



Forest Carbon Partnership Facility

3b. Emission Reductions Programs

Organizational Meeting of the Carbon Fund

Barcelona, Spain

May 31, 2011

Outline

1. Selection Criteria for ER Programs
2. Types of ER Programs
3. ER Program Idea Note Template
4. ER Program Business Cycle

Outline

1. Selection Criteria for ER Programs
2. Types of ER Programs
3. ER Program Idea Note Template
4. ER Program Business Cycle

Selection Criteria for ER Programs: Reminder (1)

ER Programs should:

1. Be submitted by the governments or government-approved entities of countries that are FCPF REDD Country Participants that have achieved, or made considerable towards, REDD+ Readiness
2. Be based on performance, i.e., relative to an agreed REL/FRL
3. Generate high-quality and sustainable ERs (including environmental and social benefits, and minimizing risk of non-permanence)
4. Be consistent with emerging compliance standards under the UNFCCC and other regimes, as applicable
5. Be based on transparent stakeholder consultations
6. Use clear and transparent benefit-sharing mechanisms with broad community support
7. Generate learning value by testing and demonstrating different approaches that are proposed by REDD+ countries

Selection Criteria for ER Programs : Reminder (2)

Sub-national ER Programs should also:

8. Be undertaken at a significant scale, e.g., an administrative jurisdiction with country or at national level
9. Be consistent with the emerging national REDD+ Strategy
10. Demonstrate capacity to measure and report on ERs, and be consistent with the emerging national MRV system
11. Be consistent with the national REL/FRL, or with the national approach establishing the REL/FRL
12. Be integrated in a national institutional framework managing and coordinating sub-national REDD+ programs
13. Provide for an assessment of, and measures to minimize displacement (leakage) and reversals (non-permanence)



Outline

1. Selection Criteria for ER Programs
- 2. Types of ER Programs**
3. ER Program Idea Note Template
4. ER Program Business Cycle

What Does This Mean in Practice?

- Most early stage REDD+ transactions rely on a “project approach” which has operationally a number of advantages:
 - Normally only few landowner or one concessionaire
 - VCS methodology ready to use
 - Typically a contract between private entities
 - Ring-fenced approach, concentrating on specific drivers only
- Focus on a large scale e.g. administrative jurisdictions (national or sub-national) is an innovative approach and needs demonstration
 - Mix of policies and investments,
 - Results are influenced by global or national factors
 - Focus on national or sub-national development strategies
 - Innovative financial structures and arrangements needed
 - Multi-stakeholder, multi-tenure, programmatic approach

Large Programs Need REDD+ Strategies



- Long term shared vision that tries to balance:
 - Carbon emissions
 - Poverty reduction and economic development
 - Biodiversity and ecosystem benefits
 - In a cost efficient and politically manageable way
- Successful strategies are based on constant dialogue which leads to adjustments and improvements over time
 - There are no “revolutions” in the forest and land use sector, it takes time to balance conflicting agendas
 - Sustainable changes are based on a social capital
 - Important to focus on progress made, even in small steps

ER Programs and Activities

- Compared to REDD+ projects, ER Programs at a state or municipal level typically propose multiple activities, policies and investments, as an coordinated set
- ER Programs can be either very broad including all relevant sectors or focusing on very specific and most important drivers of deforestation
 - Prioritization of activities will depend on the national context, the drivers and cost benefit implications
 - ER Program will also depend on progress already made in a country



Hypothetical ER Examples (1)

District-level ER Program in East Asia

- **Description:**
 - Multiple land uses, currently unsustainable logging practices, land conversion for large scale oil palm plantations, governance...
- **Proposed activities:**
 - **Timber concessions**
 - TA for certification schemes and support governance structures
 - **Conservation Areas**
 - Identification of high-priority areas, develop incentive mechanisms for private conservation areas, improve current implementation arrangements
 - **Oil Palm Plantations:**
 - TA for certification, identification for appropriate areas for oil palm, promote roundtable with industry, incentives for sustainable practices
 - **Improvement of livelihood, education for small holders**

Hypothetical ER Examples (2)

State-level ER Program in Latin America

- Description:
 - Advanced governance practices, spatial planning concluded and implemented, shared vision on how to use natural resources
 - Main expected driver: Road implementation across the State
- Proposed activities:
 - Mitigation strategy for road implementation (targeted to one specific driver of deforestation)
 - Reforestation
 - Land tenure improvements to avoid speculation activities
 - Livelihood improvements for small holders along the road
 - Incentives for set aside of private conservation areas
 - PES system for small holders along the road
- Other activities are ongoing

Hypothetical ER Examples (3)

Support to a System of Protected Areas in Africa

- **Description:**
 - Drivers: Widespread deforestation from slash and burn and fuelwood demand for growing rural population
 - New conservation policy emphasizes community management – not yet fully implemented
- **Proposed activities:**
 - Support for community (forest) management of protected areas and buffer zones
 - Alternative sustainable economic activities, specially related to agriculture
 - Enhance public sector capacity for law enforcement
 - Land use planning, macro zoning
 - Performance based incentives to promote sustainable land-use (PES)
 - Create a sustainable financial structure for management of protected areas

Operational Challenges Moving Forward

- Sub-national ER Programs (directly and indirectly) influenced by exogenous factors
 - Food prices, national legislation and incentive schemes, national governance, education and health care system, economic policies, etc.
 - Need to acknowledge that drivers of deforestation can be beyond the control of program implementers
- Design of financial mechanism
 - REDD+ payments are performance based; revenue are extremely uncertain, making it difficult to enter into long-term arrangements with stakeholders
 - Complementary funding may be needed (other donors, public funding, national budget, etc.)
- Management of sub-national activities in national accounting
 - Lack of management capacity and legal and operational complexity
- Achieve highest possible stakeholder participation



Outline

1. Selection Criteria for ER Programs
2. Types of ER Programs
- 3. ER Program Idea Note Template**
4. ER Program Business Cycle

Emission Reductions Program Idea Note (ER-PIN): Draft Template (See Hand-Out)

Forest Carbon Partnership Facility (FCPF) Carbon Fund Emission Reductions Program Idea Note (ER-PIN) Template

Country submitting the ER-PIN	
Date submitted	

1. Entity responsible for the management of the ER-Program. <i>Please provide the contact information for the institution responsible for the implementing the ER Program .</i>	
Name of coordination entity	
Main contact person	
Title	
Address	
Telephone	
Email	
Website, if any	

2. National REDD+ Focal Point Contact Information. <i>Please provide the contact information for the institution .who endorses the submission of the ER-PIN</i>	
Name of coordination entity	
Main contact person	
Title	
Address	
Telephone	
Email	
Website, if any	

3. Implementing Partners. <i>Please list existing implementing agencies and organizations of the program that have executive functions in financing, implementing, coordinating and controlling activities . Add rows as necessary.</i>
--

Draft ER-PIN Template

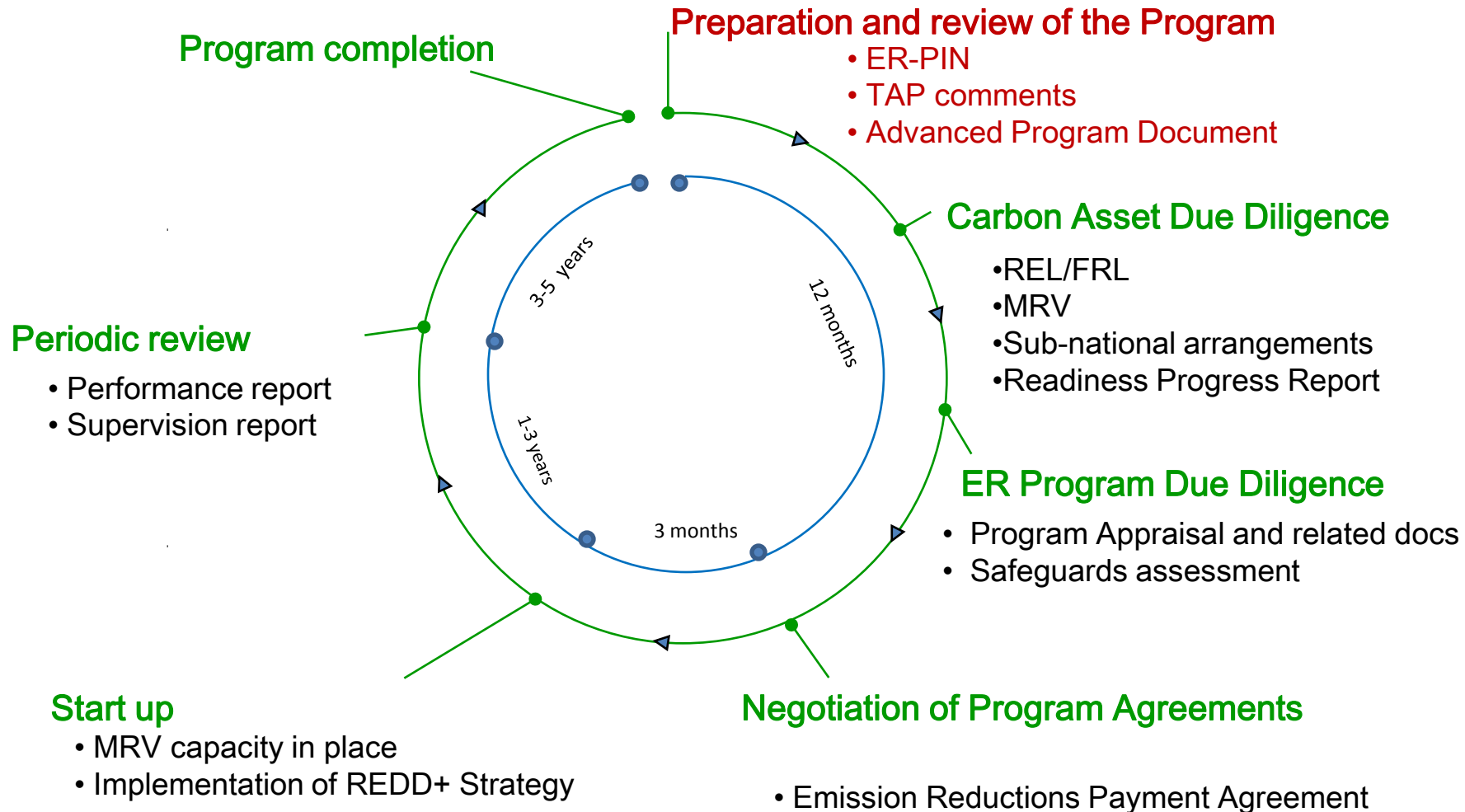
- ER-PIN is first proposal for an ER-Program
 - Needs to be proposed or endorsed by the national REDD+ coordination unit or similar
- At ER-PIN stage, sufficient information should be offered to CF Participants to commit funding for further Program development, but recognizing that it is at an early stage of development
 - Is the Program recognized and legitimate?
 - Do the proposed activities offer potential to tackle deforestation?
 - Are financial/technical/methodological proposals realistic?
 - Are sub-national proposals linked to the emerging national system?
- ER-PIN should enable ad hoc TAP, Carbon Fund Participants and Observers provide inputs
 - World Bank due diligence with only start after allocation of budget



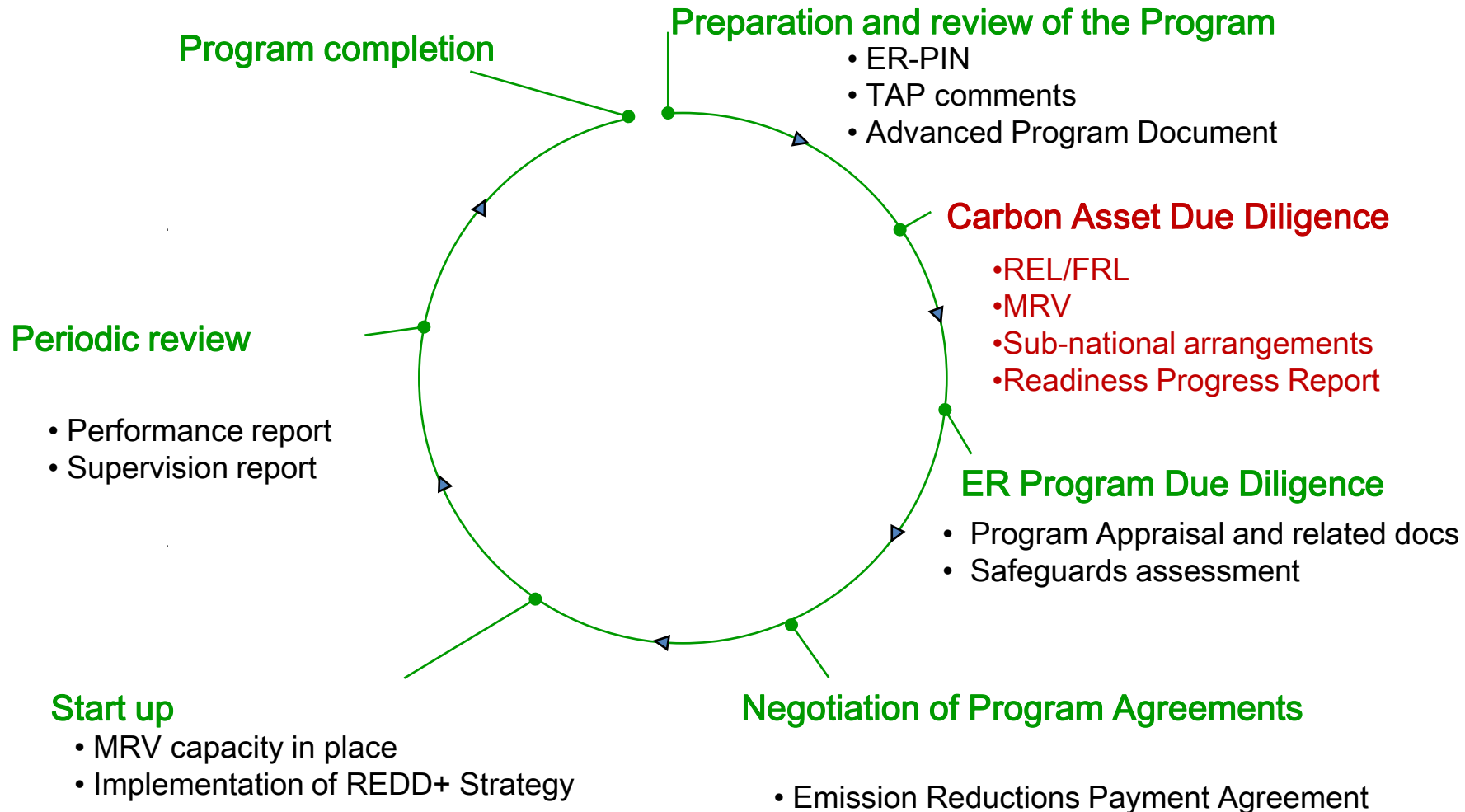
Outline

1. Selection Criteria for ER Programs
2. Types of ER Programs
3. ER-Program Idea Note Template
4. **ER Program Business Cycle**

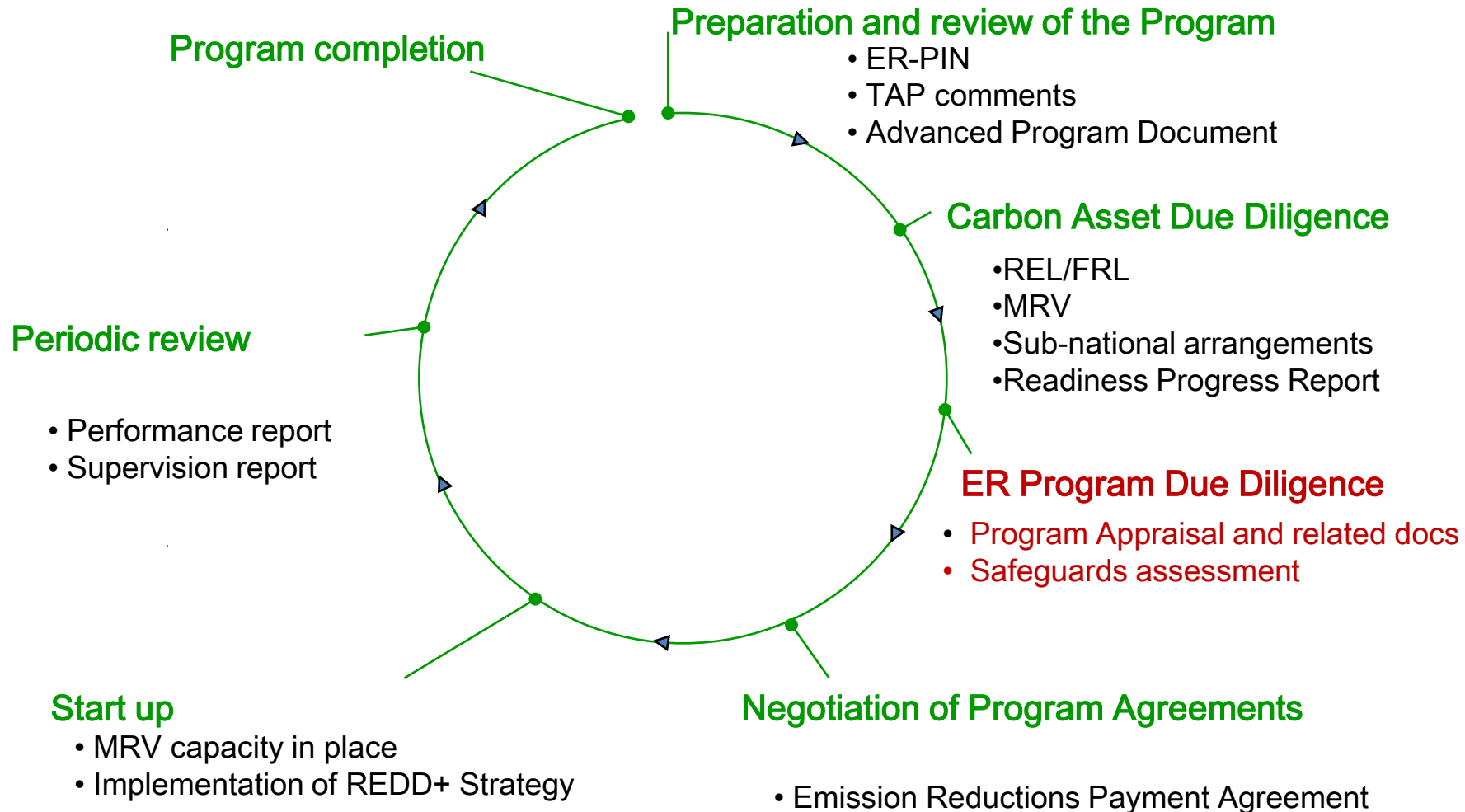
ER-Program Business Cycle (1)



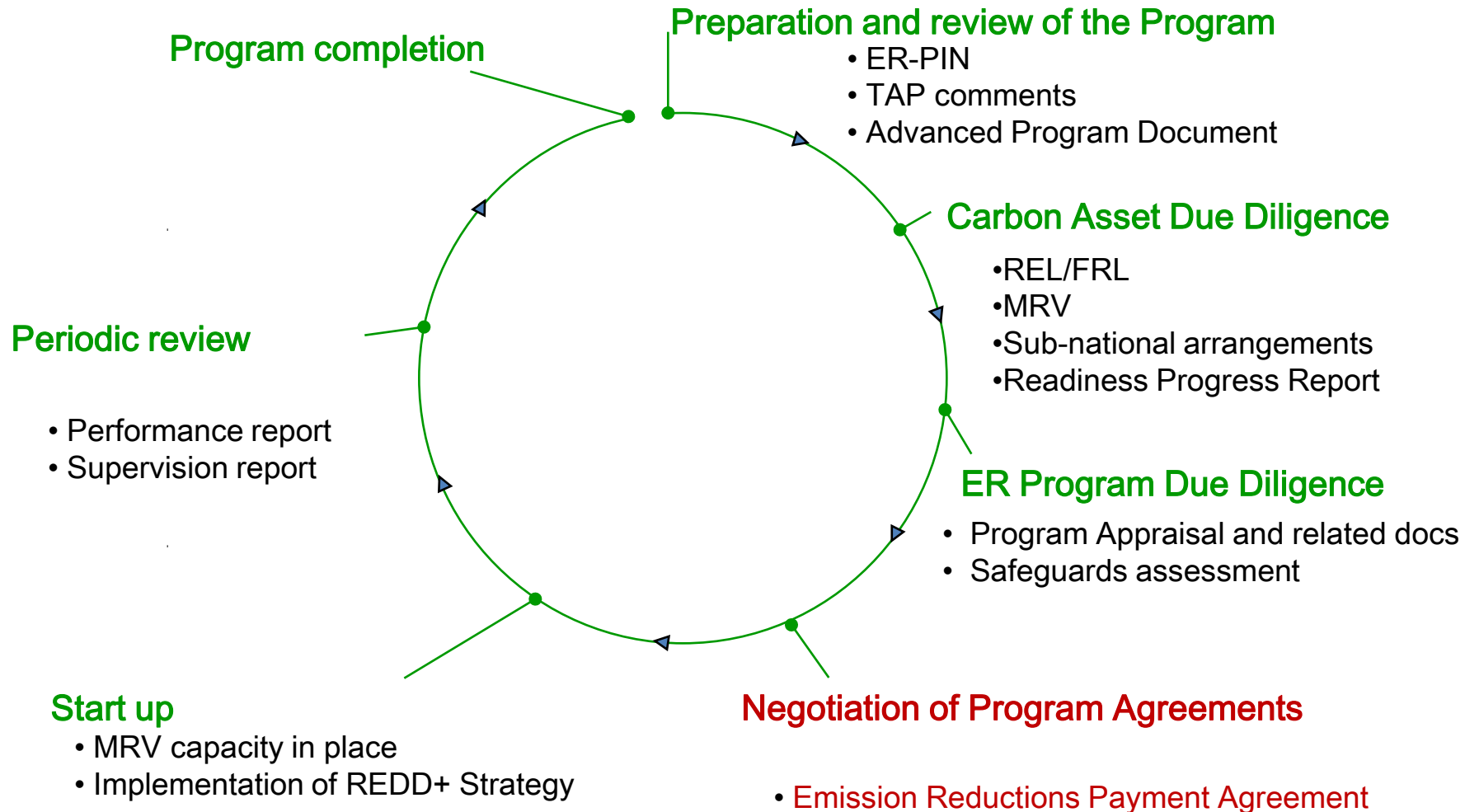
ER-Program Business Cycle (2)



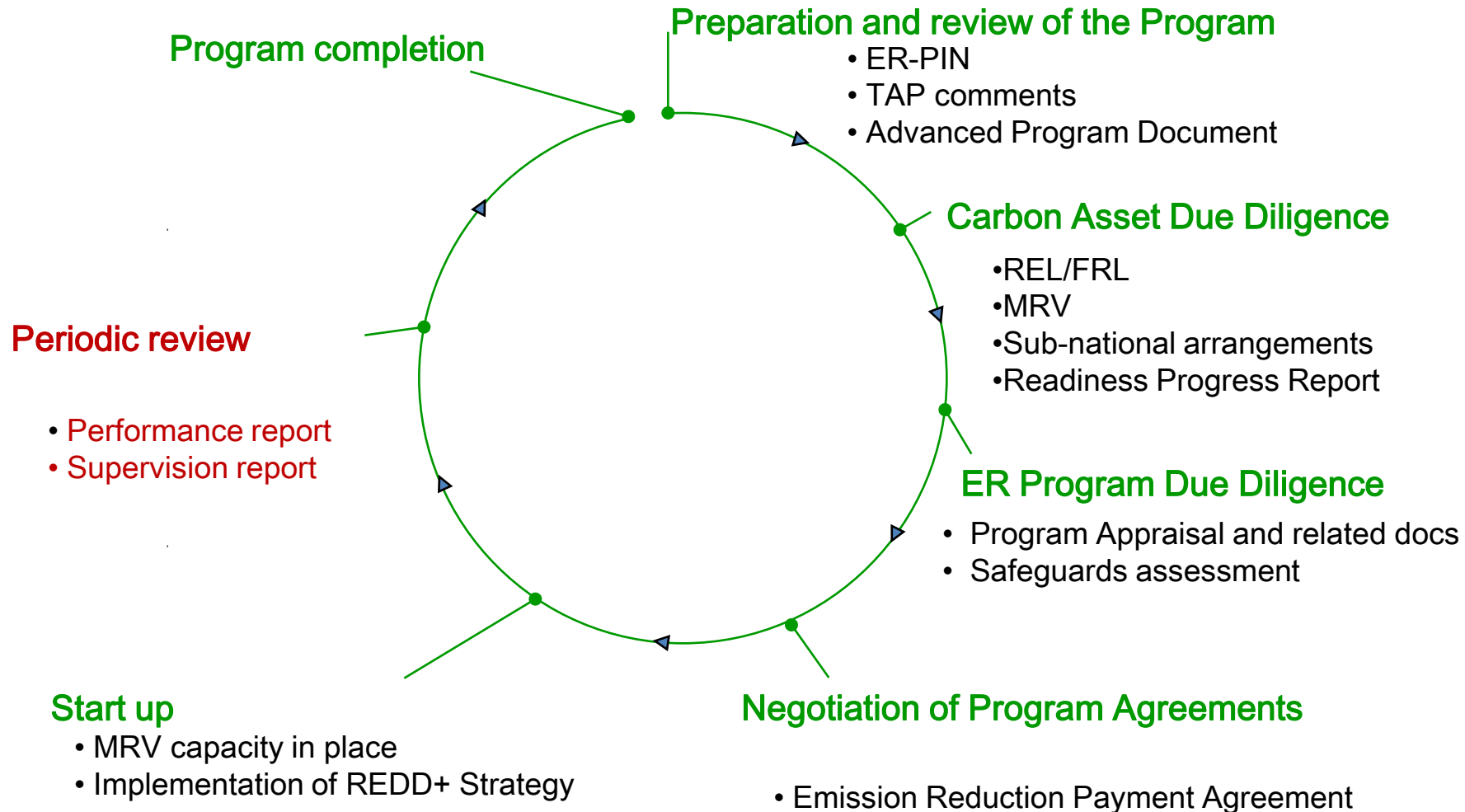
ER-Program Business Cycle (3)



ER-Program Business Cycle (4)



ER-Program Business Cycle (5)





THANK YOU!

www.forestcarbonpartnership.org