

**Forest Carbon Partnership Facility (FCPF)
14th Participants Committee Meeting (PC14)
Washington, DC, Tuesday, March 19, 2013**

**Opening Remarks by Sri Mulyani
Managing Director, The World Bank**

INTRODUCTION

- Excellencies Ministers and Ambassadors, Ladies and Gentlemen, Good morning. I'd like to extend a warm welcome to all of you who are here today to participate in the Fourteenth Meeting of the Participants Committee of the Forest Carbon Partnership Facility.
- And to thank H.E Henri Djombo, Minister of Forest Economy and Sustainable Development of the Republic of Congo, for hosting the previous meeting of the Participants Committee in Brazzaville in October 2012, and allowing visitors to become familiar with his country's advances in forest management and nature conservation.
- I would also like to extend a special welcome to Mr. Todd Stern, the US Special Envoy for Climate Change. We appreciate the strong leadership from President Obama and Secretary of State John Kerry on this issue.
- We know about your personal commitment and outstanding work which has been and continues to be crucial as we move forward on the climate agenda. We are glad to have you here with us today and look forward to your remarks.
- It is a great pleasure to open this meeting. The work of this important partnership is close to my heart.
- Before I joined the World Bank, I served as the Minister of Finance in my home country Indonesia, an archipelago of over 17,000 islands covered with tropical forest that harbors one of the highest levels of biodiversity in the world.
- At that time, the Government of Indonesia entered into a groundbreaking bilateral agreement on REDD+.
- Norway committed to pay up to one billion USD if Indonesia reduced greenhouse gas emissions from deforestation and degradation of forests and peat lands.
- I understand that significant progress has been made since: a moratorium on new forest concessions, a REDD+ Strategy formulated, and a "one map" has been drawn.

- In Bali, Indonesia, in 2007, the World Bank launched The Forest Carbon Partnership Facility. It was developed because forests are more important left standing than cut.
- The partnership helps to reduce deforestation and forest degradation by compensating developing countries for carbon dioxide reductions realized by maintaining their forests. Six years on, **this is more important than ever.**

Why? - CLIMATE CHANGE

- The World Bank sponsored report, *Turn Down the Heat*, spelled out the consequences of a 4 degree C warmer world
- Climate change would cause seas to rise by 1.5 to 3 feet, dramatically affecting the lives of hundreds of millions of city dwellers; large sections of the world would become much, hotter, providing huge challenges for growing crops;
- and extreme weather events that were seen as “once in a lifetime” occurrences could start happening every year.
- Climate change of this magnitude threatens to roll back decades of development.
- It is a devastating description of a world that would affect each one of us, a world where the poor will suffer most.
- This is not only a matter between the developed and the developing world, but between today’s and tomorrow’s generations.
- We owe it to our children and grandchildren and all future generations to change the current climate trajectory of our planet.
- We need to redouble our efforts to prepare for a 2 degree world and avoid a 4 degree world.
- Over the last few months, the President of the World Bank Group, Jim Kim, has put climate change high on our agenda.
- Climate change goes to the very core of how we go about doing our business and achieving our mission: ending poverty and sharing increased prosperity.
- To make progress in this area, President Kim has put forward four bold actions that would make the biggest difference on climate change:
 - o catalyze a predictable price on carbon
 - o remove harmful fossil fuel subsidies
 - o create low-carbon climate resilient cities and
 - o move forward on climate smart agriculture

- This ambitious agenda makes the work of the Forest Carbon Partnership Facility ever more relevant.
- The FCPF is, at its core, the first attempt of large scale at putting a price on forest carbon.
- This attributes a monetary value to the carbon stored in conserved forests in contrast to the potential revenues from logging or other activities.
- The Partnership is pioneering efforts to develop a system of incentives and performance-based payments that recognize the value of forest carbon and the other attributes of forests, including biodiversity, livelihoods, and cultures.

Connecting the dots: CLIMATE SMART AGRICULTURE

- The fate of forests is inextricably related to agricultural practices.
- Forests will continue to be threatened as long as more land is needed for food production.
- Conversely, there can't be sufficient food without healthy forests. Forests regulate global rainfall patterns and local microclimates.
- Trees reduce erosion and help restore degraded lands - making them once again available for crop production. Forests store carbon and harbor biological diversity.
- We therefore need to act in a concerted and integrated manner to enhance food security, protect forest ecosystems, and mitigate greenhouse gas emissions to keep us in a 2-degree world.
- Climate-smart agriculture can therefore be a triple win – increasing yields and income, making farms more resilient to climate change, and helping to sequester carbon in the soil.
- We know that this is possible.
- Studies from Brazil and the Congo Basin – the homes of the largest forest resources in the world - are showing that we can meet the world's increasing demand for food without having to cut trees,
- that there is sufficient land to be cultivated without having to encroach on precious forests.
- Planting trees on land which is already used for agriculture can help to restore soil fertility, increasing yields – and income – and store carbon.
- Beyond agriculture there are also strong links to other sectors like transport and extractive industries that we have to be aware of and address appropriately in our efforts to foster “forest-friendly”, sustainable development.

- We therefore need to address the challenge from a landscape perspective so that we can integrate the management of land, water, forests and other resources while promoting equitable, sustainable use and conservation.
- Such a landscape approach can boost household incomes and increase the resilience of the rural poor against the adverse impacts of a changing climate.
- The World Bank has been associated with landscape restoration in many countries, from China to Albania, from Moldova to Costa Rica, from Madagascar to Kenya
- Such approaches work. They have been tested. The task now is to scale them up.
- By working on the national level the Partnership provides a crucial framework which helps governments to put forests at the core of this discussion.

We cannot do it alone- PRIVATE SECTOR

- Putting a price on forest carbon should ultimately help engage the private sector to invest in REDD+.
- Many companies understand that climate change threatens their profits in the long term. Without water – no soft drinks.
- Without cocoa – no chocolate. The effects of the floods in Thailand in 2011 spread across borders and disrupted supply chains all over the world.
- Consumers are increasingly calling for sustainable production and businesses are listening.
- A number of influential companies, in both retail and manufacturing, have recently committed to making their product supply chains deforestation-free.
- For the private sector to stay engaged in REDD+ we have to make sure that the right conditions are there for them to be involved:
- it needs to be in the private sector’s interest to green the supply chain, to “forest-proof” the sourcing of natural resources and the manufacturing of goods, and to support sustainable land management practices.
- I see a huge opportunity for the Forest Carbon Partnership Facility and others to stimulate partnerships between corporations, governments and civil society to this end.
- I also see an important role for the World Bank to help overcome barriers to private sector engagement,

- such as opaque governance or complex land tenure challenges and to help small-scale producers to connect with large global companies.

CONCLUSION

- The Forest Carbon Partnership Facility is outstanding because through its work it provides a seat at the table for all parties involved – including indigenous people and civil society from developing countries.
- I am happy to see many representatives here today and want to tell you that we need your voices and commitment to take this partnership forward.
- This Partnership holds a unique promise that it is possible to preserve the forests of our world, step up to the climate challenge and provide people with opportunities for a better life.
- Some expectations – not least regarding financial flows – have not yet been fulfilled and there continue to be challenges on the way ahead.
- But I am convinced that building on the strength of this partnership it is possible to overcome them and realize the objectives we set out for ourselves.
- Finally, I would like to acknowledge the work of Benoît Bosquet who has so ably steered the Forest Carbon Partnership Facility since its inception.
- As you know, he has just taken the helm of an environmental and natural resources unit in the Africa region of the World Bank.
- Luckily, he will continue to be associated with the work of the FCPF, but from a different vantage point.
- Thanks for your excellent work, Benoît, and we look forward to seeing you shine in your new position!
- As we work to name an equally committed successor to Benoit, I want to assure you that we are deeply committed to this work.
- We will do our part to realize the promise FCFP holds and to make it a success.
- Thank you.