

1. EXECUTIVE SUMMARY

Background to the Forest Carbon Partnership Facility

The Forest Carbon Partnership Facility (FCPF) was launched at the 13th session of the Conference of Parties to the United Nations Framework Convention on Climate Change (UNFCCC) in Bali, and became operational in June 2008. FCPF was created with the goal of testing and piloting activities for the reduction of emissions from deforestation and forest degradation, and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries (known as REDD-plus) in response to the UNFCCC decision on reducing emissions from deforestation in developing countries. The World Bank (WB) was asked by developing and industrialized countries to establish and support a pilot facility for assisting capacity building for REDD¹ in developing countries in tropical and sub tropical regions for tapping into any future system of positive incentives for REDD.

The Facility, housed at the WB headquarters in Washington DC, is a global partnership consisting of REDD-plus countries, financial contributors and observers. The FCPF currently assists 37 tropical and subtropical forest countries in East Asia and Pacific South Asia, Latin America and Africa in developing systems and policies for REDD-plus (commonly known as REDD readiness) and will provide a smaller number of these countries with performance-based payments for emission reductions. In response to the demand from countries, the number of REDD Country Participants has increased by 17, almost double its initial target of 20 countries. The FCPF governance structure includes a 28 member Participants Committee (PC) (the governing body of the FCPF) elected by REDD Country Participants and financial contributors, and six Observers nominated by forest dependent indigenous peoples and other forest dwellers, NGOs and international organizations, and the World Bank². There are two funds, (i) the Readiness Fund which is meant for supporting capacity building efforts of developing countries to prepare for REDD-plus including those for establishing monitoring reporting and verification systems, reference levels, adopting a REDD strategy and setting up implementation framework for REDD and co-ordination at the national level and (ii) the Carbon Fund through which in some of the REDD participant countries, the FCPF will also help reduce the rate of deforestation and forest degradation by providing an incentive per ton of carbon dioxide of emissions reduced through specific Emission Reductions Programs targeting the drivers of deforestation and forest degradation. The WB acts as trustee for the Readiness Fund and the Carbon Fund, provides secretariat services to the FCPF, has overall responsibility for delivering the program, provides technical support to the REDD Country Participants and conducts due diligence on matters such as fiduciary policies and environmental and social safeguards.

Objectives and methods of the evaluation

In 2010, the PC of the FCPF agreed to commission an independent, external evaluation of the program covering the first two years of the Facility's operations – June 2008 to June 2010. The Terms of Reference for the evaluation were developed by the PC and form the basis for this review.

The evaluation team used the Organization for Economic Co-operation and Development/Development Assistance Committee (OECD/DAC) standard evaluation criteria of relevance, effectiveness, and efficiency to address the Terms of Reference. The evaluation assesses the contribution of FCPF at both country and global levels. At the global level, the evaluation reviews the structure, functions, processes and impact drivers of the FCPF program as a whole, as well as the governance arrangements and delivery

¹ Please note that REDD implies REDD-plus as defined in the FCPF Charter.

² For latest list of Participants visit <http://www.forestcarbonpartnership.org/fcp/node/18>

mechanisms. At the country level, the evaluation reviews the formulation of R-PPs and the country context of the R-PPs (though not the R-PPs themselves), which include the structure, functions and processes of each country's 'forest-relevant' system, the existing capacity and resources to formulate the R-PP. A number of 'key questions' were developed in the terms of reference to guide the evaluation team, which are summarized in Table I. below.

Table I. : Key Evaluation Questions by OECD DAC Criteria

OECD/DAC Criteria and Initial Cluster	Key Evaluation Questions
Relevance	
Cluster One	Has the FCPF added value to the REDD-plus processes undertaken by REDD Country Participants and other donors?
Cluster Two	What is the relevance of the FCPF within the context of the REDD-plus developments at the global and national levels?
Effectiveness	
Cluster Two	Is the FCPF on track to meet its objectives?
Cluster Four	How effective has the FCPF governance structure been? Have the activities of the FCPF Readiness Mechanism played a catalytic effect on its country participants?
Cluster One	What are the key lessons, intended and unintended outcomes for REDD-plus readiness in REDD Country Participants?
Efficiency	
Cluster Four	To what extent has the FCPF been efficient in achieving desired results?
Cluster Three	How effectively is the FCPF cooperating with other processes?

The evaluation was conducted between December 2010 and June 2011 and used a range of different techniques designed to capture the diverse views of a range of different stakeholder groups with an interest in the program and triangulate findings. This included an online questionnaire, interviews (face-to-face and using phone/Skype), a review of literature (including that produced by the program as well as external documentation) and country visits to DRC, Mexico and Nepal. Comments on the draft

Main Findings

The FCPF has four principle objectives, summarized below:

- To assist eligible REDD Countries efforts to achieve emission reductions from deforestation and/or forest degradation through financial and technical support to build in-country capacity;
- To pilot a performance-based payment system for emission reductions generated from REDD activities, with a view to ensuring 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 emission reductions programs.

In the first two years of operations the FCPF has focused on assisting countries in planning the steps towards REDD-plus readiness and structuring the country level discussions for readiness preparation including technical aspects of REDD readiness, safeguards and fostering inclusive and transparent consultative mechanisms for REDD-plus. The REDD-plus countries are eligible for a Formulation grant of US\$ 200,000 to prepare their readiness roadmap known as Readiness Preparation Proposal (R-PP). The proposal is reviewed and inputs are provided by adhoc independent experts known as Technical Advisory

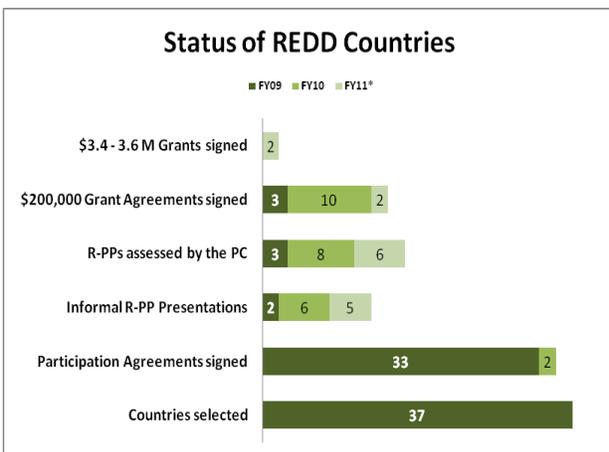


Figure I. Status of REDD Countries

Source: FCPF Dashboard, 2011

Readiness Preparation Grants for the Democratic Republic of Congo (DRC) and Nepal were signed in March 2011 (see Figure I). As of February 2011, the total contributions to the Readiness Fund were US\$ 192 million out of which total allocation towards formulation and preparation grants to REDD countries that have had their R-PPs formally assessed was US\$ 44 million³.

Overall, the evaluation found that since its inception in 2008, FCPF has made significant **progress in meeting the first and last objectives** (building in-country capacity and disseminating lessons learned in readiness), **but less progress has been made on the two other objectives** as would be expected at this early stage (piloting a performance-based system of payments; enhancing livelihoods & conserving biodiversity). A summary of more detailed findings are presented below, clustered by the OECD/DAC criteria of relevance, effectiveness and efficiency.

Relevance

The evaluation found that at the global level, FCPF's added value and relevance to global REDD-plus processes are:

- The development and **establishment of a common framework, foundation and platform for REDD-readiness** through the development of a common planning framework, set of tools, guidelines and support;
- Helping countries understand and address REDD-plus planning at a time when in-country knowledge of REDD was in many cases almost non-existent. Building upon this basic knowledge, FCPF has been able to support a **process of continually raising standards across participating countries**, through the unique system of peer review and external, independent technical inputs provided through the TAP and review by PC members and the WB team;
- The creation of **opportunities for the exchange of lessons learned and experiences** between countries and regions in a rapidly changing external environment.

At the national level, FCPF's added value and relevance to in-country processes are:

³ For more details, see <http://www.forestcarbonpartnership.org/fcp/node/283>

- The **provision of practical tools and guidance for moving forward with REDD-plus planning** such as templates for readiness preparation proposals, guidelines for preparation of R-PPs and guidelines on stakeholder engagement in REDD-plus readiness;
- **Support to cross-sectoral and cross-institutional engagement within government** and the provision of opportunities for civil society engagement in government-led planning processes;
- **Providing a foundation from which participating countries can leverage additional donor funding in support of REDD-plus**, such as site-based REDD pilot projects with the potential to inform national policy development;
- The development of **in-country awareness and understanding of REDD-plus** at both national and **sub-national levels**;
- **The creation of fresh impetus and incentives with which to address pervasive governance challenges within the forest sector**, such as law enforcement, land and natural resource tenure conflicts and illegal logging;
- The provision of **direct support to national government agencies responsible for the forest sector**. This in turn helps put these same agencies at the centre of REDD-plus development and co-ordination processes. This was seen most clearly in Nepal, where prior to FCPF support, government agencies were in danger of being “left behind”, as non-governmental organization (NGO) and donor-funded projects working at field level ran a risk of becoming increasingly uncoordinated and with no mechanism for regulation or oversight.

The realities of REDD-plus readiness on the ground and in-country has fostered an **iterative learning process with regard to the broader climate change negotiations**, allowing for the concerns and realities to be voiced, indirectly through those participants to FCPF who are both PC members and negotiators.

Differences with regard to **operational guidance provided by FCPF and the United Nations Collaborative Programme on Reducing Emissions from Deforestation in Developing Countries (UN-REDD)** on the engagement of stakeholders, in particular of Indigenous Peoples (IPs), are creating a degree of confusion in those countries where both programs operate. These organizational differences are also evident in the varying requirements that UN-REDD and the World Bank adopt with regard to the application of environmental and social safeguards.

Effectiveness

FCPF has clearly demonstrated an ability to raise in-country awareness, understanding, capacity and skills around REDD-plus issues. This has in large part been as a result of the leadership provided by FCPF in the development of common guidance notes and templates. As such, FCPF has been central to the development of REDD-plus processes and is recognized as the key factor in moving this process forward. As seen in a number of other countries, participants to the REDD-plus development process felt that perhaps the greatest added value of the FCPF process to date was the clear and constructive guidance given to the development of REDD-plus readiness. As reported from the mission in Nepal the guidance provided by the FCPF, particularly through the step-wise Readiness Plan Idea Note (R-PIN) and R-PP process and the template format has been welcomed as a means to demystify REDD-plus and create a nationally-owned strategy.

South-south learning is increasingly the medium through which in-country experiences are disseminated between participating countries. This takes place through a range of formal and informal mechanisms, such as focused training and exchange events on new or emerging themes (such as social and environmental safeguards), sessions during the PC meetings where lessons are exchanged and peer review mechanisms for providing inputs to new R-PPs. Despite this, concerns have been raised in a number of countries regarding the degree to which FCPF-supported processes are taking account of

lessons already learned within the forestry and governance sectors and the degree to which FCPF support is linking to existing or planned initiatives or institutions in the forest sector, relevant to REDD-plus.

Although there seems to be an agreement on the pillars of REDD-plus readiness, there are different views on when a country may be considered ready for REDD-plus. Given the challenging tasks of REDD readiness, one view is that readiness may be considered as a continuum rather than a point in time. In this context **differences of opinion exist regarding the definitions of REDD-readiness and the point at which countries are “ready”**. Increasingly in-country experience points to a more gradual and evolving approach shaped by pilots, in which readiness proceeds alongside the testing of payment systems (either fund-based or voluntary).

The governance structure and processes of the FCPF are seen as highly effective by members and observers alike. This is promoted by the implementation of a learning-by-doing approach, high levels of participation, a good balance in membership and consensus-based decision making. Trade-offs must be made with respect to participation and representation on one hand, and effective decision making on the other.

The evaluation team reviewed where and how FCPF had created positive catalytic effects at either national or global levels. These are summarized below:

- The **creation of increased political momentum within governments to tackle deforestation** and address deforestation drivers;
- The **establishment of a shared, step-by-step process and structure through which to approach REDD-plus readiness;**
- The **engagement of governments in broad consultative processes** with stakeholders who would otherwise not necessarily have been consulted;
- The use of **the R-PP template as the accepted norm for national readiness planning;**
- **Facilitating greater donor co-ordination** at the country level through the medium of the R-PP.

Additional positive impacts (beyond those anticipated in the FCPF Charter) generated at the country level by the readiness process include the **creation of political space for national civil society actors** to pursue forest and other reforms beyond REDD-plus as well as the creation of new momentum, energy and incentives with which to address long-standing and chronic problems that have impacted negatively on the forest sector for decades.

Unintended negative effects generated as a result of FCPF-supported interventions include the **creation of unrealistic expectations** regarding the degree and timing of REDD-plus benefits and the **creation of new tensions between ministries regarding control over REDD-plus processes** (such as forestry and environment ministries). It is not possible to attribute these negative effects wholly to FCPF, as they tend to be rather generic challenges faced by cross cutting interventions at national or project levels.

Outreach and communication is an essential part of the FCPF mandate as a global mechanism, particularly due to the complexity, relative newness and the rapidly changing external environment of REDD-plus. Effective outreach is undertaken at three levels: the country level, within the World Bank, and in the global arena. Currently efforts by FCPF to effectively communicate key messages around REDD-plus, the program itself and the fast moving developments and innovations although adequate would benefit from a more targeted and deliberate approach.

Efficiency

Within the evaluation period, FCPF has **successfully increased donor contributions** and used its budget to accomplish an impressive number of PC and Participant Assembly (PA) meetings, R-PP reviews, undertake in-country capacity building activities and coordinate with other initiatives.

The cornerstone of the FCPF, that is to assist countries to become REDD-ready, has been hindered by the **slow disbursement rate of both the formulation and preparation grants** over the first two years of the program. At the time of writing this report (in the third year of the program's operations), only two countries (Nepal and DRC) have signed agreements for preparation grants. This is undermining efficiency. This finding needs to be nuanced against the tradeoff between enhancing rate of disbursement and fostering country ownership. A strong message coming from Nepal and also DRC is that FCPF has fostered country ownership of REDD-plus (for more detail refer to Annexes D and F of the main report).

In many cases the Formulation Grant of US\$ 200,000 has not been sufficient to cover the cost of developing the R-PP and **Participant Countries have been required to raise funds from other sources** such as bilateral agencies. While this does provide benefits through generating complementary efforts, coupled with long wait times, it has reduced FCPF's overall level of efficiency.

The review process through the TAP has been an **effective and efficient mechanism for providing sound and independent inputs to R-PPs**, although the multiple stage TAP review process has meant that in some cases it has been lengthy. This process has been further strengthened by the addition of PC members from participating countries in the review process, which has proven to be a valuable peer-to-peer mechanism.

There has been a general global effort to increase complementarity and reduce overlap of FCPF with similar REDD-plus initiatives, such as UN-REDD, although the success achieved in this aspect is not evident in all countries.

At the country level, **there have been important examples of co-financing**. In a number of cases, this has been strategic and complementary, for example, by funding field pilots or supporting the participation of national civil society. In other cases it has been by necessity. Late disbursement of FCPF readiness funds has resulted in other donors stepping in to fill the funding gap so as not to lose momentum.

Regarding stakeholder involvement in the FCPF process at country level, all participating countries have taken steps to consult across government and engage with non-state actors to varying degrees.

Apart from a few notable cases (such as relatively limited earmarked funding through IP capacity building program), **FCPF has not provided dedicated funding in support of national civil society**. The costs of supporting the voices of IP groups in the R-PP process have to date largely been met through additional funding secured from northern NGOs or bilateral donors such as the Norwegian Agency for Development Cooperation (Norad). The private sector can play an important role in REDD-plus processes in many countries through the contribution of additional technical expertise and private funding in support of site-based projects. However, **the involvement of private sector in R-PP development to date has been limited** at country level.

Recommendations

Based on the findings presented above, the evaluation team identified a number of recommendations with which to guide the future development of the FCPF. They are presented below in clusters relating to governance and oversight, readiness preparation and strategy development, improving efficiency, supporting better co-ordination and finally with regard to the operationalization of the carbon fund. These

recommendations are largely directed at the overall governance entities of the FCPF – most notably the PC and the FMT. However, there are occasional recommendations that are directly targeted at participating countries, but are considered important enough to be retained within this report. The specific actions and the timing of operationalization the recommendations will be mandate of the FCPF stakeholders. Furthermore, in addition to the final chapter of the main report where the recommendations are presented once again, these recommendations are found embedded within the chapters, following the relevant finding from which the recommendation stemmed.

In terms of readiness preparation and strategy development process:

- Look at the option of further decentralizing FMT staff to other regions beyond the Africa region and for further strengthening the support to REDD countries including through **additional support to staff based in delivery partner’s country offices** to help foster further coordination on the ground and smoother implementation;
- Consider **provision of dedicated funds available to national civil society actors** (where other sources of funding do not exist) to support a more deliberate process of civil society and IP engagement. Funding support should be made available through global mechanism rather than through country grants channeled to government, to avoid risks of conflict of interest. This funding could be for two purposes – namely to increase their capacity to engage in national and global policy processes, but also covering the costs of organizing a coherent civil society voice and ensuring it reaches decision-making forums;
- **Strengthen participation of key sectoral ministries in national R-PP planning processes** and in particular their involvement in identifying, negotiating and resolving conflicting land uses (where they are shown to contribute to deforestation or forest degradation). Furthermore, **strengthen participation of “non-sectoral” ministries** such as Ministries of Finance, Rural Development and Local Government;
- **Strengthen efforts to learn from previous experiences, lessons, successes and failures** in participating countries with regard to sustainable forest management initiatives and programs as well as efforts to link more directly to complimentary, on-going multi-lateral and bilateral initiatives with the potential to address deforestation drivers;
- **In view of capacity and institutional challenges found in many Participant Country and the need to advance the REDD agenda, focus capacity building efforts around the early building blocks of the readiness process**, around piloting in selected areas to later allow learning and scaling up;
- Actively **support learning and reflection around the Strategic Environmental and Social Assessment (SESA) process** – by ensuring effective and efficient transfer of early experiences **from countries piloting SESA but also by linking externally to other initiatives exploring** social and environmental impacts of REDD-plus at national levels. This might include the Learning Initiative on Social Assessment of REDD+ (LISA-REDD)⁴.

In terms of increasing efficiency for achieving desired results:

- Scale up technical and financial support to regional measures designed to foster **South-South exchange and learning**. This could include additional regional workshops covering particular issues of mutual concern (such as methodologies, consultation, governance, legal reforms), or measures designed to harmonize and link country plans at a regional level. Where possible create synergies between countries working in similar conditions (e.g. Amazon Basin, Congo Basin, Borneo-Mekong Basin) or major language groups (French, Spanish, and English);

⁴ This initiative is being developed by a consortium of NGOs including Care International, the Climate Community Biodiversity Alliance, Forest Trends, Overseas Development Institute and International Institute for Environment and Development

- **Move away from “flat rate” commitments** to Preparation and Readiness Grants, to a system that provides differentially sized grants based on agreed, transparent and universal criteria. These criteria would need to be worked out and agreed upon by the PC, but would provide opportunities for tailoring grants to the needs and circumstances of individual countries;
- Develop **clearer plans regarding the expansion of the program to new countries** seeking support and criteria for their inclusion. This will ensure that any additional funds directed towards REDD-plus readiness in new geographical areas are done so in ways that maximize the opportunities for efficiency. This may involve tightening and revision of criteria found in the FCPF Charter⁵;
- While pursuing efforts to streamline the process of approval and disbursement of funds, continue to foster **greater coordination with bilateral and multilateral partners at the country level**, as a means to raise efficiency and reduce the risks associated with funding gaps due to delayed disbursement of funding support by the FCPF. This may involve more direct involvement of WB staff in national level donor co-ordination mechanisms (such as development partner groups), as well as supporting joint review and monitoring missions together with other donors working on REDD-plus;
- Continue efforts through the Task Force on Multiple Delivery Partners to **identify delivery channels outside the World Bank**, recognizing the fact that diversifying delivery and implementation partners will most likely help to improve disbursement rates. This will also be important in the near future once the Readiness Grants begin being signed in larger numbers and disbursed. The ongoing discussions regarding equivalence of institutional safeguard mechanisms will be an important aspect of ensuring this process achieves its goals;
- Provide **increased flexibility with respect to specific budget allocations under the Readiness grant** given the rapidly evolving REDD plus financing landscape in countries where the R-PP has now long been approved. As has been seen in Mexico, the development of the R-PP led to a much broader process that has catalyzed funding from other donors on items initially to be funded by the FCPF. The opportunity should be provided in such context to reassign funding from the FCPF to other activities proposed in the R-PP that are not yet funded.

In terms of governance and oversight at the PC level

- **Streamline the R-PP review process** to ensure that TAP review comments are timely and that adequate time is left to country teams to address TAP comments and own the final product as well as for PC to provide comments on the latest version;
- Ensure **translation at key meetings** and that materials developed by FCPF are available in all main languages to facilitate participation of all PC members, lessons learning and in-take of global experience in national processes;
- Pursue with energy the **development and operationalization of a comprehensive monitoring and evaluation framework** for the readiness process (and in future for the Carbon Fund), as a way to ensure adequate feedback loops in decision-making and improvement of the Facility effectiveness, beyond the formulation phase. Monitoring should also include reference to mitigating potential negative social and environmental impacts and ensuring positive co-benefits. This should go beyond the guidance provided in the draft monitoring and evaluation framework⁶ (updated in 2010⁷) which tends to focus more on external reviews rather than routine monitoring.

⁵ International Bank for Reconstruction and Development. 2010. Charter Establishing The Forest Carbon Partnership Facility (Revised August 2010). Page 50.

⁶ Forest Carbon Partnership Facility (FCPF). 2009. Monitoring and Evaluation Framework DRAFT-For comments only

⁷ Forest Carbon Partnership Facility (FCPF). 2010. Proposed Evaluation Framework. Revised DRAFT. March 7, 2010

In terms of coordination and complementarity with other REDD-plus processes:

- Continue to **strengthen coordination with UN-REDD**, to take advantage of mutual strengths and limitation in delivery mechanisms. Jointly resolve any remaining differences with UN-REDD including with regard to advice given to participating countries on implementation of social safeguards;
- **Strengthen the move towards greater alignment and harmonization of FCPF funds with other multi-lateral and bilateral funding sources.** Joint annual review missions (of the type seen in DRC) provide a strong example. While they do place greater transaction costs for external partners in terms of scheduling, they create important benefits at the country level and increase opportunities for efficiency savings;
- **Develop and implement a communication and outreach strategy** to disseminate and package FCPF outcomes more widely for use at country-level, within the WB and to external audiences;
- Consider, in close coordination with other REDD-related funding mechanisms, measures to **strengthen participation of responsible private sector players in REDD-plus processes** (such as timber operators interested in identifying alternative revenue streams and project developers). This could include reducing barriers to market entry, supporting feasibility studies and offering bank guarantees for investment capital.

In view of the Carbon Fund operationalization:

- Beyond R-PP development, with a view to operationalizing the Carbon Fund, begin **consideration and finalization of minimum readiness conditions (“triggers”) required to access the Carbon Fund**;
- As part of this reflection, also engage with countries on options for **governance and institutional set up** to ensure transparency and agreed approaches to benefit sharing in this operationalization;
- Ensure during the operationalization phase of the Carbon Fund that it is **building on the lessons of the FCPF preparation phase**, in particular in terms of operationalizing due diligence requirements, social and environmental safeguards in an effective and transparent manner.

This evaluation was given an ambitious mandate – to review overall performance of the FCPF after two years of operation at the international and national levels, as well as assessing the degree to which delivery processes and outputs have been relevant, effective and efficient. Overall, the evaluation has found that the program is addressing a keenly felt need – namely to demystify REDD-plus at country-level, and then to provide a framework and process around which REDD-plus planning can take place. Through the PC and the multiple levels of peer review and technical inputs, overall program quality is evolving rapidly, moving from initial planning phase into more substantive technical discussions around carbon accounting, reference levels and monitoring, reporting and verification (MRV) and one that is increasingly beginning to address wider issues of governance, risk, as well as social and environmental aspects. Despite the strong progress made to date, the evaluation has provided a number of key recommendations relating to the further development of the program including issues such as expansion, delivery channels, monitoring, safeguards and the inclusion of non-state actors in readiness planning and implementation.

The FCPF is a multistakeholder partnership and decisions taken at the global level are expected to have a strong influence on how readiness preparation is shaped at the country level. The recommendations have not been specifically categorized into those applicable at the global and country level but rather for FCPF as a whole. As demonstrated in the functioning of the FCPF to date the collective decision making process in the Partnership should help ensure that recommendations will be operationalized in a way that they remain relevant and add to effectiveness of REDD implementation at the country level.