



Forest Carbon Partnership Facility

5. Strategic Direction

Fourth Meeting of the Participants Assembly (PA4)

Berlin, Germany

October 17, 2011

Outline

- Background
- Introduction to FMT Note 2011-10
 - Draft Logical Framework
 - Sources and uses of funds in the Readiness Fund
- Proposals on Strategic Issues (A-E)
- Action expected from PA4/PC10

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- **Background**
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Background

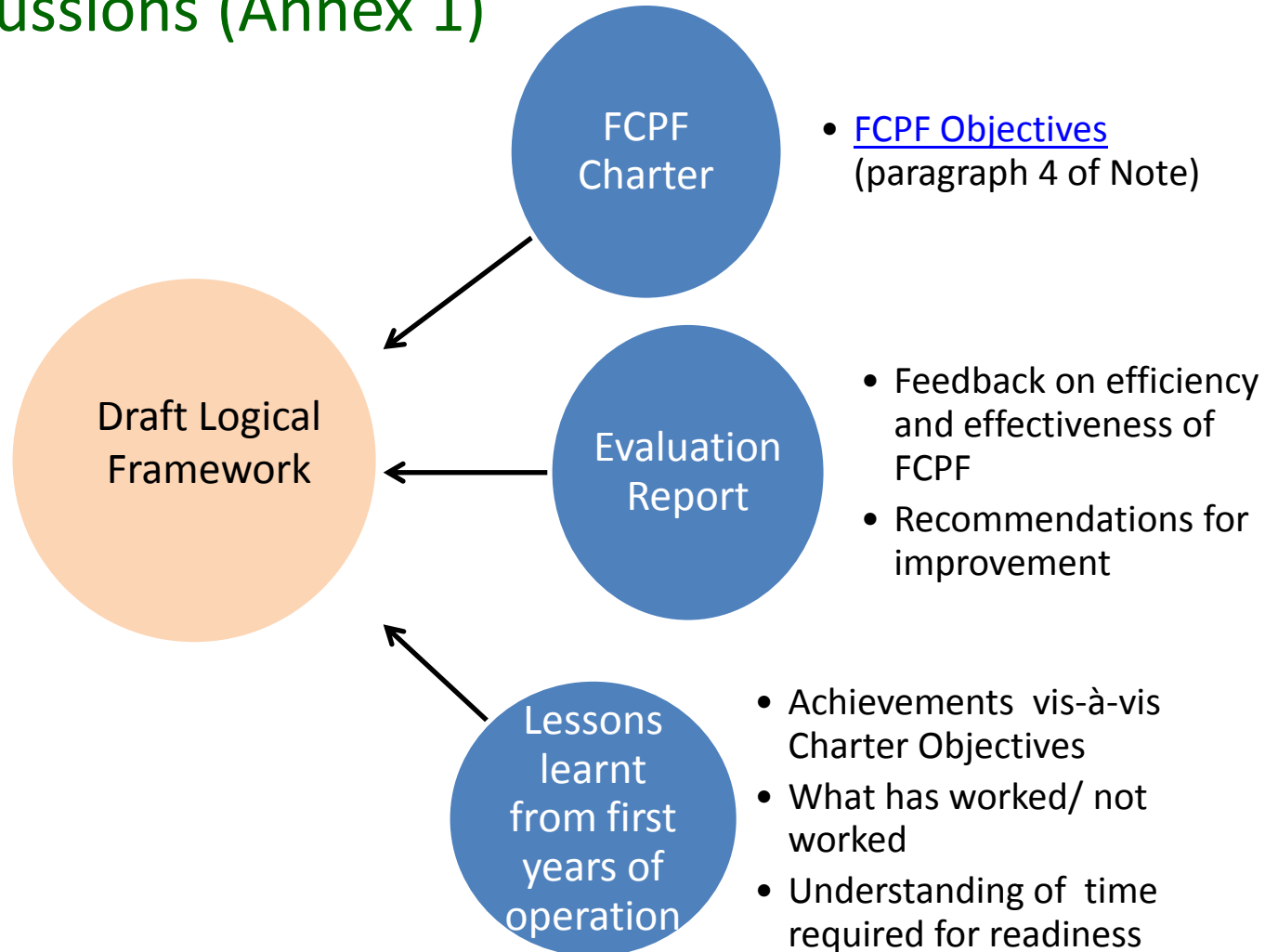
- **First FCPF Evaluation Report**
 - Consideration of evaluation recommendations at PC8
 - PC Working Group between PC8 and PC9
 - Follow-up discussions by PC Working Group at PC9
 - Decisions on some recommendations at PC9 (e.g., communications, translation requirements, R-PP review process)
 - Consideration of remaining recommendations proposed in Draft Action Plan (FMT Note 2011-9)
- **PC9 requested discussion of strategic issues at PC10**
 - Issues that are relevant to FCPF, including future operations of Readiness Fund
 - FMT Note 2011-10 (Strategic Direction of the FCPF)
 - Includes proposals on 5 issues that were reflected in Draft Action Plan and PC9 Co-Chairs Summary
 - Other issues will be discussed in future meetings (e.g., role of private sector, in-country support)

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Draft Logical Framework (1)

- Draft Logical Framework developed to aide the PC discussions (Annex 1)



Draft Logical Framework (2)

- Draft logical framework represents
 - Short to mid-term plan (2012-2015) for piloting REDD+ as stated in the Charter Objectives effectively and efficiently
 - Outcomes
 - Indicators for each of the Outcomes
 - Desired Outputs

Outcome	Outcome Indicators	
1. FCPF Countries ready for REDD+ (Readiness Fund)	10 (or more) Readiness Packages endorsed by PC	Effective guidance to REDD+ countries in readiness process, including approval of Readiness Package guide Package asses
	Grant disbursement by Delivery Partners	Efficient and timely grant funding readiness prep pilot countries regardless of the Delivery Partners)

e.g., enhancing technical support & knowledge management to countries, and increased engagement of IPs & CSOs in readiness

e.g., freeing up more resources to meet country needs, variable readiness grant agreements

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Sources and Uses of Readiness Funds (1)

Uses	
Commitments (grants) to REDD Countries	129.6
Administrative, Operations and Country Support, over the life of Facility (2020)	65.7
Reserve for accountability mechanisms (Provision)	11.5
Total uses	206.8

Sources	
Committed Funding	207.5
Committed Funding plus Pledges	231.9

Estimated Reserve	
Committed funding - total uses (\$)	0.7
Committed funding - total uses (%)	0.3%
Committed Funding plus Pledges - total uses, subject to signed Participation Agreements (\$)	25.1

Sources and Uses of Readiness Funds (2)

- Assumptions used in the projected status of funds:
 - Expected grants to 36 REDD Country Participants
 - Steady operational budget through FY15, with 20% annual cuts thereafter
 - All Delivery Partners receive funding in line with current IBRD support level
 - 36 REDD Countries currently have access to \$3.6 million grants per Resolution PC6/2010/9. Of these 36:
 - 19 (\$68.4 m committed) countries have formally assessed R-PPs; and
 - 9 countries (\$32.4 m committed) anticipate reaching the point of assessed R-PPs in FY12

Proposals for PA/PC Consideration (1)

- Five proposals being presented to PA/PC:
 - A: Ascertain REDD Country's participation status in the FCPF and eligibility to FCPF grant financing
 - B: Increase readiness grant support (efficiency of financial flows)
 - C: Enhance readiness support through analytical and knowledge management, including South-South cooperation
 - D: Enhance support to southern civil society organizations and Indigenous Peoples
 - E: Reopen FCPF to new countries

Proposals for PA/PC Consideration (2)

- Proposals influence efficiency and effectiveness of REDD+ delivery in coming years
 - Activities that will step up efforts and financing to achieve the desired outputs included in the log frame
- During discussions Participants may consider:
 - Sources and uses of Readiness funds:
 - Level of commitments \leq contributions for which trustee has signed unconditional Donor Participation Agreements (commitments cannot be made against the \$26 million in pledges)

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A. Ascertain Participation Status (1)

- Resources currently remain set aside for all FCPF countries even though progress varies
- Proposal: REDD Country Participants to confirm they are still committed to the FCPF, otherwise free up some of the Readiness funds to increase efficiency
 - Could be used to provide increased support to some countries that are making good progress towards REDD+ readiness; or
 - Support more countries should the PC decide to reopen the Readiness Fund

A. Ascertain Participation Status (2)

- Table 2 on REDD country Participants status:
 - 35 Countries signed Participation Agreements
 - 23 Countries requested \$200k R-PP Formulation Grant
 - 15 Informal R-PPs
 - 21 R-PPs formally assessed for PC assessment

A. Ascertain Participation Status (3)

- Steps proposed:
 - A: Sign Participation Agreement by December 31, 2011
 - B: Confirm intention to request the R-PP formulation grant by February 28, 2012
 - C: Confirm by February 28, 2012 intention to submit R-PP (informal or formal) by April 2012 (for consideration at PC12)
 - D: Confirm intention to submit formal R-PP by August 2012 (for consideration at PC13)
- Failure to respond by due date would mean:
 - A: Country does not become Participant
 - B: Country does not access any grants
 - C and D: Country does not access readiness preparation grant
- FMT would update PC as each milestone is reached

B. Increasing Efficiency of Financial Flows (1)

- 2 milestones that should speed up commitments:
 - March 2011: World Bank Board of Executive Directors approved the safeguards approach for FCPF readiness activities → paved way for signing grant agreements
 - June 2011: PC9 approved modalities for Multiple Delivery Partner arrangement, including Common Approach
- 2 additional options for increasing support to REDD countries:
 - Variable readiness preparation grants
 - Possibility for portion of grant to be executed by the respective Delivery Partner

B. Increasing Efficiency of Financial Flows (2)

- Variable readiness preparation grants:
 - PC could consider an additional grant (\$2 million or more) to countries that have demonstrated satisfactory progress in the readiness process through the use of first \$3.6 million
- Criteria that could be used to determine country eligibility for additional funds:
 - PC satisfied with the REDD country's progress towards readiness at mid-term progress report
 - Country should have disbursed at least 50% of its \$3.6 million
 - Additional grant would support activities already included in the readiness grant agreement or new critical activities to be agreed with Delivery Partner
 - Such a grant would be approved subject to availability of funds or from funds freed from grants that have not been utilized by other countries (as in proposal A)

B. Increasing Efficiency of Financial Flows (3)

- Possibility for portion of the readiness grant to be executed by the respective Delivery Partner
 - Readiness grants are generally “recipient-executed”
 - Possible for grant to be fully or partially executed by the Delivery Partner on behalf of the recipient if requested (except SESA/ESMF)

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C. Enhance Readiness Support (1)

- FCPF has promoted efforts on:
 - Cross learning, e.g., organization of workshops, events, knowledge exchange to enhance understanding of R-PP template and readiness processes
 - South-South exchange among countries on readiness elements, knowledge panels on benefit sharing, Readiness Package, links FLEGT and REDD+
- Calls from Evaluation Report, REDD+ Partnership study: scale up these efforts

C. Enhance Readiness Support (2)

- Efforts have been initiated by FCPF:
 - Support for activities on Reference Levels, MRV, benefit sharing approved in FY12 budget (para 24)
- Challenges so far are:
 - Information on key topics still at the conceptual level
 - While the information has fostered thinking on these topics, it is uncertain whether it meets country needs
 - Using the example of several pieces of work on benefit sharing by World Bank some feedback from countries would help direct resources where they are most useful

C. Enhance Readiness Support (3)

- Proposal includes:
 - Conduct analytical work, possibly at increased pace during readiness implementation phase
 - Quickly assess specific country needs in each of the topics (Reference Levels, MRV, benefit sharing, SESA, etc.) to help channel support to demand-driven activities
 - Systematize harvesting and dissemination of best practices generated from analytical work and pilot interventions
 - Continue South-South exchange
 - Increase coordination amongst initiatives on knowledge management to avoid duplication
- Based on discussions at this meeting and following a quick assessment of country needs, the FMT would present a more detailed 3-year proposal, including a budget estimate, for activities referred to above

D. Indigenous Peoples and Civil Society (1)

- FCPF has engaged IPs and CSOs since inception
 - Exchanges at various stages of the Facility
 - \$1 million support for IP Capacity Building Program (\$200,000 per year over the period FY09-FY13)
 - Support for IP observers in meetings
 - Global dialogue on FCPF in Panama in September 2011
- Evaluation recommended increase support to national civil society and IPs
- REDD+ Partnership: Recommendation to scale up efforts on stakeholder engagement by multilateral initiatives
- Action Plan from global dialogue in Panama very positive

D. Indigenous Peoples and Civil Society (2)

- FMT Proposal includes support for:
 - Enhanced representation and participation of CSOs, particularly southern CSOs in FCPF meetings
 - 3 regional dialogues + 1 global dialogue with IPs
 - Support for an expanded IP Capacity Building program and for a new CSO Capacity Building program to assist ongoing REDD+ readiness at the country level. Management modalities to be discussed to ensure fairness, transparency and efficiency
- Budget request: \$5 million (FY12-15)
 - \$3 million for the IP component
 - \$2 million for CSO component
 - Proposal is for PC consideration as part of its strategic considerations and subject to new signed Participation Agreements
 - Needs to take into account the proposed Dedicated Grant Mechanism for Indigenous Peoples and Local Communities under the FIP

E. Reopening the FCPF (1)

- 11 countries have expressed interest in joining the FCPF since PC2 (March 2009):
 - Belize, Bhutan, Burkina Faso, Burundi, Chad, Côte d'Ivoire, Guinea, Jamaica, Nigeria, Pakistan and Sudan
- At PC6 (July 2010), the PC had acknowledged the interest
 - FMT, in consultation with PC Bureau, could invite countries to observe meetings
 - Participation would be for that meeting only and would not lead to a permanent or continuing observer role
 - Costs of attendance should be covered from outside of FCPF resources if possible

E. Reopening the FCPF (2)

- Reopening FCPF to new countries provides an opportunity to interested countries to actively engage in REDD+, which in turn fosters the objectives of REDD+ at a global level
- However: Resource implications depending on the level of participation in the FCPF:
 - Financing
 - Staff time
 - Logistics
- 5 options with different resource implications

E. Reopening the FCPF (3)

Option	Resource Implications
1. Candidate countries are invited to observe the annual meetings of the Participants Assembly (PA).	<p>No financial support would be made available by the Readiness Fund. Participation costs in FCPF meetings/workshops would need to be met by the countries from their own resources.</p> <p>logistical constraints involved in expanding the number of countries, including the constraints of finding larger meeting venues etc.</p> <p>At a minimum, this would require an increase in FMT administrative resources/support to meetings.</p>

E. Reopening the FCPF (4)

<p>2. Candidate countries are included as Participants but with no financial support for readiness. This could allow active participation of candidate countries potentially as representation in the Participants Committee.</p>	<p>Financial support would be limited to participation in FCPF meetings only.</p> <p>For 11 countries, the participation cost for one representative in the annual FCPF PA meeting would be about \$55,000 (@ \$5,000 per participant) and \$440,000 for the life of the Readiness Fund.</p> <p>In addition, there would be some additional FMT administrative support costs and logistics, as noted above.</p>
<p>3. Candidate countries are included as Participants and provided support of \$200,000 for R-PP formulation , and participation cost of one representative at PA and PC meetings.</p>	<p>Financial support would include R-PP formulation grant (\$200,000), with support costs for Delivery Partner and participation costs in FCPF meetings.</p> <p>Total estimated cost is about \$6 million.</p>

E. Reopening the FCPF (5)

4. Candidate countries are included as Participants with full access to readiness preparation grant (\$3.6 million at this time).	Total estimated budget including Delivery Partner support costs would be \$61.6 million (@ \$5.6 million per country based on current cost profile)
5.The Readiness Fund is not opened to new countries	N/A

E. Reopening the FCPF (6)

- Budget Implications:

- Capitalization target of \$185 million was reached and exceeded, but
- Inclusion of new countries would be subject to the availability of committed resources
- A possible trade-off exists with providing larger grants to the existing REDD Country Participants (Proposal B)

- Timing :

- PC may prefer to wait for the participation status of the existing 37 countries selected to be clarified (see Proposal A)
- Or PC may want to decide on options to reopen the FCPF in parallel

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What is Expected of PA and PC?

1. PA: Consider the proposals and provide general guidance to the PC and FMT, including on actions that should be considered in priority
2. PC: Contact Group will be formed on Tuesday to discuss the specific proposals and build on PA guidance and may wish to consider adopting Resolutions or guidance on some/all of the FMT proposals

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THANK YOU!

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FCPF Objectives (Charter)

- ❖ To assist Eligible REDD Countries in their efforts to achieve Emission Reductions from deforestation and/or forest degradation by providing them with financial and technical assistance in building their capacity to benefit from possible future systems of positive incentives for REDD;
- ❖ To pilot a performance-based payment system for Emission Reductions generated from REDD activities, with a view to ensuring equitable benefit 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 Preparation Proposals and Emission Reductions Programs.

