

Forest Carbon Partnership Facility (FCPF) Readiness Fund

Readiness Package (R-Package) Content and Assessment Approach Feedback on Concept Note and PC Discussion Items

March 14, 2012

This Note summarizes the feedback received from countries, donors and observers on the FMT Note 2011-14 on the R-Package Content and Assessment Approach. It frames key issues for the PC's consideration at PC11 to provide further guidance on the development of the R-Package, and the need to build consensus around key procedural and substantive issues, including:

- *How can REDD+ countries increase their ownership in defining the R-Package?* The feedback underscored that the majority of countries are currently not sufficiently involved in defining the R-Package.
- *What is the purpose of the R-Package?*
- *How does the PC want to define its endorsement of the R-Package?*
- *How can the assessment framework be made most operational and useful for countries?*

Background

1. At the tenth meeting of the Participants Committee in Berlin (PC10), the PC mandated the FMT to draft a Concept Note to define the purpose, scope and the general assessment approach of the R-Package (see additional background in Annex I). On the basis of this mandate, the FMT produced a Concept Note on the R-Package Content and Assessment Approach and distributed it for feedback on December 31, 2011. Comments were received through a web-based platform, e-mail and phone calls to REDD country Participants in January and February 2012.

2. The present Note (i) summarizes the feedback and identifies major areas of agreement and the significant divergence of views, and (ii) presents a number of issues for the PC's consideration at PC11, which ideally will provide additional guidance. (For reference, a feedback matrix and the original Note are included as Annexes II and III to this Note, respectively.)

3. It is important to note that the feedback from REDD Country Participants on the R-Package Concept Note was generally limited – both in terms of the number of countries and substance – despite a deliberate outreach effort by FMT. The reasons for this need to be discussed at PC11. It is related to a broader question of how REDD Country Participants interact in the Partnership and their capacity to respond substantively to a large number of documents related to FCPF's operation. Some of the relatively low response on the R-Package concept note may be attributed to:

- Other responsibilities and priorities for FCPF focal points, including travel and operational work;
- Changes in REDD+ management arrangements at the national level;

- Limited capacity and availability of experts to respond to the diverse issues and many documents the FCPF process generates; and
- Lack of understanding of FCPF processes (e.g., role and status of the Carbon Fund).

Summary of Feedback

4. The feedback received on the R-Package Concept Note can be categorized by comments relating to four topics:

- A. General role of the R-Package in the Readiness process;
- B. Scope and purpose of the R-Package and its relation to the Carbon Fund;
- C. Assessment approach and component standards; and
- D. Submission and review process.

A. General role of the R-Package in the Readiness process

5. There was general agreement that:

- The R-Package needs to be defined in a way that is consistent with UNFCCC COP decisions;
- Readiness is a continuous process with overlapping and simultaneous activities, and a clear end of the Readiness phase will be difficult to define;
- The R-Package can provide an organizing framework for Readiness preparation activities and basis for broader investments and piloting in REDD+ phase 2; and
- The R-Package should not add to the reporting requirements imposed by different programs; the FCPF should aim for synergy and consistency with activities under the UN-REDD Programme.

6. At the same time there are diverging views and open questions, which discussions at PC11 will help clarify, notably:

- Is the R-Package a hurdle or an opportunity?* Producing a quality R-Package will require some effort by REDD+ countries, which have different capacities to implement and learn from REDD+ preparation activities. There is concern that R-Packages that reflect a lesser degree of Readiness could exclude countries from future REDD+ funding, or from participation in the Carbon Fund. Another view saw the R-Package as an opportunity to demonstrate progress, identify gaps, and attract further support and funding, and thus advancing the self-interest of countries. The R-Package should be structured in a way that does not define explicit requirements for additional financing, according to some views.
- Is the R-Package over-interpreting COP decisions?* It was generally agreed that consistency with COP decisions is important. However, views diverged on whether the content and assessment framework in the Concept Note defines Readiness in a way that goes well beyond the existing REDD+ framework under the UNFCCC. The R-Package – and the level of Readiness it reflects –

should be anchored between phase 1 and phase 2 of REDD+ as defined by the Cancun Agreements (see Annex I). However, the structure of the R-Package was seen as too advanced, ambitious, and detailed by some (i.e., 9 sub-components with two levels of standards defining progress). They saw this as more appropriate to Readiness after phase 2.

- iii. *Are there costs associated with producing an R-Package?* The feedback reflects less clarity on whether REDD+ countries would face significant costs to produce an R-Package. On the one hand, the R-Package document is to be produced at a stage when the majority of Readiness activities are well advanced or completed, and participatory and consultative approaches were used to perform them. In that sense, producing an R-Package would largely entail the synthesis and validation of the activities prior to submission to the PC for assessment. On the other hand, the production of the R-Package document would still require a broad, inclusive process and thus incur additional costs, according to another view.

B. Scope and Purpose

7. In many instances, R-PPs are not exclusively funded through the FCPF and a significant share (in some cases the majority share) of funding comes from other programs and partners. There was general agreement that:

- The scope of the R-Package should encompass the complete set of activities performed in the context of Readiness, not just FCPF-funded ones;
- Building on the Readiness framework established by the R-PP provides continuity and consistency;
- Generating an R-Package can serve multiple purposes, notably for a country to perform a self-assessment of progress to date, and to demonstrate a country's commitment and credibility to donors.

8. Key questions relating to the scope and purpose remain to be discussed and clarified, specifically:

- i. *Should the R-Package be more closely linked to the Carbon Fund, or entirely decoupled?* The FCPF Charter states that PC endorsement of the R-Package is required before a country can sign an ERPA with the Carbon Fund. Piloting performance-based payments (as in the Carbon Fund) has always been a core objective of the FCPF. One view was expressed that the assessment of the R-Package should be more narrowly focused, and exclusively have the purpose of determining eligibility to the Carbon Fund. An alternate view was to define different assessment standards to accommodate different purposes (e.g., one set of standards for general Readiness; versus more specific and stringent standards to meet the objectives of the Carbon Fund). Yet another view suggested that the objectives of the FCPF Readiness Fund and the Carbon Fund should be entirely decoupled and the R-Package assessment be performed independently of any requirements for entrance into the Carbon Fund.
- ii. *Does assessing progress on Readiness require use of a standard? Or is defining a 'vision' of Readiness sufficient?* It was generally agreed that the R-Package should be a snapshot of a country's progress on Readiness at a particular point in time, rather than a rigid end-point of the Readiness preparation phase. However, questions emerged about the purpose and utility of an

assessment standard to assess progress on Readiness. This view proposed that a 'standard' should be considered a 'vision' or 'goal' for countries to strive towards, rather than an assessment benchmark. Other views supported the proposed assessment approach using standards, but perhaps including a 'benchmark', possibly with multiple qualifiers (or tick marks) that would indicate different degrees of progress towards Readiness.

C. Assessment Approach and Component Standards

9. The assessment approach needs to reflect the scope and purpose of the R-Package, once Participants have converged on a common understanding of them. General points of agreement are:

- Building on the review standards used to assess R-PPs is constructive;
- Employing TAPs to review and assess R-Packages makes sense, following the experience of reviewing R-PPs;
- The way in which standards are defined in the Concept Note is too abstract, too complex, and in many cases too ambitious;
- The assessment process should provide feedback to countries and help identify gaps (financial, technical, capacity) that need further work;
- More guidance is needed on how to interpret standards, and at what point a country is considered 'ready', while differentiating and acknowledging different country circumstances.

10. A comprehensive assessment of Readiness is challenging. The feedback raises a variety of questions about how it could be best accomplished:

- i. *What is the appropriate level of detail for the assessment?* Some considered the two levels of Readiness presented in the Concept Note as a reasonable approach to capture different degrees of progress. Others found no value added by making this distinction. Instead, developing a single benchmark for each component was proposed. Each benchmark could consist of multiple elements to assess progress. Feedback could be provided in more qualitative terms (e.g., akin to a gap assessment), or via 'scores' or 'grades', but perspectives differed.
- ii. *Is the assessment primarily a domestic opportunity to provide constructive feedback to countries? Or an assessment against standards for a more international audience?* The answer to this question depends on the ultimate purpose of the R-Package, which needs further consensus building. It is generally agreed that the assessment process should provide feedback to countries. But there is less agreement on what role standards (or benchmarks) should play in the process. It raises the question of whether a standard primarily serves as a point of reference of progress, or whether it is a level that has to be met. If the primary purpose of the R-Package assessment is for countries to perform a self-assessment, the focus can be on progress relative the original starting point. If assessment is used internationally to compare countries' progress, some felt there is a risk or perhaps an opportunity to use benchmarks to direct support to countries. Another question is whether Readiness components should be prioritized or weighted in the assessment, since progress towards Readiness will not be uniform across all components. One view is that the assessment could serve both needs: to develop domestic

consensus on progress and next steps towards Readiness and also to meet international needs for a more comparative sense of how much a country has progressed.

- iii. *How can the assessment approach be made operational and most useful for REDD countries?* There is little clarity about what form of assessment would be most useful for countries (largely due to the lack of feedback from REDD countries on this point). A very detailed approach (i.e., large number of indicators) may be overwhelming and difficult to implement with a broad and diverse stakeholder group. More general guidance (as in the standards proposed in the Concept Note) may leave too much room for misinterpretation (as reflected in the feedback). An associated proposal was to use existing reporting frameworks and standards (like the CCBA's social and environmental standards) to complement (or partially substitute for) the assessment, though it is not clear how this could be done in practice.

D. Submission and Review Process

11. There is no deadline for the submission of the R-Package, and the FCPF Charter does not require an R-Package to be produced by each country. To provide a meaningful basis for determining the progress a country is making, the R-Package is presented towards the end of the preparation phase, when the majority of the activities proposed the R-PP have been implemented. There was general agreement and understanding that:
- The review and assessment should occur in two stages: first through a self-assessment and production of the R-Package at the national level, then at the international level through the TAP and the PC;
 - The R-Package would be a single document that draws on the output and outcome of Readiness preparation activities; and
 - The implementation of the FCPF-funded activities is tracked separately by the Delivery Partner, not in the R-Package (in the case of the World Bank, for instance, this occurs in the Grant Reporting and Monitoring system).
12. Issues that need further discussion and guidance from the PC are:
- i. *What are the outcomes of the assessment, and what does PC endorsement mean?* Several possible notions of 'PC endorsement' are reflected in the comments. Options for R-Package endorsement need further discussion by the PC. This is particularly important given that countries start their Readiness preparation from different circumstances and pre-existing capacities, and the quality of R-Package submissions may vary significantly. Endorsement may mean that the PC, with input from the TAP, has ascertained the completeness, accuracy, and validity a country's self-assessment process (i.e., the focus would be on overall quality and process, but not the degree of progress). Alternatively, endorsement could reflect that the R-Package meets all, or a sufficient number, of benchmarks defined by the assessment approach (i.e., the focus would be more on standardized requirements that facilitate cross-country comparisons). An associated question is how many times a country may submit an R-Package to the PC, in particular if a certain level of achievement is required for the endorsement. Also, what kind of review would be performed on submitted mid-term progress reports? (Not many comments were received on this point.)

- ii. *What is a meaningful multi-stakeholder assessment?* The R-Package production process could be largely one of synthesizing Readiness preparation activities, and holding a validation event at the national level by stakeholders, since Readiness activities will be advanced and will have followed due process (e.g., implementation of safeguards following the Common Approach). Another view suggests that R-Package drafting and validation would require a much more defined process to be inclusive and participatory.
- iii. *What role should the TAP play?* Should the primary function of the TAP be to assess the comprehensiveness, accuracy and overall quality of the R-Package; and/or should it employ standards (or benchmarks) to provide feedback on specific technical aspects and remaining gaps? TAP members should assess and validate R-Package 'in-country' rather than through a desk review and phone calls, according to one view.

Main Issues for PC Consideration and Discussion

13. The feedback on the Concept Note points to the need for the PC to discuss a number of pertinent issues to promote consensus building around key procedural and substantive aspects of the R-Package. These include:

- *How can REDD+ countries increase their ownership in defining the R-Package?* The feedback underscored that the majority of countries are currently not sufficiently involved in defining the purpose and scope of the R-Package.
- *What is the purpose of the R-Package?* The feedback suggested that it needs to be resolved whether the focus is on providing feedback and guidance to countries that is appropriate for their circumstances or whether the focus is on meeting certain pre-requisites to pilot and eventually participate in performance-based payment schemes (such as the Carbon Fund).
- *How does the PC want to define its endorsement of the R-Package?* Principally, consensus needs to be built around whether a country is making progress and follows due process, or whether an endorsement reflects certain achievements on REDD+ Readiness.
- *How can the assessment framework be made most operational and useful for countries?* The views from REDD+ countries are important to advance the development of a framework that is comprehensive and rigorous, yet not overbearingly complex for countries to perform self-assessments.

ANNEX I: Additional Background

14. Per the FCPF's Charter, the implementation of the activities in the R-PP is followed by the submission of a Readiness Package (R-Package henceforth) to the PC. Specifically, the Charter states that *"a REDD Country Participant, based on progress in implementing its Readiness Preparation Proposal, may submit its Readiness Package to the Facility Management Team and request the Participants Committee to endorse It"*.¹ The PC shall be responsible for *"upon request by a REDD Country Participant, taking into account the recommendations of the Ad Hoc Technical Advisory Panel that may be established for this purpose [...], endorsing some or all elements of the REDD Country Participant's Readiness Package"*.²

15. Further, the basic scope and elements for the R-Package is defined as *"a package of activities designed to support a REDD Country Participant's capacity to participate in possible future systems of positive incentives for REDD, which includes the following elements: (i) a reference scenario; (ii) a REDD strategy; and (iii) a monitoring system"*. As an intermediary step *"a REDD Country Participant shall report to the Participants Committee on the progress made with respect to implementation of the Readiness preparation proposal in accordance with the timeframe and requirements set forth in the Grant Agreement or the REDD Country Participation Agreement, as the case may be."*³

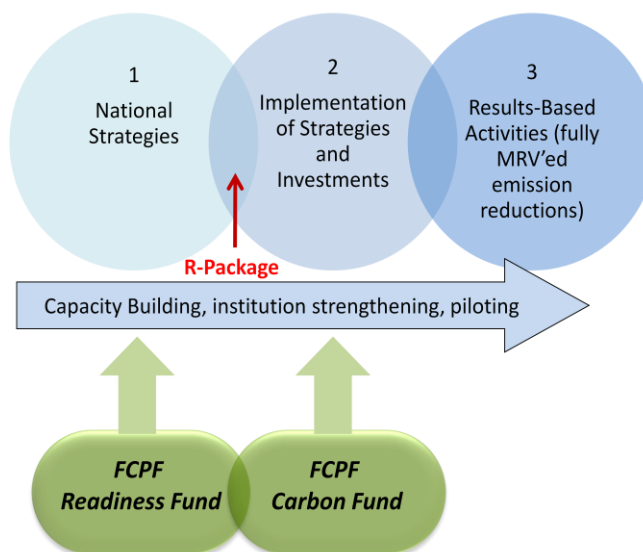
16. Thus, the R-Package is an important milestone in the overall REDD+ readiness process and follows a logical sequence and process that began with a country's initial Readiness Preparation Idea Note (R-PIN), followed the drafting of the R-PP (formulation phase), and the implementation of R-PP (preparation phase). The purpose of the R-Package is to demonstrate that activities are tested within a transparent framework and social and environmental risks are mitigated, and as such provides confidence to national and international actors that the country is making progress on REDD+.

17. Producing an R-Package provides an opportunity for Participants to take stock, draw on early lessons learned, document early results, assess remaining gaps and identify actions for the way forward. As such it also provides countries a tool to self-assess their progress jointly with stakeholders at the national level. For a country to be ready to participate in a comprehensive system of measured, reported and verified emission reductions, components of this system need to be tested first (i.e., UNFCCC phase 2 demonstration activities). Such testing requires continued capacity building (e.g., development of forest monitoring system) and the design and implementation of pilot activities. The figure below illustrates the 3 phases as described in the Cancun Agreements, the relationship of the FCPF Readiness and Carbon Fund in relation to these phases, and the approximate stage at which countries would submit R-Packages to the PC.

¹ Section 6.4 (a).

² Section 11.1 (e).

³ Section 6.3 (b).



18. Within the FCPF, the Carbon Fund is designed to pilot test Emission Reductions Programs. The Charter states that the “REDD Country Participants whose Readiness Package has been endorsed by the Participants Committee may submit one or more Emission Reductions Programs to the Facility Management Team for consideration by the Carbon Fund Participants”.⁴ The Information Memorandum states: “Based on the advice rendered by the Technical Advisory Panel, the Participants Committee would endorse the Readiness Package and declare the REDD Country “ready.” The endorsement would also clear the REDD Country for a potential purchase of emission reductions by the Carbon Fund”⁵.

ANNEX II: Feedback Matrix for FMT Note 2011-14

[Separate document]

ANNEX III: FMT Note 2011-14 (Dec. 31, 2011)

[Separate document]

⁴ Charter Section 6.4 (b).

⁵ From the Issues Note on the Carbon Fund: “The FCPF Participants Committee, based on the information available (Readiness Package and other relevant information such as readiness progress reports and the ER-PIN itself), and possibly using the assistance of a TAP, assesses whether the submitting country has made sufficient progress towards REDD+ Readiness to enter into an ERPA with the Trustee of the Carbon Fund;” (Section 2, Item 9).