347	362					6,709
Germany	4,009	3,819	21,125	15,443	6,556	78,336	129,288
Norway	10,000				161,310		171,310
Switzerland				10,796			10,796
The Nature Conservancy	5,000						5,000
United Kingdom			17,940				17,940
United States of America			10,000		4,000		14,000
<b>Committed Funding</b>	<b>25,356</b>	<b>4,181</b>	<b>71,800</b>	<b>36,912</b>	<b>171,866</b>	<b>78,336</b>	<b>388,451</b>

### 7.3.2. Funding Uses

Table 12 shows all the actual annual expenditures of the Carbon Fund since inception. The Fund has been fully operational since May 2011, although some costs were incurred prior to that date, as shown in the table.

**Table 12: FCPF CF Annual Expenditures (in \$ thousands)**

Activities	FY09 Actual	FY10 Actual	FY11 Actual	FY12 Actual	FY13 Actual
Shared Costs paid by the Readiness Fund	635	1,728	1,262		
Shared Costs paid by the Carbon Fund	-	-	-	1,069	1,236
Carbon Fund Administration		183	366	286	260
Marketing to Private Sector				1	74
Meeting Logistics				183	318
<b>ERPA Costs - Selection and Development of ER-PINs</b>					
Business Development					61
Enhanced ER-PIN					168
<b>Total</b>	<b>183</b>	<b>366</b>	<b>1,539</b>	<b>2,117</b>	

**Table 13: FCPF Carbon Fund Expenditures by Activity for FY13 (in \$ thousands)**

Activities	Original Budget	Actual Expense	Variance	Expense Rate (%)
Shared Costs paid by the Carbon Fund	1,240	1,236	4	100
Carbon Fund Administration	425	260	165	61
Marketing to Private Sector	255	74	181	29
Meeting Logistics	240	318	[78]	133
<b>ERPA Costs - Selection and Development of ER-PINs</b>				
Business Development	200	61	139	31
Enhanced ER-PIN	600	168	432	28
<b>Total Carbon Fund (including Shared Costs)</b>	<b>2,960</b>	<b>2,117</b>	<b>843</b>	<b>72</b>

The FY13 expenditure of \$2.1 million (see table 12) is in contrast to the budgeted expenditure of about \$3.0 million, an underspend of almost \$850,000. This expenditure comprises more than \$1.2 million for Shared Costs (see Readiness Fund for details), \$260,000 for administration, \$74,000 for marketing to the private sector, and \$318,000 for meetings of the CF (see table 13).

### 7.3.3. End of Year Account Balance

**Table 14: FY13 Financial Statement for the Carbon Fund (in \$ thousands)**

Item	Amount
Beginning Balance	122,283
Donor Contributions	171,866
Investment Income	901
Payments against Promissory Notes	342
Total Receipts	173,109
Cash Disbursements	2,117
<b>Fund Balance</b>	<b>293,275</b>

Table 14 shows the summary financial statement for FY13, with a beginning balance at the end of FY12 of almost \$122.3 million. At the close of FY13, the balance of the CF stood at almost \$293.3 million. New funds into the account during FY13 totaled about \$173.1 million. The majority was donor contributions of nearly \$171.9 million, including payments from Germany, Norway, and the United States of \$6.5, \$161.3 and \$4 million respectively (see table 11). Investment income of \$0.9 million was earned on the account balance during the reporting period. Expenditures on a cash basis totaled \$2.1 million (see table 13).

Table 15 shows the summary financial statement from the opening of the Fund through the end of FY13. The balance of the Fund at the end of FY13 was almost \$293.3 million.



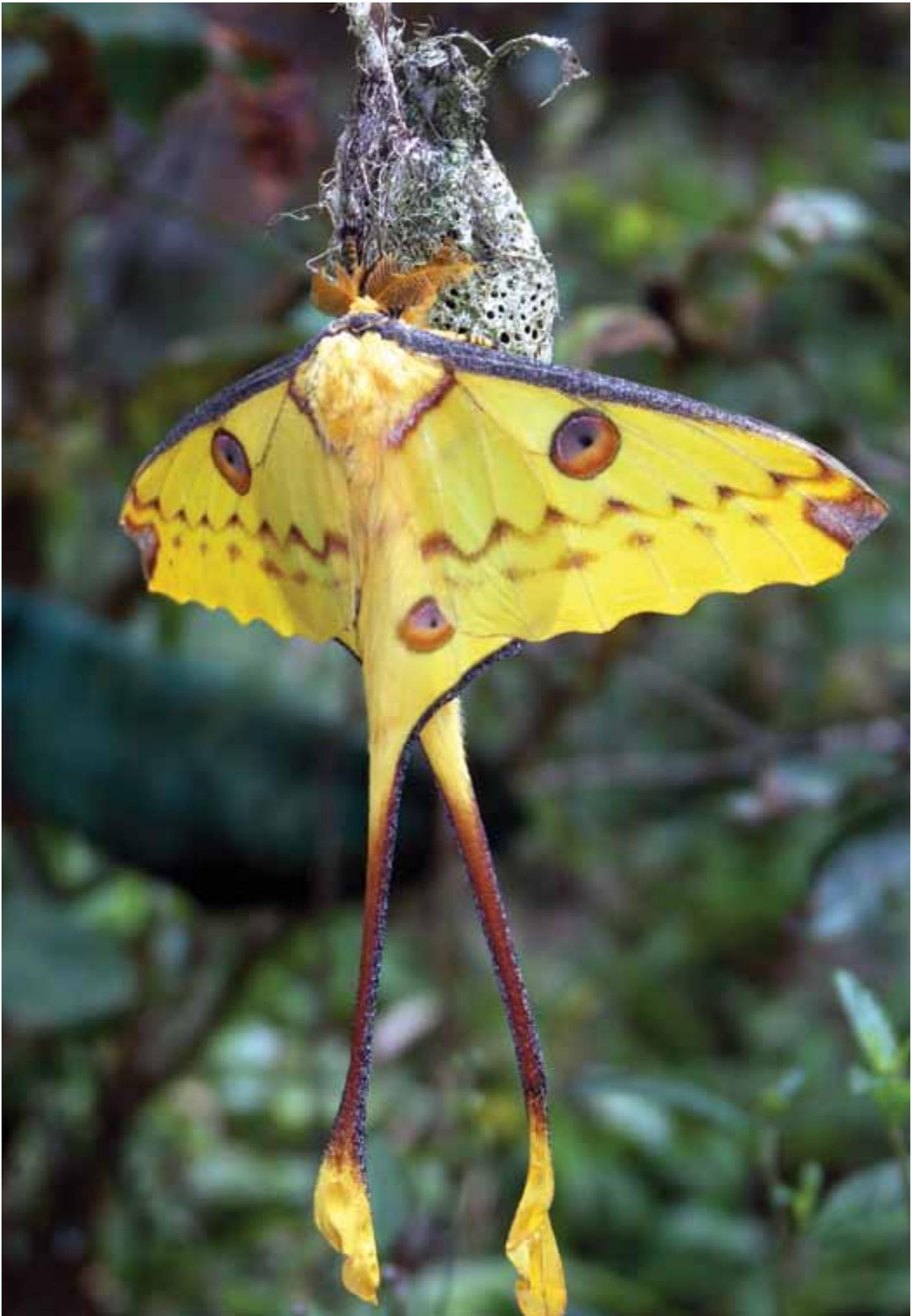
**Table 15: FY09–FY13 Financial Statement for the Carbon Fund (in \$ thousands)**

Item	Amount
Beginning Balance	
Donor Contributions	310,115
Less Promissory Note Balances	(14,658)
Investment Income	2,023
<b>Total Receipts</b>	<b>297,480</b>
Cash Disbursements	4,205
<b>Total Disbursements</b>	<b>4,205</b>
<b>Fund Balance</b>	<b>293,275</b>

#### **7.3.4. Financial Commitments over the Longer Term**

As outlined in section 7.2.4., since the term of both Funds runs until December 31, 2020 (with CF ERPA payments expected to dominate the latter years of financial operations), the annual budgets need to fit into a long-term financial planning framework for each fund that is consistent with World Bank policies for the financial management of trust funds. These policies generally require funds to be fully set aside for commitments made by the participants as well as for meeting the fiduciary obligations entered into by the World Bank as Trustee. The latest long-term financial plan was presented to the CF Participants at CF6 in March 2013, at which time it was estimated that approximately \$360 million would be available for the purchase of ER from about five ER Programs.







# Results Measurement Reporting Framework

As FY13 is the year in which the FCPF and REDD+ Country Participants transitioned to a new reporting format, data is not consistently available to allow a quantitative analysis.

Impact/Outcome/ Output and Relevant Indicators	Baseline	Expected #/ Target Year	Current (as of end FY13)	Traffic Light
<i>Impact I.1. The FCPF has contributed to the design of a global regime under or outside UNFCCC that provides incentives for REDD+ (1.1. not yet applicable)</i>		Indicators for impacts 1.1 to 1.5 not yet applicable. Impact level indicators will be assessed at the time of the independent evaluation.	See section 4 for examples of progress	
<i>I.2. Reduced emissions from deforestation and forest degradation from FCPF, especially CF portfolio countries (indicators for 1.2 are not yet applicable)</i>		As above		
<i>I.3. FCPF has catalyzed the creation of recognized global standards for REDD+</i>		As above		
I.3.B. Common approach successfully implemented	Concept			
<i>I.4. FCPF has catalyzed investment in REDD+ (CF, and grants)</i>		As above		
<i>I.5. The FCPF has generated momentum to address governance and transparency issues and policy reforms related to sustainable forest resource management and REDD+ (not yet relevant)</i>		As above		
<b>Outcome 1. Efforts successfully undertaken by countries with FCPF support, to achieve emission reductions from deforestation and/or forest degradation, and to benefit from possible future systems of positive incentives for REDD+ (Readiness Fund)</b>		Indicator for outcome 1 is not yet applicable.		
Output 1.1. Readiness Assessment Framework is agreed upon and disseminated				

Impact/Outcome/ Output and Relevant Indicators	Baseline	Expected #/ Target Year	Current (as of end FY13)	Traffic Light
Indicator 1.1. Existence of published assessment framework on readiness package	0		completed	
Output 1.2. Countries demonstrate an adequate plan to achieve preparedness for REDD+ funding				
Indicator 1.2.a. Number of R-PPs endorsed by PC	36	30+ by 2015	32	
Indicator 1.2.b. Number of Readiness Preparation Grant agreements signed	7	24 by 2014	9	
Output 1.3. Countries progress adequately on implementation of their R-PP and Grant Agreements				
Indicator 1.3.a. Number of mid-term progress reports presented by countries that follow agreed reporting standards and are presented in a timely manner	1	7 by June 2014	2	
Indicator 1.3.b. Percentage of countries that are achieving planned milestones according to approved Readiness Preparation grant (→ \$3.4 million)	0		Too early to assess at portfolio level. See section 4.	
Indicator 1.3.c. Percentage of countries that are overall achieving planned milestones for sub component as per country annual reporting scale Sub Component 1 to 9	0		Too early to assess at portfolio level. See section 4.	
Indicator 1.3.d. Percentage of countries with a disbursement rate that is in line with agreed Readiness Preparation grant (→ \$3.4 million) disbursement plans of grant agreement (up to 10% variance with plans)	0	60% (of countries with signed grant agreements)	33%, or 3 out of 9, signed Preparation Grants (see section 4)	
Outcome 2. Selected FCPF countries demonstrate key elements (carbon accounting, programmatic elements and pricing) of performance-based payment systems for emission reductions generated from REDD+ activities with a view to ensuring equitable benefit sharing and promoting future large-scale positive incentives for REDD+ (Carbon Fund).		Indicators 2.A, 2.B and 2.C for Outcome 2 are not yet applicable.		
Output 2.1. Standards and preparations in place for high-quality ER Programs discussed and endorsed by CF Participants and/or PC				

Impact/Outcome/ Output and Relevant Indicators	Baseline	Expected #/ Target Year	Current (as of end FY13)	Traffic Light
Indicator 2.1. Number and types of standards and management tools discussed and endorsed by CF participants and/or PC for ER programs including:				
2.1.a. Methodological framework and Pricing Approach	Partly defined	Fully developed draft by CF7 and final version endorsed by CF8	on track	
2.1.b. Business processes (ER-PD, ER-PIN, ERPA)	ER-PIN, ER-PD, ER-PA under development	Fully developed draft by CF7 and final version endorsed by CF8	on track	
2.1.c. Legal documents (General Conditions, ERPA term sheet)	Term sheet and general conditions for ERPA under development	Fully defined ERPA Term Sheet draft by PC14 and General Conditions for ERPA endorsed by PC16	Term Sheet is completed, General Conditions delayed to PC17	
Output 2.2. Countries have entered in the portfolio of the CF				
Indicator 2.2.a. Number of early ideas or ER Programs presented by countries to the CF	0	10 by 2015	10	
Indicator 2.2.b. Number of REDD countries that have signed ERPA	0	5 by 2015	1 LOI signed	
Output 2.3. Increased levels of private sector investment for incentivizing, testing, and supporting up-scaling of ER activities				
Indicator 2.3.a. Number of private participants in CF	2	2 new private sector participants by 2014	2 total No new PS participants (see section on issues and challenges)	
Output 2.4. ER Programs are being implemented in a timely manner	Indicator 2.4.a is not yet applicable			
Outcome 3. Engagement of all stakeholders (government, CSOs, IP, private sector, delivery partners) to sustain or enhance livelihoods of local communities and to conserve biodiversity within the approach to REDD+				

Impact/Outcome/ Output and Relevant Indicators	Baseline	Expected #/ Target Year	Current (as of end FY13)	Traffic Light
Indicator 3.A. Design of national REDD strategies, monitoring systems and ER Programs addresses indicators for enhancement of livelihoods of local communities and for biodiversity conservation	0	All national REDD+ strategies, monitoring systems and ER programs incorporate indicators related to biodiversity conservation and forest community livelihood development	See section 4 for examples	
Indicator 3.B Actual examples on the inherent social and biodiversity benefits of REDD+ and how they are used to inform REDD+ agenda and to scale up results	0	International REDD+ agenda by 2017 is informed by documented results from ER Programs		
Output 3.1. Enhanced capacity of IPs and CSOs to engage in REDD+ processes at the country level 3.1.b. not yet applicable				
Indicator 3.1.a. (i) Number and type of examples of in-country REDD+ actions where IPs and CSOs and local communities participate actively	0	Various new examples exist with strong evidence of IP and CSO active participation and broad community support in REDD+ programs / readiness by 2015	See section 4	
Indicator 3.1.a. (ii) Examples of resources made available to enable active participation of IPs, CSOs, and local communities in national REDD+ readiness	N/A	Examples exist with evidence of resources being made available through national and/or bilateral support to IPs and CSO networks to enable active participation in national REDD+ readiness	US financed support for stakeholder engagement in 5 FCPF countries, channeled through accredited NGOs/ CSOs.	
Indicator 3.1.b. Number of IP and REDD+ country CSO representatives (men/women and/ or youth) that have participated and benefitted from FCPF organized workshops/trainings on SESA, governance, MRV aspects/related aspects of REDD+	Examples of early participation of stakeholders exist until FY12	At least 20 men and 20 women and/or 20 youth reps. participated and/or trained per country, in a minimum of 15 participant countries by 2015	Estimated at 400 participants in total. Breakdown by stakeholder groups not available. Participation in FMT regional workshops was well represented by CSO and IPs.	

Impact/Outcome/ Output and Relevant Indicators	Baseline	Expected #/ Target Year	Current (as of end FY13)	Traffic Light
Indicator 3.1.c. Examples of IPs and REDD+ country-CSO representation in institutional arrangements for REDD+ at the national level	Representation of IPs and CSOs at national level institutional arrangements had started to get attention during R-PP formulation process	Examples in all REDD+ Participant Countries, of institutional arrangements for national REDD+ readiness where IPs and CSOs are represented	See section 4	
Output 3.2. Pilots have been successfully implemented on ways to sustain and enhance livelihoods and conserve biodiversity (3.2. b is not yet applicable)		Indicator 3.2 b not applicable as yet (pertain to ER Program implementation)		
Indicator 3.2.a. Number of countries where stakeholder engagement platforms proposed in RPPs have taken up work and meet regularly	7 in FY12	All countries that have signed Readiness grants	See section 4 or data not available at that level of detail in country reports	
<b>Outcome 4. Knowledge gained in the development of the FCPF and implementation of Readiness Preparation Proposals (under the Readiness Fund) and Emission Reductions Programs (under the Carbon Fund) broadly shared, disseminated and used by international REDD+ practitioners</b>				
Indicator 4.A. Number of new countries/ stakeholders requesting to become FCPF: - observers - members	0	A number of new requests to become: - country Observers (2015) - country Members (2015)	11 Countries	
Indicator 4.B. Examples of utilization of/or reference to FCPF knowledge products	0	An increasing number of examples exist by 2015 and remains stable afterwards until 2020	See section 4	
Output 4.1. Knowledge products and lessons from piloting of REDD+ in general and FCPF activities in particular are developed and disseminated, in accordance with global knowledge management and communication strategy and annual work plans		Indicators for Output 4.1 are not yet applicable.		
Output 4.2. Participants actively engage in South-south-learning activities				
Indicator 4.2.a. Number of S-S learning activities and/or events connecting FCPF countries	in FY12	Increase in 2013-14—td in work plans	Increase in comparison to FY12	

Impact/Outcome/ Output and Relevant Indicators	Baseline	Expected #/ Target Year	Current (as of end FY13)	Traffic Light
Indicator 4.2.b. Total number of participants to South-south knowledge exchange activities by category: - REDD+ member countries (men/women) - non-REDD+ member countries (men/women) - IP/CSO representatives from region (men/women) - Private sector representatives from region (men/women)		Increase in 2013-14—tbd in work plans	Approximately 400 participants	
Output 4.3. Strong visibility of REDD+ and FCPF is achieved				
4.3.a. Number of neutral/positive mentions of FCPF and REDD+ issues in different key media worldwide per X period	n/a	Increase in neutral and positive mentions worldwide—tbd in work plans	Yes	
4.3.b. Number of negative mentions of FCPF and REDD+ issues in different key media worldwide per year	n/a	Decrease of negative mentions worldwide	Comparable to FY12	

# Acknowledgments

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