

June 16, 2011

World Bank Management Response to the FCPF Evaluation Report

Introduction:

World Bank Management regards the first independent evaluation of the FCPF as a significant and timely effort to assess the successes and challenges of the FCPF as a global pilot facility on reducing emissions from deforestation and forest degradation. This evaluation is based on information received from multiple sources such as desk reviews, field missions to 3 representative FCPF countries, interviews and online surveys conducted over a period of five months. Management considers the evaluation as a good reflection of views of a variety of stakeholders working on REDD+ at the national and global levels.

The report aptly reminds the reader that the FCPF was one of the first global initiatives established for piloting REDD+. This context is extremely useful in interpreting the FCPF's role as a global partner in REDD+ since it first began its operations whilst keeping in view the efforts of other multilateral and bilateral initiatives as well as linkages to ongoing programs in REDD+ countries. The report correctly highlights the multi-sectoral and cross-cutting nature of REDD+ and the challenges that come with tackling an agenda that presents both opportunities and risks, thus requiring a strategic approach for addressing the challenges at both national and global levels during the REDD+ readiness phase and beyond.

The assessment is extremely useful in providing an early insight into the added value of the FCPF to the global and national endeavors for REDD+ and enabling the FCPF to address the gaps identified in the report.

Management appreciates the useful observations and lessons provided by the report and concurs with essence of main findings of the evaluation. Several of the suggestions reinforce and are complemented by the lessons emerging from analytical work carried out in other sectors as well as from project-level experience in climate change and carbon finance at the World Bank. At the same time there are certain areas where Management would like to add its perspective to the findings and recommendations presented in the report.

A. World Bank Management Response to Key Issues Raised in the Report

The Management response outlines (i) the areas in which Management agrees with the analysis presented in the report, noting that the evaluation primarily focuses on the operations of the FCPF and not of the World Bank; and (ii) areas where the evaluation could have presented a fuller reasoning of ongoing efforts, including operations of the World Bank, that are relevant for REDD+. Below we highlight Management's views on some of the key findings and

recommendations of the report that are of particular interest to the World Bank as Trustee of the FCPF and one of its Delivery Partners.

Leadership role of the FCPF, particularly in fostering a consultative and participatory approach: The finding regarding the FCPF's leadership role in defining and enhancing the understanding of REDD+ (challenges and opportunities) globally and in REDD countries in particular is welcome and appreciated. The report highlights that the FCPF came at a time when REDD+ was in its infancy and that, in the two years of its operation, it has helped to demystify the REDD+ concept from an operational perspective and establish processes, procedures and standards for REDD+ readiness. Countries have greatly benefitted from this guidance to build country awareness and understanding of REDD+. Management notes as a key achievement of FCPF performance the evaluation finding on the catalytic role that the FCPF process has had in bringing together diverse stakeholders, including Indigenous Peoples and forest-dependent communities, and fostering a dialogue on issues pertinent to REDD+, which otherwise would not have happened. Management remains committed to ensuring an inclusive process in the operations of the FCPF and creating an enabling environment for the participation of all relevant stakeholders, for a multi-stakeholder process is the foundation of successful REDD+ mechanisms in countries.

Enhancing coordination and integrating REDD+ with existing programs in country: The cross-sectoral nature of REDD+ and the fact that FCPF financial support is insufficient to meet the total budgetary requirements for readiness call for a strong coordination role for the national government, with support from the World Bank as a delivery partner and other national and international partners. At the strategic level the report signifies the need to leverage past experience and lessons already learned, link to existing or planned activities and build on ongoing work relevant to REDD+ to avoid duplication and make efficient use of resources.

In several of the FCPF countries the Bank works with other multilateral and bilateral development partners to support countries in mutually agreed areas of policy and institutional reforms and capacity building. Already in some countries REDD+ readiness preparation activities have drawn collateral support from ongoing programs.

The Bank's project portfolio in several FCPF countries include natural resources management operations (development policy and other lending instruments), through which support has been provided on technical and policy issues. Moving forward it will be important that REDD+ be mainstreamed with ongoing development programs as the work being undertaken through these programs is highly relevant to issues identified in the readiness preparation proposals of REDD+ countries. Addressing deforestation has been a challenge for several decades, and integration of REDD+ readiness activities in reform efforts in governance, land use policy and transparent monitoring of natural resources will determine the success of REDD+. Linking with country assistance strategies and national climate change strategies will also ensure long-term commitment beyond the support for readiness activities provided by the FCPF. Drawing on the recommendation, we propose to strengthen coordination efforts to programs being implemented by the Bank (IBRD, IDA, FIP and GEF) as well as other bilateral and multilateral partners to avoid duplication and to ensure sustainability and impact.

In Management's view the concern flagged in the evaluation report regarding the degree to which FCPF-supported processes are taking into account lessons learned is useful but merits further discussion. Given the limited success in reducing rates of deforestation historically through ongoing efforts, a fuller discussion of the relevance and significance of existing programs to the objectives of REDD+ would be beneficial for the global REDD+ community. As countries prepare for REDD+, global efforts towards readiness and performance-based payments also need to be analyzed with a view to ensuring the ultimate goal of REDD+ is achieved.

Identifying delivery channels outside the World Bank to support REDD+ readiness:

Management is supportive of the efforts to diversify the delivery channels for supporting FCPF REDD+ readiness processes in REDD Country Participants outside the World Bank and obtained Board approval for this diversification in March 2011. The Task Force on Multiple Delivery Partners has made significant progress towards establishing a common approach for safeguards for REDD+ readiness, and this common approach could be adopted at PC9 in June 2011. Reaching a common ground on this issue amongst Multiple Delivery Partners would be a milestone that would serve to enhance the delivery of REDD+ readiness services. Management views the purpose of diversifying Delivery Partners as not only helping to increase commitment and disbursement rates but also as providing effective REDD+ readiness delivery mechanisms to participant countries based on the comparative advantages of the various Delivery Partners.

Scaling up technical and financial support for measures designed to promote South-South exchange and learning:

The FCPF was designed as a piloting facility. Its added value rests in promoting shared learning and dissemination of technical knowhow on REDD+, such as establishing reference levels and measurement, reporting and verification (MRV) systems. Management agrees with the recommendation to scale up technical and financial support but it is equally important to realize economies of scale in establishing the pillars of REDD+ readiness in FCPF countries, so that every country does not have to independently design the basic frameworks for technical aspects of MRV and reference levels. In this context there are valuable experiences from non-FCPF countries that can be tapped into. Regional cooperation is beginning to happen among REDD+ countries (both FCPF and non-FCPF). Perhaps a subsequent evaluation could assess the effectiveness of the FCPF in fostering this learning and cooperation.

The World Bank group has several avenues including dedicated trust funds through which South-South exchanges can be promoted. The FCPF has leveraged the World Bank Institute (WBI) experience of working on carbon finance issues and the Global Distant Learning Network (GDLN) to disseminate knowledge on readiness activities. Similar efforts at larger scale will continue to be made.

Strengthening World Bank support for REDD+: In several places the report calls upon the World Bank to strengthen its support for REDD+ readiness, particularly in REDD Country Participants. The report identifies three specific areas of support for the FCPF countries namely: (i) decentralizing FMT staff to REDD countries; (ii) strengthening in-country capacity for implementation of strategic environment and social assessments; and (iii) streamlining the procedures for disbursement of FCPF grants to ensure timely access of resources by the countries.

The Management broadly concurs with the observations made in the evaluation regarding the need for speeding up progress on commitment of funds to countries and providing support to REDD country Participants, including support for implementation of SESA. However Management would like to draw attention to the tradeoffs involved in the process, between setting up an inclusive and transparent process, conducting the due diligence on safeguards and ensuring country ownership on the one hand and speeding up signing of grant agreements. The right balance has to be achieved and Management remains committed to maintaining it in the best possible way. The recommendation regarding deployment of FMT staff needs to be viewed more broadly with the aim of providing support to REDD country participants where relevant and based on country needs. A response to specific recommendations on this issue is included in the Management Action Record.

B. Management Response to Recommendations

Management welcomes the recommendations and in general agrees with the report recommendations, which largely align with what the World Bank is doing at present and are relevant to the emerging thinking on the Bank’s engagement in the field of climate change. Management’s response to specific recommendations relevant to the World Bank’s role in the FCPF is outlined in the following draft Management Action Record.

Management Action Record

<i>Major recommendation requiring a response</i>	<i>Management Response</i>
Look at the option for further decentralizing FMT staff to other regions beyond Africa to help foster further coordination on the ground and smoother implementation	Partially Agree The issue is one of enhancing in-country support for REDD+ readiness to FCPF participant countries. The FMT and the regional operational staff (based largely in countries and some in Washington) have distinct roles in providing support for REDD+ implementation. The FMT is responsible for upfront preparation of procedures, setting of standards and overall coordination. Regional staff is responsible for country relations, due diligence and supervision of readiness preparation grants. Once the grant agreement has been signed the responsibility for supporting implementation is transferred to World Bank regional staff. In Management’s view, decentralizing the small FMT staff to the regions will not resolve the need for adequate support in countries. Management proposes to undertake measures to transfer the capacity on REDD+ to staff in Bank regions, thereby mainstreaming the REDD+ agenda in the Bank’s portfolio. This will be done through exchange fora, internal learning events and training for staff based in countries. Though

	<p>these activities were already initiated in the last few years the efforts will be further scaled up and intensified. In addition, an assessment of other specific needs for in-country assistance will be made in collaboration with the regional FCPF coordinators within the World Bank and proposal for actions required will be finalized.</p>
<p>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. (related to the finding that slow disbursement is undermining efficiency)</p>	<p>Ongoing/Partially Agree Management agrees that readiness preparation grant agreements to FCPF countries should be speeded up. However, the signing of the grant agreements should not be perceived as slow. As there was no precedent of application of safeguards procedures to planning activities -- such as readiness activities -- but with potentially far-reaching impacts, this has required innovation and clarification of the way that standard World Bank safeguards designed for investment projects would apply to REDD readiness. This has taken time. The formal endorsement of the SESA approach by the World Bank's Board should help speed up commitment of readiness funds in the future.</p> <p>It should be noted that an important step towards signing of grant agreements is the identification of activities to be supported by the FCPF, which is undertaken jointly by the country and the World Bank staff. This often requires liaising and coordinating with other bilateral and multilateral development partners in the country followed by a determination of which safeguard policies apply. Therefore there are important steps that are completed between the assessment of the R-PP by the PC and actual signing of the grant agreement. Even so the World Bank will endeavor to speed up the process without compromising the due diligence process.</p>
<p>Actively support learning and reflection around the 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 at</p>	<p>Agree Management agrees that countries need active support for SESA implementation. The SESA is a new approach designed for application at the strategic planning level compared to application of World Bank safeguard policies</p>

<p>national levels. This might include the CCBA/CARE/ODI Learning Initiative on the Social Assessment of REDD</p>	<p>to investment projects. It therefore requires capacity building of teams that will lead and coordinate the SESA process in the countries. Management foresees the appropriate application of SESA as a priority as well as a critical requirement that will be a factor of the success of REDD+ readiness implementation. Management proposes the following steps to assist the SESA process:</p> <ul style="list-style-type: none"> - recruitment of specialized staff (expected to join the FMT in July); - in-country training on SESA and implementation support in the first few countries; - dissemination of the lessons from first few countries to other FCPF countries through workshops and published material.
<p>Move away from “flat rate” commitment to Preparation and Readiness Grants, to a system that provides differentially sized grants based on agreed, transparent and universal criteria</p>	<p>Agree In principle Management agrees with the recommendation that suggests the possibility of moving away from “flat rate” grants for readiness activities. Given that resource requirements for readiness as presented in the R-PPs far exceed the support currently provided by FCPF, it would be worth considering additional support to countries to meet their readiness needs. Criteria and options that could be used to assess country needs and eligibility for such differential grants could be developed by the FMT for consideration of the Participants Committee. However, the increased support, if any, should continue to cater for readiness activities covering analytical and capacity building activities and not include support for on-the-ground pilot activities.</p>
<p>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.</p>	<p>Agree The coordination with the UN-REDD Programme continues to be strengthened, including on remaining issues regarding the R-PP template. The advice given to countries on stakeholder engagement has been further harmonized and is available on the FCPF</p>

	website.
<p>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.</p>	<p>Agree/ongoing REDD+ is a fairly new business activity. Given the linkages with international processes, there is a need to communicate effectively and disseminate messages emerging from the FCPF and REDD+ to the Management and to the country-based staff as well as external stakeholders. Management intends to address this issue and consider a set of actions aimed at effective communication at all levels. A communications plan will be developed by the Facility Management Team. In addition efforts to regularize internal communication on the latest developments and emerging issues in REDD+ using existing Bank communication network for Bank staff supporting REDD+ will be made.</p>
<p>Consider, in close coordination with other REDD-related funding mechanisms, measures to strengthen participation of responsible private sector players in REDD-plus processes.</p>	<p>Agree. The Bank is promoting the private sector's involvement in REDD+ through both the FCPF (the private sector observer to the Participants Committee, but most importantly the private sector's participation in the Carbon Fund) and the Forest Investment Program.</p>