



# Forest Carbon Partnership Facility

## First 16 Months of FCPF Readiness Activities

Participants Assembly Meeting (FCPF PA2)

Washington, DC - October 26, 2009

# Outline: Big Picture, Budget Categories, and Lessons Learned

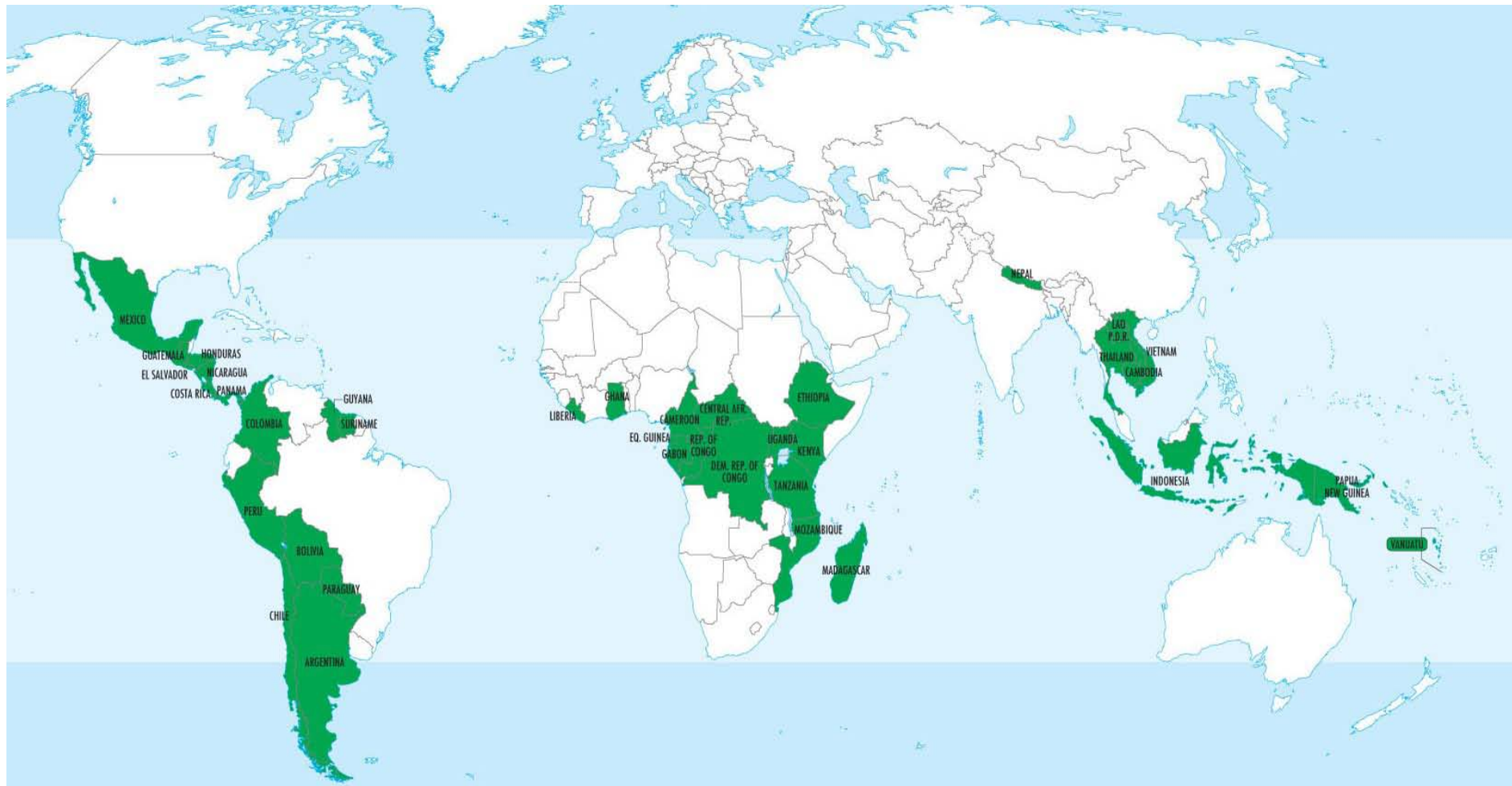
1. The Big Picture
2. Country Implementation Support and Advisory Services
3. REDD Methodology Support
4. Facility Management Team (FMT)
5. Readiness Fund Administration
6. Lessons Learned and Early Insights

# FCPF: The Big Picture

Established collaborative partnership & transparent platform for meaningful exchanges on REDD issues

- **Pioneered REDD readiness preparation process**
- **Countries actively preparing for readiness**
- **Due to high demand, REDD Country participation increased from 0 to 20 to 37**
- 37 REDD Country Participants
- 10 Donor Participants
- 5 Carbon Fund Participants
- 6 Observers
- Others
  - Brazil (South-South cooperation)
  - Global Environment Facility
  - World Bank Institute
  - Technical assistance service providers

# 37 REDD Country Participants Selected



# Outline

## 1. The Big Picture

## 2. Country Preparation Support and Advisory Services

- Grants to REDD Countries
- Preparation support
- Fiduciary and safeguard support
- Creation of templates and processes
- FMT coordination of and feedback on R-PINs, R-PPs, etc.
- Preparation of generic terms of reference

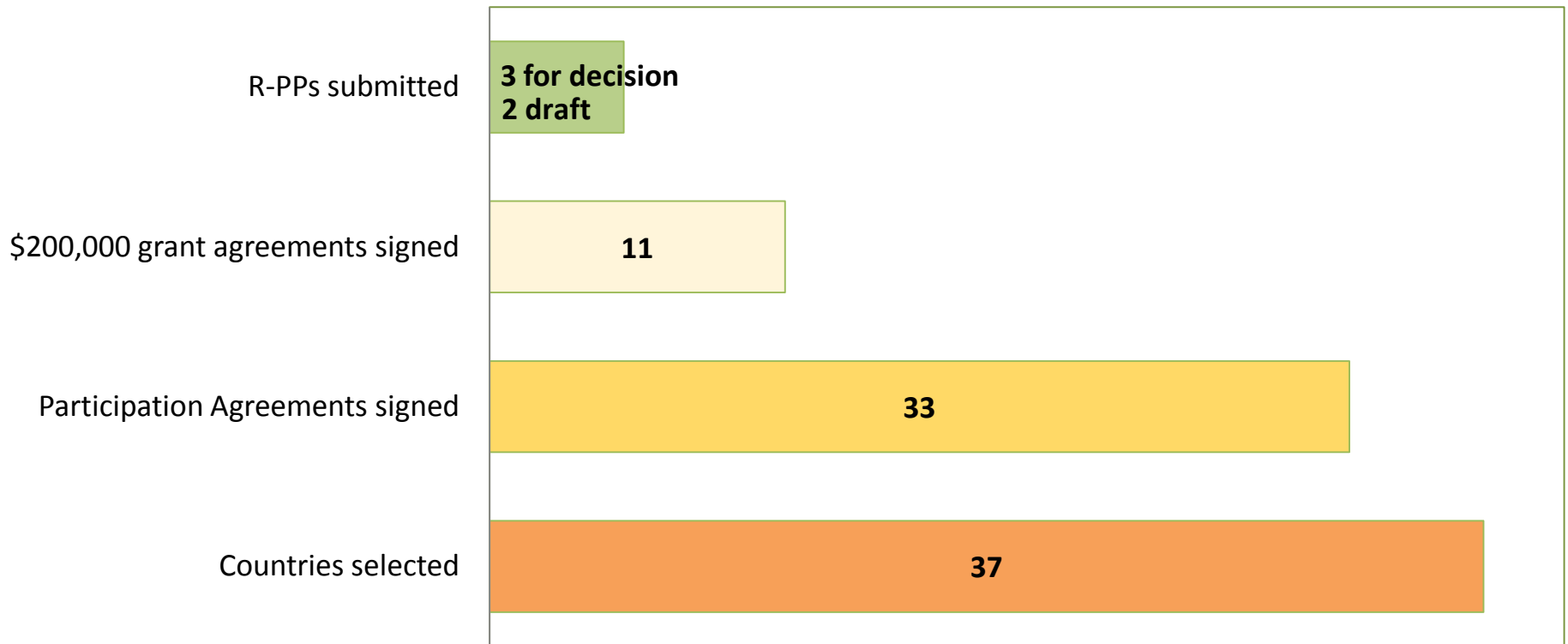
## 3. REDD Methodology Support

## 4. FMT

## 5. Readiness Fund Administration

## 6. Lessons Learned and Early Insights

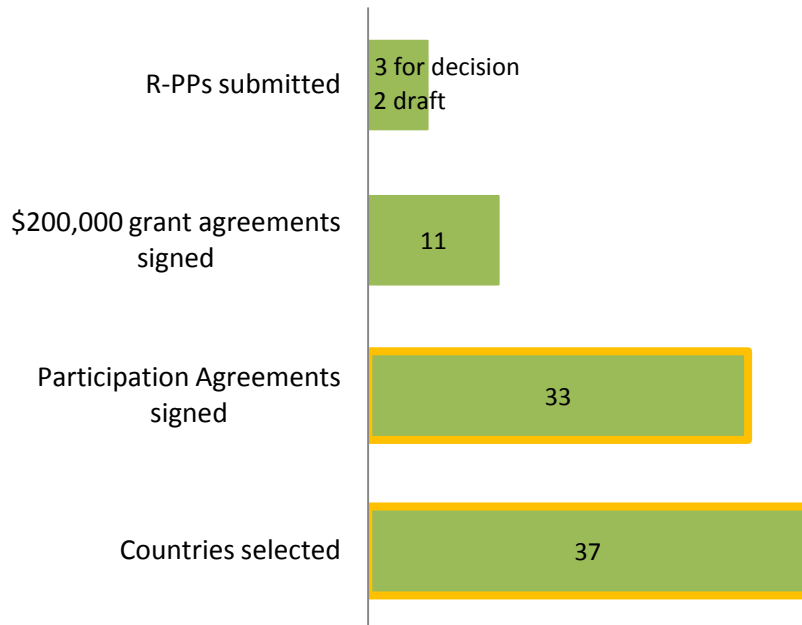
# Status of Participation & Implementation



# Readiness Organization

- Created templates/processes to facilitate Readiness:
  - R-PIN template (3<sup>rd</sup> version)
  - R-PP template (4<sup>th</sup> version); harmonized with UN-REDD
  - Application of environmental and social due diligence framework (SESA approach)
  - Consultation and Participation guidance note; being harmonized with UN-REDD

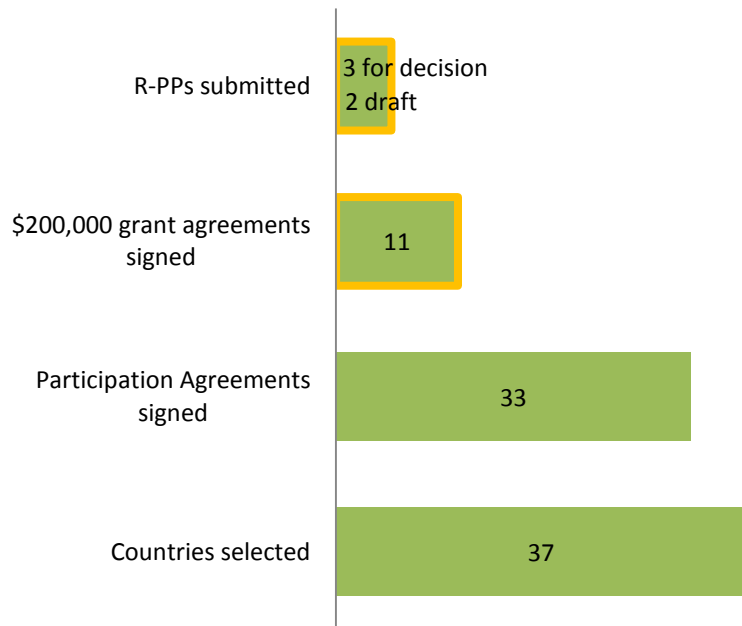
# R-PINs



- Very high demand in first year of operation
  - REDD Country participation expanded from 0 to 20 to 37, much more quickly than expected
- 37 R-PINs benefited from extensive review & discussion
  - 1-3 TAP reviews/discussions per country
  - FMT reviews
  - World Bank team reviews
- Marked increase in R-PIN quality in Round 3



# Progress on R-PPs



- 11 countries signed Grant Agreements
- 5 countries submitted R-PPs for formal or informal review, received comments & assistance
  - Guyana, Indonesia, Panama (formal); Ghana, Suriname (informal)
  - Review stimulated significant revisions
  - Consultations with broad range of Government, private sector, CSOs, IPs

# Readiness Preparation

- In-country discussions with Governments/stakeholders on FCPF participation, R-PP preparation and grants in 17 countries...

Africa	Cameroon, DRC, Gabon, Ghana, Kenya, Liberia, Madagascar, R. of Congo
Latin America	Costa Rica, Guyana, Nicaragua, Panama
East Asia	Indonesia, Lao PDR, PNG, Vietnam
South Asia	Nepal

- ...Including joint work and harmonization in 12 countries:

<b>Joint missions with partners</b>	DRC, Ghana, Panama, Indonesia, PNG, Vietnam
<b>Close cooperation on support and implementation arrangements</b>	Tanzania, Bolivia, Guyana, Lao PDR, Vanuatu
<b>Harmonization with UN-REDD NJP, joint work on opportunity cost estimation</b>	Tanzania

Partners: AFD, AusAid, Denmark, Finland, GEF, IUCN, Japan, KfW, Moore Foundation, Netherlands, Norway, UK, UNDP, UN-REDD, USA, civil society, etc.

# Country Readiness Progress: Examples

## National REDD working groups established

- **DRC** with AFD-funded technical assistant, **Liberia, Indonesia, Lao PDR, Thailand, Nepal**
- **Ghana**: Consultant consortium preparing R-PP
- **Liberia**: Stakeholder workshop launched R-PP preparation

## Countries conducting analytic work

- **DRC**: Upcoming study of causes, drivers of DD
- **Madagascar**: National REDD initiatives note

## REDD being integrated into and building on important country initiatives

- **DRC**: Developing synergies with regional GEF-funded Congo Basin project & national IDA-funded forest operation
- **Ghana**: Aligning REDD with forest governance reform through Natural Resources and Environmental Governance initiative; building on good practice consultation process from Voluntary Participation Agreement
- **Guyana**: Part of low-carbon development strategy
- **Lao PDR**: Aligning with forest investment program
- **Panama**: Part of national environment strategy
- **PNG, Vietnam**: REDD road map elaborated

# Outline

1. The Big Picture
2. Country Implementation Support and Advisory Services
- 3. REDD Methodology Support**
  - Formal TAP review of R-PINs, R-PPs, elements of country readiness packages
  - TAP participation in FCPF meetings
  - Work of independent Technical Advisory Panels in support of Participants, advancing global topics e.g., costs of REDD, reference scenarios
  - Ensuring adequate liaison with global forestry programs, UN-REDD and the international teams developing REDD methodologies
  - Indigenous Peoples capacity building program
4. FMT
5. Readiness Fund Administration
6. Lessons Learned and Early Insights

# Established Independent Technical Advisory Panels

- Created first TAP of 20 experts to review 37 R-PINs
  - Experts nominated by countries, others
  - Created Roster of Experts to review R-PPs and provide technical assistance (shared with UN-REDD)
  - Provided ~4 reviews per R-PIN (some 2-3 rounds) X 37 countries = 150 reviews
- Established TAP as major element of FCPF process
  - TAP presentations on R-PINs inform PC decision-making
  - Helped define R-PIN quality and ensure consistency
  - Indigenous person expert on each review
- Third TAP now reviewing 2 draft R-PPs
  - Hired 6–8 experts per country, including in-country expertise and IP expert

# Advanced Development of Methods on...

## Costs of REDD (World Bank)

- Wrote paper on opportunity costs of REDD
- Contract signed with World Agroforestry Centre (ICRAF/ASB Program) to develop training modules for analysis of opportunity costs and train trainers. Leveraging 50% co-financing from WB Institute's Carbon Finance Assist

## Reference Scenarios and REDD modeling methods (World Bank)

- Presented at UNFCCC Expert Groups (Jun 2008, Mar 2009)
- Workshops to compare model methods and results, & begin process to develop guidance (Oct 2008, Apr 2009)
- Support regional study modeling future drivers of DD in 6 Congo Basin countries (with IIASA, WB, GEF, others)

## Measurement, Reporting, Verification

- Participated in Rainforest Coalition/FAO workshops on forest inventory and remote sensing (Feb 2009; Apr 2009)
- Coordination with FAO, UN-REDD, others to define MRV needs

## REDD at country level

- GEF approved \$1 million grant to FCPF for REDD capacity development program. Proposed partners: Coalition for Rainforest Nations, Germany, UN-REDD

# Outline

1. The Big Picture
2. Country Implementation Support and Advisory Services
3. REDD Methodology Support
4. **FMT**
  - Secretariat functions:
    - Program management and activities related to maintaining partnerships among the many FCPF stakeholders
    - Organization of Annual Meeting and three PC Meetings per year
    - REDD Participant Country participation in meetings
    - Supporting participation of the Indigenous Peoples' Observer
    - FCPF website and communications
5. Readiness Fund Administration
6. Lessons Learned and Early Insights

# Promoting Knowledge Exchange: PC Meetings & Beyond

<b>National Frameworks for REDD</b>	<b>Brazil; Ghana; Indonesia; Panama; PNG</b>
<b>National – Sub-national REDD Linkages</b>	<b>Madagascar; Indonesia; Mexico</b>
<b>Draft Readiness Preparation Proposals</b>	<b>Panama, Guyana, Indonesia, Ghana, Suriname, Mexico</b>
<b>Regional Approaches to REDD</b>	<b>Congo Basin, Lower Mekong</b>
<b>Field Visits</b>	<b>Panama; Switzerland</b>
<b>Publications and communications</b>	<b>FCPF website, brochure; Potential FCPF Lessons Learned presentation at side event in Copenhagen</b>



# Launched Indigenous Peoples Capacity Building Program

- Small grants to IP organizations to build REDD capacity at regional, national levels (\$200,000 per year for 5 years).
- \$181,444 committed in FY09 based on proposals received from indigenous organizations and managed by them:
  - **COICA (Amazonia)**- organize regional workshops, produce reference document on REDD as contribution towards Copenhagen
  - **IPACC (Africa)**- organize regional/national workshops, produce toolkit on REDD to train trainers at country level
  - **COONAPIP (Panama)**- organize 11 workshops for info exchange, arrive at common position on REDD & government's proposal to FCPF
- Reports on-line at <http://www.forestcarbonpartnership.org/fcp/node/248>

# Engagement of Forest-Dependent People

## • Information Exchanges

- IUCN Congress (Barcelona, Oct 2008)
- International Conference on Rights Forest & Climate Change (Oslo, Oct 2008)
- UN-REDD Global IP Consultation on REDD (Baguio, Nov 2008)
- Indonesia mission (Dec 2008)
- DRC missions (Jan, May 2009)
- Asia Summit on Climate Change and Indigenous Peoples (Bali, Feb 2009)
- IPACC workshop (Marrakesh, Feb 2009)
- Africa Summit on Climate Change and Indigenous Peoples (Nakuru, March 2009)
- Ghana missions (Aug 2008, May 2009)
- Panama missions & Kuna General Congress (Feb, March 2009)
- Indigenous Peoples' Global Summit on Climate Change (Anchorage, April 2009)
- UN Permanent Forum on Indigenous Issues (New York, May 2009)

## • Observer Selection

Coordinating with Climate Investment Funds on process for self-selection of Observers

# Advanced Partnership With UN-REDD

- Formal agreement to cooperate approved by PC Oct. 2008
- Joint missions
  - DRC (3), Indonesia (2), Panama (3), PNG, Vietnam
- Joint presentations/discussions
  - CoP14
  - Norwegian Parliament
  - Council on Forestry
  - Informal Working Group on Interim Finance for REDD
- Progress in harmonizing processes
  - R-PP and NJP
  - Guidance on consultation and participation
  - Common Roster of Experts
  - Cooperation on MRV guidance
- Exploring potential for including UN agencies as implementing partners for the Readiness Fund

# Outline

1. The Big Picture
2. Country Implementation Support and Advisory Services
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5. **Readiness Fund Administration**
  - **Functions related to the World Bank's role as trustee, including**
    - Preparing budgets, business plans and financial projections
    - Preparation of FCPF Annual Report for October Annual Meeting
    - Accounting, financial audits, contributions management and legal services to the Readiness Trust Fund
    - Mid-term evaluation of Readiness Fund progress
6. Lessons Learned and Early Insights

# FCPF Administration

- FCPF opened for contributions: June 13, 2008
- Concluded 9 Donor Participation Agreements
- Declared Operational: June 25, 2008
- Steering Committee meeting held within one month of Opening, with 9 Donor Participants, 14 eligible REDD Country Participants
- WB financial contributions:
  - Reached agreement to have full \$2.35 million cost of developing FCPF paid with WB resources
  - Obtained cost savings for Readiness Fund operations, with WB agreeing to absorb some overhead expenses associated with FCPF work
- Established entirely new program in WB, including new budgeting system to enable more direct and timely monitoring of costs
- Initial discussions underway on FCPF evaluation framework

# Fund Raising

## Readiness Fund

- Initial target volume of \$100 million surpassed (\$110 million)
- Denmark expected to join Readiness Fund soon
- Discussions with Canada

## Carbon Fund

- 15 expressions of interest signed
- \$72 million committed
- Discussions held with governments, corporations, financial institutions

# Fund Raising: Readiness Fund

## Readiness Fund (US\$ million)

	Committed	On-Hand
<b>AFD</b>	<b>5.2</b>	<b>5.2</b>
<b>Australia</b>	<b>9.6</b>	<b>9.6</b>
<b>Finland</b>	<b>9.0</b>	<b>9.0</b>
<b>Japan</b>	<b>10.0</b>	<b>10.0</b>
<b>Netherlands</b>	<b>20.3</b>	<b>5.0</b>
<b>Norway</b>	<b>30.2</b>	<b>12.6</b>
<b>Spain</b>	<b>7.0</b>	<b>7.0</b>
<b>Switzerland</b>	<b>8.2</b>	<b>8.2</b>
<b>UK*</b>	<b>5.7</b>	<b>5.7</b>
<b>USA</b>	<b>5.0</b>	<b>5.0</b>
<b>TOTAL</b>	<b>110.2</b>	<b>77.3</b>

\* Available in the Strategic Climate Fund

# Fund Raising: Carbon Fund

## Carbon Fund (US\$ million)

	<b>Committed</b>	<b>On-Hand</b>
<b>EC</b>	<b>6.3</b>	<b>7.1</b>
<b>Germany</b>	<b>14.5</b>	<b>4.0</b>
<b>Norway</b>	<b>10.0</b>	<b>10.0</b>
<b>TNC</b>	<b>5.0</b>	
<b>UK**</b>	<b>18.8</b>	<b>18.8</b>
<b>TOTAL</b>	<b>54.6</b>	<b>39.9</b>

\* In the form of a Promissory Note

\*\* Available in the Strategic Climate Fund



# FY09 Expenditures by Activity (US\$ million, Cash Basis)

Activities	Actual Cash Disbursement	Budget	Difference	Actual Cash Disbursement , Commitment & Reclassification
FMT	0.988	1.335	-0.347	0.988
Country Implementation	0.409	1.194	-0.785	1.159
Country Advisory Services	0.801	0.873	-0.072	0.801
REDD Methodology Support	0.827	1.665	-0.838	1.092
o/w IP Capacity Building	0	.200	-.200	0.181
o/w Contingency	0	.200	-.200	0
Readiness Fund Administration	0.471	0.306	0.165	0.471
<b>Total</b>	<b>3.497</b>	<b>5.373</b>	<b>-1.876</b>	<b>4.512</b>
Expense Rate	65%			84%

# Profile of Grants and Services to REDD Countries (US\$ million)

<b>Grant size for first 20 Countries</b>	<b>3.600</b>
<b>Implementation support</b>	<b>0.270</b>
<b>Avg. Advisory Services &amp; REDD Methodology Support per Country</b>	<b>0.436</b>
<b>Total FCPF Operational Support per Country for 20 Countries</b>	<b>4.306</b>
<b>Total set aside for REDD countries (20 + 12)</b>	<b>95.895</b>
<b>Total set aside for REDD countries %</b>	<b>87%</b>
<b>Total Contributions</b>	<b>110.000</b>

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# Early Insights (1)

Scale, location, timing of REDD emission reductions delivery will likely depend on:

- How quickly countries can build REDD strategies and programs based on clear diagnostics, resolve early governance concerns, and design MRV systems
- Access to sufficient and timely financial resources for capacity building, policy, legal and institutional reforms, and investments
- How effectively REDD readiness support programs can help translate emerging UNFCCC policy guidance into clear assistance

## Early Insights (2)

Countries may need to place REDD at center of national development policy to mainstream REDD and enable cross-sectoral guidance, management, processes, and arbitrages, e.g., by:

- Elevating REDD to the highest levels of government
- Establishing national REDD working group/steering committee with proper representation and expertise to prepare and advise on policies, legal and regulatory frameworks and institutions
- Strengthening understanding of and capacity to implement REDD among large number of stakeholders from public sector, private sector and civil society, including Indigenous Peoples and local communities of forest-dependent people

## Early Insights (3)

Although readiness preparation support is urgently needed, it is important to set up proper safeguards and fiduciary frameworks:

- SESA is promising approach to incorporating environmental and social dimensions and safeguards into REDD readiness preparation

Early and continuing engagement of representatives of key stakeholder groups may make national REDD readiness efforts fairer and more sustainable.

- Consultations and participation should be meaningful, and reach out broadly over time to potentially affected stakeholder groups

# Early Insights (4)

## Early experience suggests that REDD may require:

- Genuine commitments of national & international partners, leading to closer cooperation based on more trust among stakeholders and partners
- Harmonization of procedures and standards across multiple sources of REDD financing to reduce transaction costs. Significant efforts at harmonization between FCPF and UN-REDD, but more work may be needed at strategic level
- More human and financial resources in short to medium term, in countries and international programs
  - FCPF Readiness Fund does not have sufficient capital to attend to all 37 countries selected
  - Work with implementing partners

## Early Insights (5)

FCPF encourages transparent, inclusive sharing of REDD experiences and views, which has nurtured candid South-South exchange and learning-by-doing on:

- Institutional arrangements for national steering groups and consultation processes
- Early REDD strategy policy approaches to change land use patterns, incentives

*Question: Has the FCPF contributed to the progress in discussions on REDD in the UNFCCC?*



## Early Insights (6)

- R-PP Preparation led by country team, with active engagement by country of national, international organizations (e.g., FCPF, UN-REDD) and consultants
- R-PP is comprehensive, countries using template as basis for REDD Readiness
- In-country consultations well initiated but need further strengthening
- Ongoing national programs, other REDD initiatives could be reflected better
- National REDD Working Group needs to be strengthened, more cross-sectoral
- Further guidance on MRV & Reference Scenario development desirable
- Needs well identified but complementary funding sources not evident in R-PPs at this stage
- Guidance on application of Strategic Environmental and Social Assessment (SESA) desirable
- R-PP training session organized in August 2009; more planned:
  - 100+ participants from Liberia, Costa Rica, Mexico, Ghana



**THANK YOU !**