



FOREST CARBON  
PARTNERSHIP FACILITY

**2018 ANNUAL REPORT**

**FOREST  
CARBON  
PARTNERSHIP  
FACILITY**





WHAT WE HAVE  
LEARNED OVER  
THE PAST DECADE  
IS THAT FORESTS  
AND LAND-BASED  
SOLUTIONS ARE  
ESSENTIAL IN  
ADDRESSING  
CLIMATE CHANGE



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## ACRONYMS

BioCF	BioCarbon Fund	ISFL	Initiative for Sustainable Forest Landscapes (of the BioCarbon Fund)
BUR	Biennial Update Report	IUCN	International Union for Conservation of Nature
CBP	Capacity Building Program for Forest-Dependent Indigenous Peoples and Southern Civil Society Organizations	Lao PDR	Lao People's Democratic Republic
CF	Carbon Fund	Lol	Letter of Intent
CIF	Climate Investment Funds	M&E	Monitoring and Evaluation
COP	Conference of the Parties (to the UNFCCC)	MF	Methodological Framework
CORSIA	Carbon Offsetting and Reduction Scheme for International Aviation	MoU	Memorandum of Understanding
CSO	Civil Society Organization	MRV	Measurement, Reporting, and Verification
DP	Delivery Partner	MTR	Mid-Term Review
ER	Emission Reduction	NFMS	National Forest Monitoring System
ERP	Emission Reductions Program	NGO	Non-Governmental Organization
ERPA	Emission Reductions Payment Agreement	NICFI	Norway's International Climate and Forest Initiative
ERPD	Emission Reductions Program Document	Norad	Norwegian Agency for Development Cooperation
ER-PIN	Emission Reductions Program Idea Note	PA	Participants Assembly
ESMF	Environmental and Social Management Framework	PC	Participants Committee
FAO	Food and Agriculture Organization	PROFOR	Program on Forests
FCPF	Forest Carbon Partnership Facility	REDD	Reducing Emissions from Deforestation and Forest Degradation
FIP	Forest Investment Program	REDD+	REDD plus conservation of forest carbon stocks, sustainable management of forests, and enhancement of forest carbon stocks
FMT	Facility Management Team	R-PP	Readiness Preparation Proposal
FPIC	Free, Prior, and Informed Consent	SESA	Strategic Environmental And Social Assessment
FREL	Forest Reference Emission Level	SIS	Safeguards Information System
FRL	Forest Reference Level	SMART (indicators)	Specific, Measurable, Achievable, Relevant and Time-Bound (indicators)
FYn	Fiscal Year year n: July 1, year (n-1) – June 30, year n	tCO <sub>2</sub> e	(Metric) Tons of Carbon Dioxide Equivalent
GFOI	Global Forest Observation Initiative	TAP	Technical Advisory Panel
GHG	Greenhouse Gas	UNDP	United Nations Development Programme
GIS	Geographic Information System	UNFCCC	United Nations Framework Convention on Climate Change
GRM	Grievance Redress Mechanism	UN-REDD	United Nations Collaborative Programme on Reducing Emissions from Deforestation and Forest Degradation in Developing Countries
IBRD	International Bank for Reconstruction and Development (of the World Bank Group)	WB	World Bank
ICAO	International Civil Aviation Organization		
IDB	Inter-American Development Bank		
IFC	International Finance Corporation (of the World Bank Group)		
INPE	Instituto Nacional de Pesquisas Espaciais		
IP	Indigenous Peoples		
IPCC	Intergovernmental Panel on Climate Change		

All dollar amounts are U.S. dollars unless otherwise indicated.



# Foreword

It has been a milestone year for the Forest Carbon Partnership Facility (FCPF), marking 10 years since the facility first became operationalized. A decade later, the FCPF continues to champion efforts to reduce emissions from deforestation and forest degradation and promote sustainable forest management. These activities, commonly referred to as REDD+, remain some of the planet's best options to preserve forests and biodiversity, mitigate climate change, and improve livelihoods.

Through trusted collaboration with countries, donors, and partners, the FCPF, initially capitalized at \$160 million in 2008, has grown into a \$1.3 billion fund 10 years later, and is now one of the leading initiatives in the world for the advancement of climate-smart forest and land use.

What we have learned over the past decade is that forests and land-based solutions are essential in addressing climate change, contributing up to 37 percent of the reduction in greenhouse gas (GHG) emissions that is needed. However, we are not winning this battle—since 2000, we have lost 7 percent of the world's forest cover.

At the same time, the international community has yet to generate the levels of funding that we were expecting 10 years ago. Currently only 3 percent of climate finance goes to addressing landscapes and forestry. Moving forward, it will be critical that we scale up financial support to forest countries to help them make the shift to long-term, sustainable forest management.

The good news is that we are in a better position than ever to address this challenge. More than 100 countries have included forest action in their national plans to meet the Paris Agreement objectives. Many of these countries are putting processes in place to develop their forest monitoring capacity and to engage stakeholders who haven't been included before. In the private sector, hundreds of companies around the world have committed to reducing or eliminating deforestation from their supply chains.

After 10 years in operation, the FCPF is also up to the challenge, having built the necessary foundations and frameworks. Many of our country participants have moved beyond REDD+ Readiness activities to program implementation. The FCPF Carbon Fund is on the cusp of signing





its first Emission Reductions Payment Agreements and is well positioned to provide a series of success stories in the coming years on how international collaboration can support forest protection at scale.

This 10th anniversary year has provided a valuable opportunity to take stock of how far our country participants have come. A tireless supporter of their work has been Ellysar Baroudy, FCPF's coordinator since 2013, who recently moved on to a new role at the World Bank. Elly, we thank you for your years of tenacity, enthusiasm, and leadership.

I am honored to take the reins and look forward to continued collaboration and innovation with FCPF country participants, donors, observers, and partners, to protect the tropical forests the world needs now more than ever.



**Simon Whitehouse**  
FCPF Fund Manager  
October 2018



# Executive Summary

## **FROM READINESS TO EMISSION REDUCTIONS IMPLEMENTATION**

In the FCPF's 10th anniversary year, it has been rewarding to take stock of the progress made by country participants, who have worked diligently over the past decade to develop policies and standards for REDD+, as well as tools for technical capacity building, stakeholder engagement, and greater gender integration. This past year has been no exception.

Since July 2017, the FCPF's Readiness Fund has endorsed seven new Readiness Packages (Ethiopia, Guatemala, Indonesia, Lao People's Democratic Republic, Liberia, Madagascar, and Nicaragua), and allocated additional Readiness funding for 15 more countries (Bhutan, Burkina Faso, Cambodia, Chile, Cote D'Ivoire, Dominican Republic, El Salvador, Guatemala, Mexico, Nicaragua, Nigeria, Papua New Guinea, Sudan, Togo, Uganda). All this work underscores how far FCPF country participants have come in establishing the building blocks for REDD+.

In the FCPF's Carbon Fund, over the past fiscal year five countries (Lao PDR, Mozambique, Madagascar, Nepal, and Vietnam) have presented large-scale Emission Reduction Programs (ERPs) and have been accepted into the portfolio, bringing the total number to 11. Several of these countries are now in the final stages of ERP revisions and negotiations, with several expected to sign Emission Reductions Payment Agreements (ERPAs) and start implementation in the coming months.

Over the past year, the FCPF has also advanced important tools on a wide range of technical topics, including registries, verifications, REDD+ and ER financing plans, REDD+ nesting, and due diligence on transfer of title. In March, the FCPF's Evaluation Oversight Committee, on behalf of the Participants Committee, endorsed the Facility's revised monitoring and evaluation (M&E) framework, which will provide a more simplified and robust basis for monitoring and measuring the FCPF's impact and progress. The streamlined structure of this annual report reflects some of these improvements to the M&E framework.

In its 10th year of operation, FCPF's Capacity Building Program for Forest-Dependent Peoples and Southern Civil Society Organizations (CBP) is stronger than ever. Now in Phase 3, the CBP continues to support six regional organizations across Africa, Asia-Pacific, and Latin America and the Caribbean that are implementing dozens of outreach programs designed to raise the engagement of indigenous peoples and civil society in REDD+ Readiness and implementation.





From organizing workshops on free, prior, and informed consent (FPIC) to capturing the traditional knowledge of women and elders, the CBP remains one of the FCPF's most important initiatives to date.

The FCPF further supported capacity-building across an even broader range of REDD+ stakeholders through several South-South Knowledge Exchanges over the past year. This included a joint FCPF and Forest Investment Program (FIP) Knowledge Day in September 2017, focusing on topics ranging from REDD+ strategy development, strategic finance, and combating illegal logging to stakeholder engagement, REDD+ communication, identifying gender gaps, and engaging the private sector.

At the international level, the FCPF continued its engagement with important climate change efforts, including the UN's Climate Change Conference in Bonn (COP23) in November 2017, and more recently at the Oslo Tropical Forest Forum in June 2018. Further, in February, the FCPF presented at the International Civil Aviation Organization (ICAO) Carbon Markets meeting, agreeing to participate as a sample program in the informal testing of programs under ICAO's Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA).

The FCPF also advanced several international initiatives aimed at deepening engagement with the private sector in REDD+. This included work with the World Cocoa Foundation that helped to launch the Joint Frameworks for Action of the Cocoa and Forests Initiative at COP23. In June 2018, the World Bank's International Finance Corporation (IFC) presented a new approach and collaboration with the FCPF Carbon Fund to engage the private sector in forest conservation through a possible multicountry forest bonds program.

In the coming year, we will continue working closely with our stakeholders to ensure that countries in the Readiness Fund finish putting in place the scaffolding to participate in jurisdictional landscape ERPs, and those in the Carbon Fund move toward signing ERPs and receiving ER payments.



# How the FCPF Operates

The Forest Carbon Partnership Facility is truly a global partnership—comprised of governments, the private sector, civil society, international organizations, and indigenous peoples—focused on efforts to reduce emissions from deforestation and forest degradation, forest carbon stock conservation, the sustainable management of forests, and the enhancement of forest carbon stocks in developing countries (activities commonly referred to as REDD+).

After 10 years in operation, the FCPF now works with 47 developing countries across Africa, Asia-Pacific, and Latin America and the Caribbean. With the support of the FCPF, countries lay the groundwork to implement REDD+, the building blocks of which include developing national REDD+ strategies and reference emission levels; designing measurement, reporting, and verification (MRV) systems; and putting in place national REDD+ management structures, including environmental and social safeguards.

The FCPF also pilots results-based payments to countries that have advanced through REDD+ readiness and implementation and achieved verified ERs in their forest sector. In addition to ERs, the FCPF tests ways to sustain or enhance livelihoods of local communities and to conserve biodiversity.

The FCPF has two separate but complementary funding mechanisms—the Readiness Fund and the Carbon Fund—to achieve its strategic objectives. Both these mechanisms are supported by a multidonor fund of governments and nongovernmental entities, including private companies, all of which have made a minimum financial contribution of \$5 million. Contributors to the Readiness Fund are known as Donor Participants, and contributors to the Carbon Fund are known as Carbon Fund Participants. Developing countries participating in both funds of the FCPF are known as REDD+ Country Participants.

## STRATEGIC OBJECTIVES

To assist countries in their REDD+ efforts 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 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**.

To **disseminate broadly the knowledge gained** in the development of the Facility and the implementation of Readiness Preparation Proposals and Emission Reductions Programs.



# Impacts

**REDUCED EMISSIONS**  
from deforestation and  
forest degradation

**SUSTAINED OR ENHANCED  
BIODIVERSITY** and  
**LIVELIHOODS** for forest  
dependent men and women

# Outcomes

## OVERARCHING OUTCOME:

**Improved governance and transparency for sustainable forest resource management (including REDD+ interventions) within Participant Countries**

The Readiness Fund supports the development of capacity within Participant Countries to deliver REDD+ and/or access REDD+ finance

The Carbon Fund incentivises the development and delivery of REDD+ ER programs

Participant Countries strengthen delivery of programming aimed at sustaining or enhancing livelihoods of local communities and/or conserving biodiversity

Enhanced learning from FCPF on global implementation of REDD+

# Outputs

Readiness Assessment Framework is agreed upon and disseminated

Countries demonstrate an adequate plan to achieve preparedness for REDD+ funding

Countries progress adequately on implementation of their R-PP and Grant Agreements

Standards and preparations in place for high-quality ER Programs discussed and endorsed by CF Participants and/or PC

Countries have entered into the portfolio of the Carbon Fund

Private sector engages with the Carbon Fund

Countries progress adequately on implementation of their ER Programs

Enhanced capacity of IPs and CSOs to engage in REDD+ processes at the country level

FCPF Participant Countries test ways to sustain and enhance livelihoods

FCPF Participant Countries test ways to conserve biodiversity

Knowledge gained during the development and delivery of FCPF activities is disseminated, in line with Communications and Knowledge strategy

Participants actively engage in South-South learning activities

FCPF knowledge is applied by Participants and other REDD+ practitioners





# Who is the FCPF?

## REDD+ COUNTRY PARTICIPANTS



Argentina



Belize



Bhutan



Bolivia



Burkina Faso



Cambodia



Cameroon



Central African Republic



Chile



Colombia



Congo, Dem. Rep. of



Congo, Rep. of



Costa Rica



Côte d'Ivoire



Dominican Republic



El Salvador



Ethiopia



Fiji



Gabon



Ghana



Guatemala



Guyana



Honduras



Indonesia



Kenya



Lao People's Dem. Rep.



Liberia



Madagascar



Mexico



Mozambique



Nepal



Nicaragua



Nigeria



Pakistan



Panama



Papua New Guinea



Paraguay



Peru



Sudan



Suriname



Tanzania



Thailand



Togo



Uganda



Uruguay



Vanuatu



Vietnam



## DONORS



European Commission



Australia



Canada



Denmark



Finland



France



Germany



Italy



Japan



Netherlands



Norway



Spain



Switzerland



United Kingdom



United States of America

## DELIVERY PARTNERS



## OBSERVERS



Indigenous Peoples



Civil Society Organizations



International Organizations



Women's Groups



Private Sector





# Ten Years of Action on Forests

World Bank President Robert Zoellick launches the FCPF at the Bali Climate Meeting.

There are now 37 participant countries, double the original target of 20, reflecting the high level of interest from developing countries.

The Carbon Fund becomes fully operational and the Readiness Fund signed its first Readiness preparation grant agreements with DRC, Indonesia and Nepal.

2007

2009

2011

2008

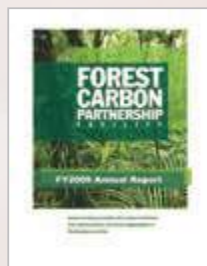
2010

2012

FCPF becomes operational and launches its Capacity Building Program for Forest Dependent Peoples and Southern Civil Society Organizations, which is still active in 2018.

13 participant countries submit draft or formal REDD+ R-PPs to the FCPF Readiness Fund.

The Facility now has 18 financial contributors, and 6 categories of observers, including Indigenous Peoples, women's groups and civil society.





DRC presents the first large-scale ER-PIN to the Carbon Fund.



The Carbon Fund pipeline now includes 11 ER programs and a record 13 Readiness Preparation grants are signed under the Readiness Fund.



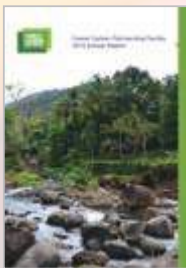
Chile, Costa Rica, Ghana, Mexico, and the Republic of Congo join the Carbon Fund portfolio.



11 new countries join FCPF, 7 new ER-PINs are selected into the Carbon Fund and a record number of 13 R-PPs are assessed by the Participants Committee.



Costa Rica and the Democratic Republic of Congo become the first two countries to present ERPDs to the Carbon Fund, leading the way on large-scale emission reductions programs





# 2018 in Numbers



46 Readiness Proposals



47

Countries  
in Readiness Fund

43 Readiness Preparation  
Grant Agreements signed

35 Mid-Term Reports



16 R-Packages  
endorsed

US\$399  
Million  
in Readiness Fund

Readiness Funds in Millions:

\$314 Grants Allocated

\$274 Grants Signed

\$128 Funding Disbursed



## CAPACITY BUILDING PROGRAM



GRANTS IN  
MILLIONS  
\$10m

50,000+  
PEOPLE REACHED

WOMEN  
47%



19  
Countries  
in Carbon Fund



24 Early Idea Notes

19 Signed Letters  
of Intent

20 ER-PINs

11 ERPDs

US\$900  
Million  
in Carbon Fund



550,000  
Square miles:  
Combined Program Areas

50,000,000+  
People Impacted

## COMMUNICATIONS AND KNOWLEDGE

23

KNOWLEDGE  
SEMINARS:



SOUTH-SOUTH  
KNOWLEDGE  
EXCHANGES

5

100,000+

PEOPLE REACHED ON SOCIAL MEDIA



# The Readiness Fund

Throughout the past year, REDD Country Participants have continued to make important advancements in their REDD+ Readiness efforts, including national policy reforms, engaging and consulting stakeholders, advancing their national REDD+ strategies, developing national forest monitoring and safeguards information systems, and establishing forest reference levels, as well as capturing and enhancing the non-carbon benefits of REDD+.

This section highlights examples of country progress under each of these building blocks of REDD+ Readiness.



## MILESTONES

### Number of Readiness Preparation Proposals

The R-PP, which is submitted by REDD Country Participants, details the activities to be undertaken by countries to increase their capacity to address REDD+ and the Readiness Package.

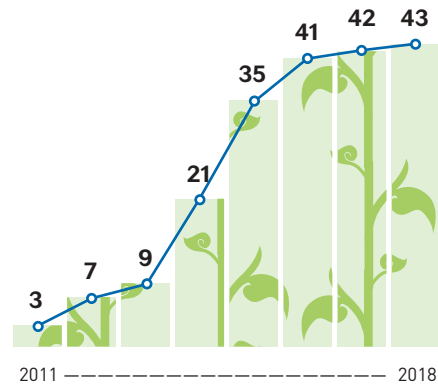
The Participant's Committee endorsed one additional R-PP in FY18: Gabon.



### Number of Readiness Preparation Grant Agreements signed

A Readiness Grant Agreement sets out terms and conditions for disbursement of the grant for support of a Readiness Preparation Proposal.

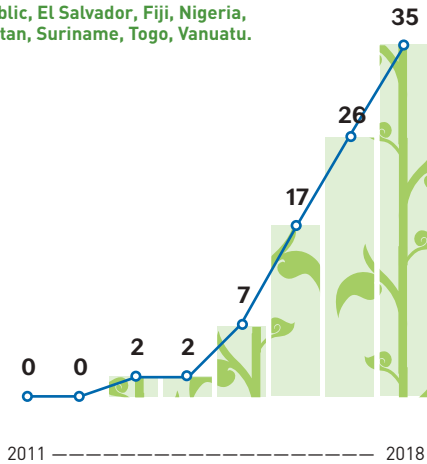
One new Readiness Preparation Grant Agreement was signed in FY18: Paraguay.



### 35 Mid-Term Reports

An MTR provides an update on progress made in the implementation of the R-PP.

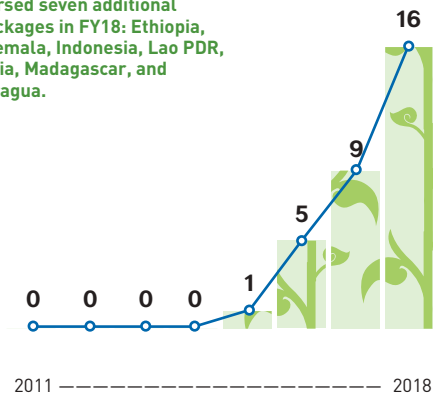
Nine additional countries presented MTRs to the Participants Committee in FY18: Burkina Faso, Dominican Republic, El Salvador, Fiji, Nigeria, Pakistan, Suriname, Togo, Vanuatu.



### 16 Readiness Packages endorsed

An R-Package describes the activities designed to support a REDD Country Participant's capacity to participate in future systems of positive incentives for REDD+, which include a reference scenario, a REDD+ Strategy and a monitoring system.

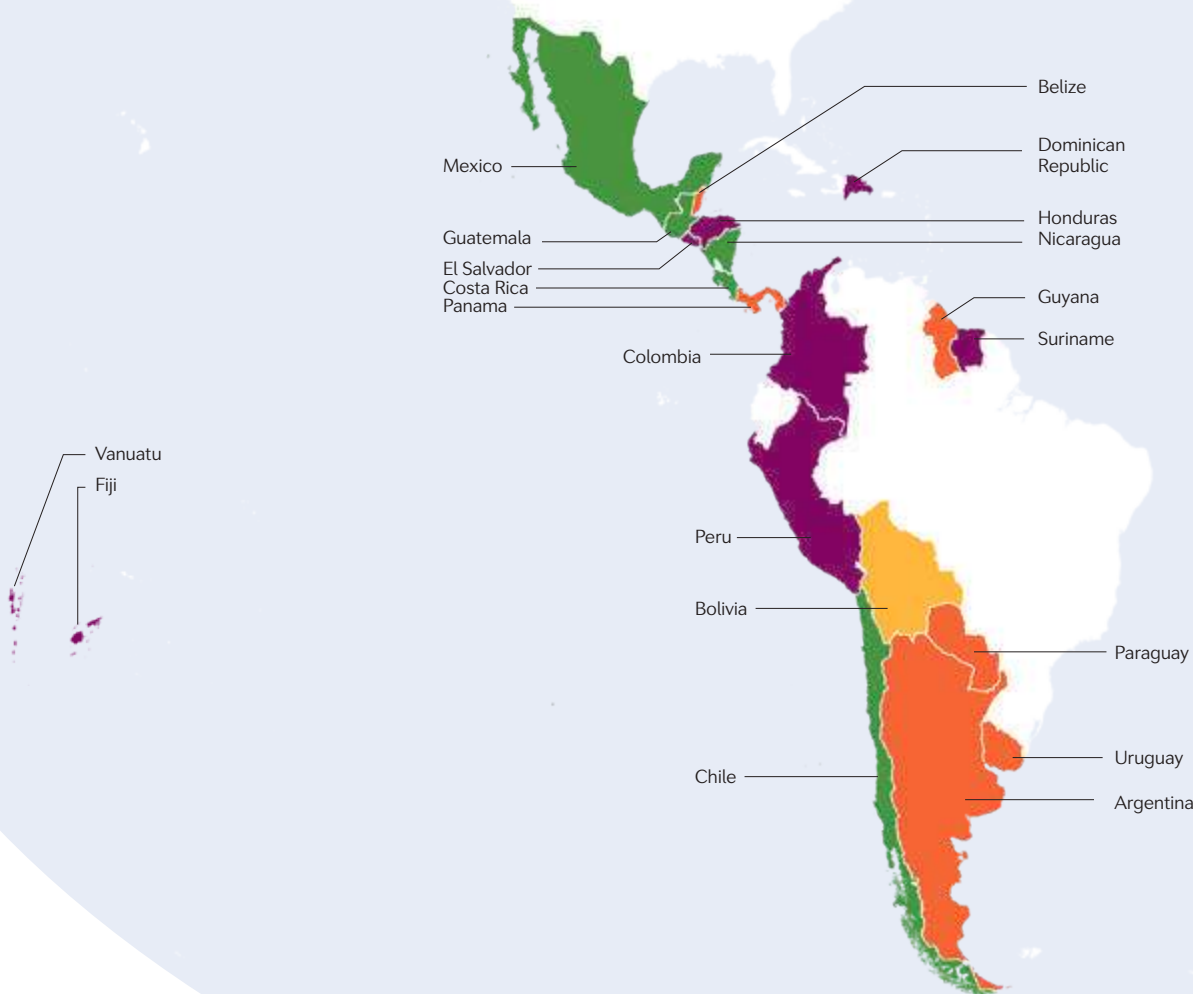
The Participant's Committee endorsed seven additional R-packages in FY18: Ethiopia, Guatemala, Indonesia, Lao PDR, Liberia, Madagascar, and Nicaragua.

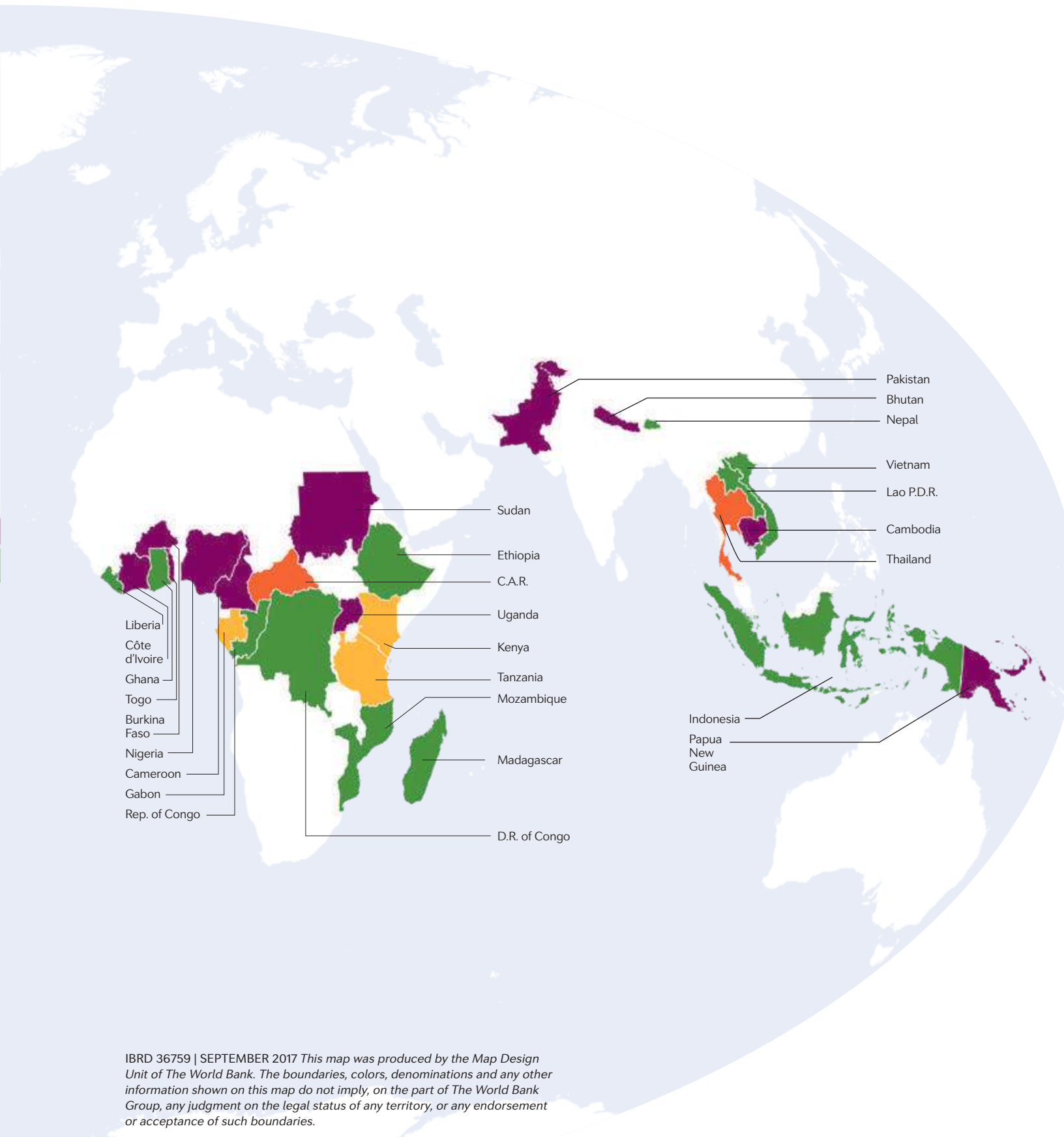




47 REDD+ Country Participants have been selected into the FCPF and have signed Participation Agreements. The map illustrates the **furthest milestone** towards Readiness completion a country has achieved as of June 30, 2018.

- 16** Readiness Packages Endorsed by Participants Committee
- 19** Mid-Term Progress Report Assessed by Participants Committee (35 Total)
- 8** Readiness Preparation Grant Signed (43 Total)
- 4** Participation Agreement signed (47 Total)





IBRD 36759 | SEPTEMBER 2017 This map was produced by the Map Design Unit of The World Bank. The boundaries, colors, denominations and any other information shown on this map do not imply, on the part of The World Bank Group, any judgment on the legal status of any territory, or any endorsement or acceptance of such boundaries.







## **BUILDING AN ENABLING ENVIRONMENT FOR REDD+**

FCPF Readiness Grants make important contributions to nationally driven policy reform that supports the effective design and implementation of REDD+. The initiation and execution of these reforms are complex undertakings, requiring collective action across ministries and sectors and at national and subnational levels, which sometimes goes beyond the scope of FCPF funding.

The following examples provide a snapshot of important, country-driven policy reforms introduced over the past year that both guide and inform REDD+ in the context of broader national processes.

### ***Burkina Faso***

In Burkina Faso, the government adopted decrees in November 2017 that outlined the institutional framework for REDD+ and approved the creation of a National Training Centre on REDD+ and Climate Change.

### ***Democratic Republic of Congo***

The Democratic Republic of Congo revised its ministerial decree on REDD+ projects to enshrine REDD+ into national law and lay out legal procedures for REDD+ investments. Also, the country's REDD+ National Fund approved eight REDD+ programs aimed at making key reforms on land-use planning and tenure, enhancing actions at the provincial and territorial level in high deforestation areas, and engaging civil society and Indigenous Peoples in REDD+.

### ***Guatemala***

In Guatemala, the government gained congressional support for its framework law on reducing national vulnerability to the effects of climate change. This specific law emphasizes issues pertaining to adaptation measures, carbon markets, and financial resources.

### ***Honduras***

In Honduras, the National Program for the Recovery of Goods and Services of Degraded Ecosystems was finalized, and presented by the Minister of Natural Resources and Environment at the Latin America Bonn Challenge event held in Guatemala this year.

### ***Indonesia***

Indonesia finalized its "One Map" policy, which seeks to integrate 85 thematic maps into one single map endorsed by the country to help resolve prolonged land conflict. This year, Indonesia also advanced regulation on its National Registry System on Climate Change Control.

### ***Madagascar***

In Madagascar, the country's Inter-Ministerial Committee for the Environment (CIME) was formed, which acts as the decision-making body on strategic aspects of the country's ERP. Given its cross-sectoral conflict management structure, CIME will also serve as a gateway for resolving land resource issues that require high-level intervention.

### ***Nepal***

In Nepal, the newly formed Ministry of Forests and Environment merges previously distinct ministries and links their activities to Nepal's United Nations Framework Convention on Climate Change (UNFCCC) commitments. Nepal now has several national policies that support its National REDD+ Strategy, including its 2011 Climate Change Policy, draft National Low-Carbon Development Strategy, Forestry Sector Strategy, and Biodiversity Strategy Action Plan.

### ***Panama***

In Panama, the national government approved a law on forestry incentives and forest cover in October 2017, establishing a Reforestation Panama Fund within the framework of the Alliance for One Million Hectares. This alliance brings together representatives from the Ministries of Environment, Agricultural



Development, Trade and Industries, Economy and Finance, as well as the National Association of Reforestation, environmental civil organizations and the private sector.

### **Togo**

In Togo, a new land code was adopted, paving the way for a more equitable and modern institutional land management framework. As part of the launch of Togo's new electrification strategy, the country joined the International Solar Alliance, marking the country's energy transition and commitment to using cleaner, more sustainable energy sources.

### **Uruguay**

Uruguay approved its National Climate Change Policy and established a National REDD+ Committee within the National System of Response to Climate Change and Variability. This committee will work as a consultative platform bringing together different stakeholders including civil society, academia, the private sector, and other REDD+ interest groups.

### **Vietnam**

In Vietnam, the new Forestry Act passed in November 2017 replaced the 2004 Act on Forest Protection and Development. In conjunction with this law, four decrees have been prepared that provide detailed instructions for the implementation of the Forestry Act, the operation of the forest protection force, and the restoration and enrichment of natural forests and plantations.

## **CONSULTATION, PARTICIPATION, AND OUTREACH**

Catalyzed by REDD+ efforts, the expansion and protection of tribal land rights can be one of the most cost-effective ways to protect forests and sequester carbon. Indigenous Peoples and local communities, including women and youth, have the closest connection

with forests, and with the right knowledge and tools, they are best placed to manage forests sustainably now and for generations to come.

Since its launch in 2007, broad stakeholder engagement has been at the heart of FCPF's REDD+ support to countries. Civil society, Indigenous Peoples and other forest-dependent communities, women's groups, and NGOs have come to play a central role in REDD+ Readiness and implementation and have gained more access to forest and land-use planning than ever before.

Below are examples from the past year of consultation and outreach work happening in participant countries at various stages of the Readiness process.

### **Bhutan**

Bhutan hosted a training of trainers' workshop on its national REDD+ strategy, which was attended by all the chiefs of Bhutan's Department of Forests and Park Services. These trainers helped conduct REDD+ strategy workshops in a total of 20 districts and at 24 local levels, which were attended by 1,229 participants from key stakeholder groups, including agriculture, livestock, environment, land sector, planning, the private sector, and local government.

### **Burkina Faso**

In May 2018, Burkina Faso engaged close to 7,000 stakeholders from 128 villages to raise awareness of REDD+ and collect suggestions regarding strategic options to mitigate deforestation and forest degradation.

### **Cambodia**

Over the past year, Cambodia organized six knowledge exchanges and visits, 18 workshops, and 12 meetings that helped raise awareness of and build capacity on REDD+ implementation. These events reached a total of 1,356 representatives from diverse stakeholder groups. Cambodia also partnered



with its Royal University of Agriculture to host sessions to increase students' understanding of the REDD+ mechanism.

#### ***El Salvador***

In El Salvador, about 600 local communities, including Indigenous Peoples and agroforestry producers, were consulted between July 2017 and March 2018 on the country's National REDD+ Strategy. The country has also worked to ensure a broad range of national and regional-level government departments are engaged in the implementation of the strategy.

#### ***Honduras***

In Honduras, 58 meetings engaged more than 2,000 relevant stakeholders, including indigenous groups and Afro-Hondurans, on REDD+ Readiness and implementation. The country also conducted its first workshop on the interpretation of cultural safeguards, with the participation of 66 people representing the Tolupan, Garífuna, and Maya Chorti peoples.

#### ***Madagascar***

Madagascar established a national REDD+ platform and five regional platforms to oversee consultations with stakeholders on the country's ERP. These platforms brought together representatives from extended forest boards, functioning as an advisory body that provided strategic guidance on ERP development.

#### ***Sudan***

In Sudan, consultations on the potential environmental and social impacts of the proposed REDD+ Strategy were held over a 6-week period between April and June 2018. In the form of focus group discussions, the consultations engaged 1,073 stakeholders via 65 meetings and 2 workshops across 12 states.

#### ***Suriname***

In Suriname, drafting of the National REDD+ Strategy involved extensive consultation with all relevant REDD+ stakeholder groups, including 10 indigenous and non-indigenous tribal peoples' groups. The information gained from these national and subnational consultations supported the development of



the country's REDD+ Strategy and Strategic Environmental and Social Assessment (SESA).

### **Republic of Congo**

In October 2017, the Republic of Congo conducted workshops to build stakeholder awareness of REDD+ and its opportunities. The country also consulted 300 stakeholders across the country on the national grievance redress mechanism (GRM) for REDD+, which was validated at a national workshop.

## **NATIONAL REDD+ STRATEGIES**

National REDD+ strategies are a key output of the REDD+ Readiness phase. They outline policies and programs that define the direct and indirect drivers of deforestation, relevant baseline indicators and forest monitoring systems, reference emission levels, and social and environmental safeguards. REDD+ strategies serve as a catalyst, helping countries analyze and reform wider forestry, land-tenure, and sustainable development policies.

Below are examples of some of the advancements made by FCPF Participant Countries over the past year in the design of their national REDD+ strategies.

### **Argentina**

Argentina has nearly finalized its REDD+ strategy, having conducted comprehensive studies on the economic, social, institutional, and political drivers of deforestation and forest degradation across the country; analyzed future spatial scenarios of deforestation; and explored options for financial structures that could support the strategy's implementation.

### **Cambodia**

Cambodia's National REDD+ Strategy was officially endorsed by the Ministry of Agriculture, Forestry and Fisheries, the Ministry of Energy, and the Royal Government of Cambodia in December 2017. Following official endorsement, a supporting action and investment plan is being developed.

### **Cameroon**

Between March and June 2018, Cameroon conducted consultations on its National REDD+ Strategy across several agroecological zones, helping refine it before its validation by the National REDD+ Steering Committee in June.

### **Colombia**

Colombia's national "Forest – Territories of Life" REDD+ Strategy was adopted by the country's Intersectoral Committee for Control of Deforestation in December 2017, with the participation of Colombia's Ministries of Environment and Agriculture.

### **Côte d'Ivoire**

In September 2017, Côte d'Ivoire's REDD+ Strategy was validated by its National REDD+ Commission and subsequently adopted by the government in November. The strategy, generated through a participatory process, has strong support from the country's private sector, particularly those working in agriculture.

### **Ethiopia**

Ethiopia continued to refine its draft National REDD+ Strategy throughout the year, incorporating input from two national workshops, nine regional workshops, and community consultations in 24 woredas, involving close to 3,300 people. This process culminated with the strategy's launch in June 2018.



### **Guatemala**

Guatemala continued developing its National REDD+ Strategy over the year, producing a comprehensive version integrating 20 years of lessons from the forest sector. Its REDD+ process was further institutionalized via the creation of a REDD+ unit within the Ministry of Environment and Natural Resources.

### **Madagascar**

Madagascar's National REDD+ Strategy was adopted by the country's Council of Ministers in May 2018. The country also established a National REDD+ Platform, as well as several regional REDD+ platforms, designed to bring together relevant stakeholders in regions prioritized by Madagascar's ERP.

### **Nepal**

In April 2018, Nepal finalized its National REDD+ Strategy after more than six years of diligent consultation, study, and analysis. The strategy, structured around 12 policy areas, aims to support the sustainable management of forests in Nepal and enhance forest-carbon stocks in the context of Nepal's development aspirations.

### **Papua New Guinea**

In May 2017, Papua New Guinea's National Executive Council endorsed its National REDD+ Strategy (2017–27), providing a framework of actions to be carried out by multiple stakeholders to help manage the country's forests and develop rural economies. The strategy targets improvements in legislation and capacity across government sectors, and the development of partnerships with the private sector to increase plantations, encourage downstream timber processing, and improve timber concession management and land-use planning.

### **Republic of Congo**

The Republic of Congo's revised National REDD+ Strategy (2018–30) was validated by all national stakeholders, including representatives from the country's 12 departments, in July 2017. The strategy was subsequently approved by the National REDD+ Committee in October 2017 at a validation workshop that brought together 45 statutory members representing all national stakeholders.



## FOREST REFERENCE EMISSION LEVELS

Setting forest reference levels (FRLs) and/or forest reference emission levels (FRELs) is one of the first steps countries need to take to benefit from REDD+. As a key component of national forest monitoring systems, FRLs and FRELs provide a baseline against which emission reductions can be measured, and subsequent results-based payments be made.

### FCPF COUNTRIES THAT HAVE SUBMITTED FRELs TO UNFCCC

2015	2016	2017	2018
Colombia	Chile	Cambodia	Democratic Republic of Congo
Guyana	Costa Rica	Ghana	Lao PDR
Mexico	Ethiopia	Honduras	Madagascar
	Indonesia	Côte d'Ivoire	Mozambique
	Paraguay	Nepal	Nigeria
	Peru	Papua New Guinea	Panama
	Republic of Congo	Tanzania	Suriname
	Vietnam	Uganda	

#### BOX 1. THE UNFCCC DOES NOT EXPLICITLY DIFFERENTIATE BETWEEN A FRL AND A FREL.

A common understanding is as follows:

**FRL**

A benchmark for emissions from deforestation and forest degradation *and* removals from sustainable management of forests and enhancement of forest carbon stocks  
**For all REDD+ activities**

VS.

**FREL**

A benchmark for emissions exclusively from deforestation and forest degradation  
**REDD only**



This year seven FCPF countries (Democratic Republic of Congo, Lao PDR, Madagascar, Mozambique, Nigeria, Panama, and Suriname) submitted FRELS or FRLS to the UNFCCC for technical assessment. Several other FCPF Country Participants, including Bhutan, the Dominican Republic, Fiji, Liberia, Pakistan, and Uruguay, made considerable progress in developing their FRELS/FRLs and are expected to finalize them soon. This work includes mapping land use, developing forest emission monitoring, carrying out studies on potential ERs and conducting validation workshops.

## **NATIONAL FOREST MONITORING AND SAFEGUARDS INFORMATION SYSTEMS**

A key building block in REDD+ Readiness is setting up robust and transparent national forest monitoring systems (NFMS). The FCPF supports countries in the design of NFMSs that build on existing systems and use a

combination of remote sensing and ground-based forest carbon inventory approaches.

Another key requirement for REDD+ is developing an SIS for providing publicly available information on how safeguards are being addressed and respected in REDD+ Readiness and implementation activities. Safeguards exist to ensure that REDD+ activities take into account a range of policies and rights related to conservation, stakeholders, and their access to sustainable livelihoods, among others.

Below are examples of the progress country participants have made over the past year in advancing their national forest monitoring and SISs.

### ***Argentina***

Over the past year, Argentina collaborated with in-country technical and scientific institutions on monitoring studies of forest regions, helping automate the way forest





cover changes are monitored. Throughout 2017 and 2018, progress was also made in developing a web dissemination platform with NFMS information, particularly in relation to UNFCCC guidelines. In addition, Argentina worked on the preliminary design of a SIS for REDD+ through a range of activities, including a national dialogue on REDD+ safeguards.

#### **Cambodia**

During the last year, Cambodia completed the design of its NFMS and an initial version of its forest monitoring web portal. Cambodia's work on its SIS for REDD+ included identifying existing policies, laws, and regulations that contribute to REDD+ safeguards implementation and assessing the procedure for data collection on REDD+ safeguards and information sharing.

#### **Côte d'Ivoire**

Côte d'Ivoire finalized its NFMS and associated action plan during the year. The NFMS combines remote sensing and field data and addresses satellite-based land-use monitoring, national forest and soil-based inventories, community monitoring of forests, and GHG inventories. A geoportal to compile and disseminate NFMS data and data exchange agreements has also been developed.

#### **Ghana**

Ghana's NFMS protocols, framework, and standard operating procedures for estimating emissions from forest-related activities are now in place; discussions are underway with the private sector on partnering to develop an online platform for real-time monitoring of forest change. In February 2018, Ghana trained

60 safeguard focal points on safeguards requirements for REDD+ implementation, who in turn, led landscape-level workshops across 10 forest districts.

### **Honduras**

Honduras developed 12 protocols to assist in the design of its forest monitoring inventories, including a national inventory of GHGs to standardize information on land use, land use change, and the forestry section. Together with the Institute of Forest Conservation, Protected Areas and Wildlife, Honduras is also working to establish a management system for forest information and monitoring that meets UNFCCC requirements for REDD+.

### **Nicaragua**

Nicaragua has updated its draft NFMS by developing android application prototypes for community forest monitoring. The country has also updated its REDD+ geoportal by introducing new subsets of information on soil use, soil coverage, deforestation, and forest degradation.

### **Pakistan**

Pakistan has established a robust and transparent MRV methodological framework consistent with the country's FRELs and FRLs. This year, it finalized national standards for conducting national forest inventory and satellite land monitoring. In June 2018, Pakistan shared its proposed national carbon tracking system and REDD+ registry with key REDD+ stakeholders.

Pakistan also hosted two national workshops to share best practices and lessons learned on respecting REDD+ safeguards and gather feedback to inform the country's proposed SIS framework design, which was validated in May 2018.

### **Panama**

Panama has developed a new classification system for its NFMS with more precise categories, in line with Intergovernmental Panel on Climate Change (IPCC) guidelines. The NFMS consists of satellite terrestrial monitoring, a national forest and carbon inventory, and an inventory of GHGs. To build capacity to implement its NFMS, Panama has trained ministry officials and other government entities on geographic information systems (GISs), forest monitoring systems, and the use of drones and sample analysis of national forest inventory databases.

### **Papua New Guinea**

Papua New Guinea's Web-GIS forest monitoring portal is operational and regular assessments of land-use change are being carried out to generate activity data. The country is also developing a multipurpose national forest inventory supported by the FCPF.

### **Suriname**

Suriname's near real-time land monitoring system now uses Sentinel-2 satellite images to detect illegal logging activities, allowing for quick intervention. The country will begin implementing two projects—one on community-based monitoring and one on mangrove forest monitoring over the coming year.

### **Uruguay**

Uruguay is in the process of systemizing data for its National Forest Inventory, and part of this work has involved establishing a methodology for estimating living biomass from the volume data calculated for native forest plots.



## NON-CARBON BENEFITS

A wide range of positive outcomes may result from REDD+ activities that go beyond those associated with avoided carbon emissions and carbon sequestration. Sometimes referred to as “co-benefits” or “multiple benefits,” they range from biodiversity conservation to livelihood improvements. The UNFCCC has recognized the importance of taking these non-carbon benefits into account when implementing REDD+ activities.

Over the course of last year, many FCPF Participant Countries advanced their efforts to capture the non-carbon benefits arising from their REDD+ activities. Some examples include the following:

### *Argentina*

Argentina conducted a spatial analysis looking at the social benefits arising from REDD+ activities.

### *Burkina Faso*

Burkina Faso elaborated an initial list of potential non-carbon benefits for REDD+ as well as a system to collect information on these co-benefits.

### *Colombia*

Colombia’s “Forest – Territories of Life” REDD+ Strategy is developing measures to improve the quality of livelihoods and local economy based on the conservation and sustainable use of forests and their biodiversity.

### *El Salvador*

El Salvador has advanced its efforts to capture the non-carbon benefits from REDD+ activities by developing an integrated co-benefits monitoring system that contains both emissions-related indicators and indicators linked to the multiple benefits of REDD+.

### *Republic of Congo*

As part of the Republic of Congo’s updated REDD+ Strategy (2018–30), the National REDD+ Committee has identified categories of potential non-carbon benefits that the strategy can develop, with the ultimate goal of improving local livelihoods.

### *Vietnam*

As part of the implementation of Vietnam’s National REDD+ Action Programme, the country is developing a new approach to jointly improve livelihood and forest governance.

### *Nepal*

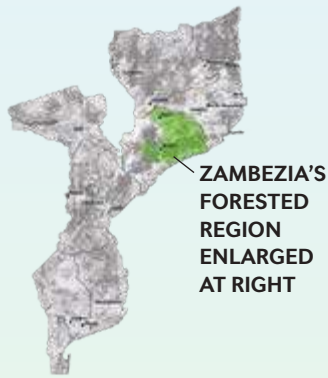
Another strong example from this past year comes from Nepal. Skills enhancement, financial support for income-generating activities, and establishing value chains for non-carbon benefits are integral parts of the country’s REDD+ Strategy’s implementation plan. The past year, Nepal continued to develop a monitoring system for non-carbon benefits and impacts of REDD+ that highlights biodiversity conservation as one of the key co-benefits of REDD+.

Nepal’s draft biodiversity monitoring protocol for REDD+ has been prepared in collaboration with the International Centre for Integrated Mountain Development and Wildlife Conservation Nepal, following a series of consultations and field testing. The protocol provides processes and steps for monitoring changes in biodiversity (flora and fauna) while managing forests and protected areas under REDD+ policies. It is now considered one of the most important Readiness activities in the country.





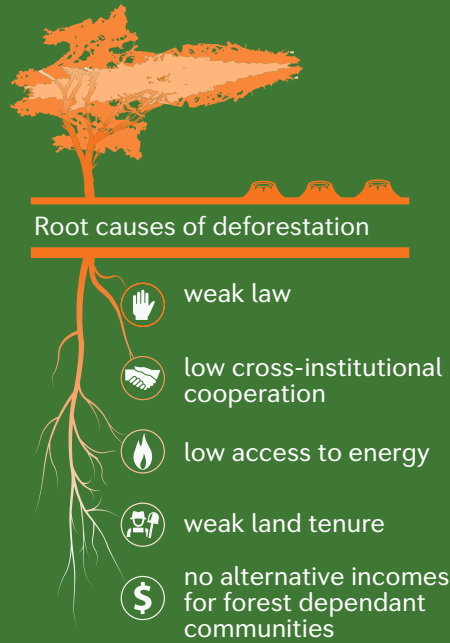




# MOZAMBIQUE: Zambezia Landscape Program

## MOVING FROM READINESS TO EMISSION REDUCTIONS PROGRAM IMPLEMENTATION

The story of Mozambique's REDD+ readiness and implementation advancements over the past years provides a strong example of how FCPF support is uniquely structured to help country participants move from Readiness to Emission Reductions Program implementation. The FCPF's Readiness and Carbon Funds have helped Mozambique set up the fundamental building blocks needed to implement its Integrated Landscape Management Portfolio, which brings together a series of projects that promote the sustainable management of renewable natural resources and improved livelihoods in the country's most vulnerable rural communities.

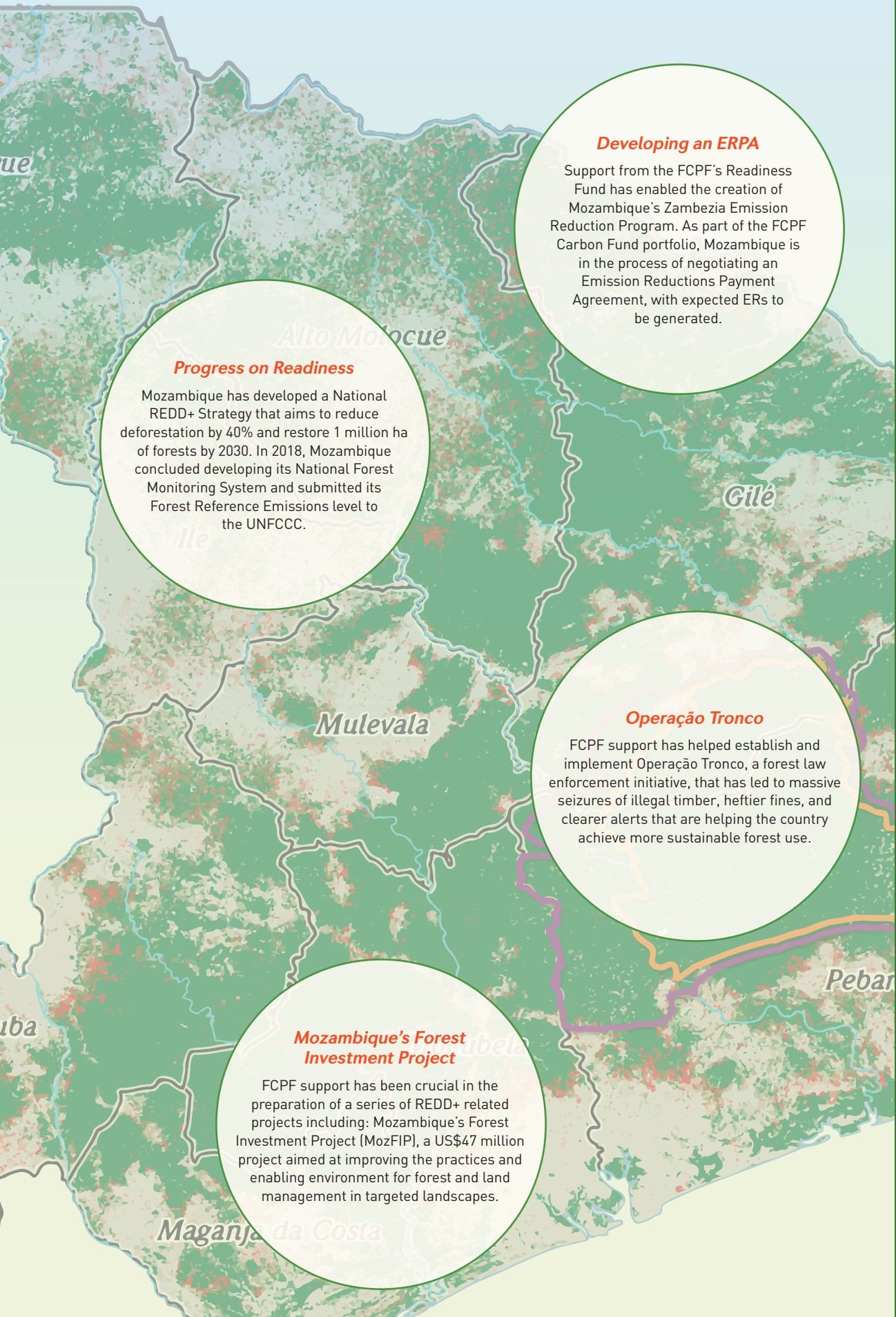


### *Why Mozambique's Forests Matter*

Mozambique has 34 million hectares of natural forests, covering 43% of its area. These forests provide important goods and services to local communities, including food, energy, medicine, and construction materials. It is estimated that miombo woodlands contribute almost 20% of household cash income and 40% of household subsistence income in rural communities.

### *FCPF Readiness Support*

Between 2013 and 2016, the FCPF granted Mozambique \$8.6 million to support the country's REDD+ Readiness efforts. With the grants, the Government of Mozambique created opportunities to reduce deforestation and forest degradation, and to improve forest governance.



### Progress on Readiness

Mozambique has developed a National REDD+ Strategy that aims to reduce deforestation by 40% and restore 1 million ha of forests by 2030. In 2018, Mozambique concluded developing its National Forest Monitoring System and submitted its Forest Reference Emissions level to the UNFCCC.

### Developing an ERPA

Support from the FCPF's Readiness Fund has enabled the creation of Mozambique's Zambezia Emission Reduction Program. As part of the FCPF Carbon Fund portfolio, Mozambique is in the process of negotiating an Emission Reductions Payment Agreement, with expected ERs to be generated.

### Operação Tronco

FCPF support has helped establish and implement Operação Tronco, a forest law enforcement initiative, that has led to massive seizures of illegal timber, heftier fines, and clearer alerts that are helping the country achieve more sustainable forest use.

### Mozambique's Forest Investment Project

FCPF support has been crucial in the preparation of a series of REDD+ related projects including: Mozambique's Forest Investment Project (MozFIP), a US\$47 million project aimed at improving the practices and enabling environment for forest and land management in targeted landscapes.

#### FCPF REDD+ Readiness Grant



Strengthening management and supporting institutional frameworks for REDD+.

#### Mozambique Conservation Areas for Biodiversity and Development (Mozbio)



Improving the management of conservation areas and enhancing rural livelihoods

#### Integrated Agriculture and Landscape Project (SUSTENTA)



Integrating rural households into sustainable forest-based value chains

#### Forest Investment Project (MozFIP)



Improving governance and promoting sustainable landscape management

#### Dedicated Grant Mechanism for Local Communities (DGM)



Helping communities actively contribute to and take ownership over REDD+ activities

#### FCPF Emission Reduction Payments (based on verifiable results)



Sharing benefits equitably to incentivize the sustainable use of natural resources.



# The Carbon Fund

Over the past year, five countries (Vietnam, Mozambique, Lao PDR, Madagascar, and Nepal) have presented large-scale Emission Reductions Programs to the Carbon Fund and been accepted into the fund's portfolio, bringing the total number to 11. Several of these 11 countries are discussing commercial terms of Emission Reductions Payment Agreements (ERPAs) with the World Bank, with some expected to sign ERPAs and start implementation in the coming year.

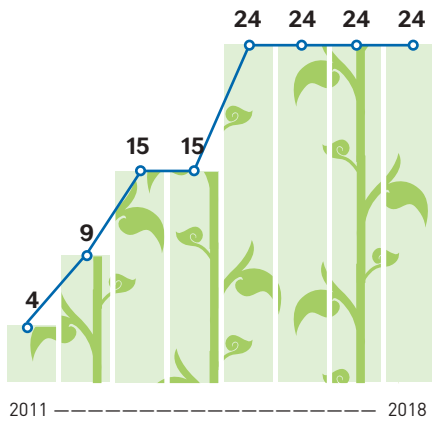


## MILESTONES

### Number of Early Idea Notes

The Early Idea Note outlines major elements of the ER-PIN.

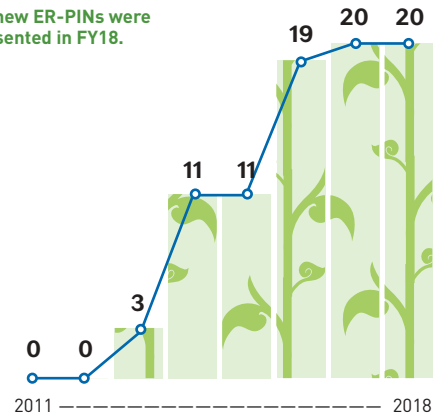
No new Early Idea Notes were presented in FY18.



### Number of Emission Reductions Program Idea Notes

The ER-PIN outlines progress towards Readiness, political commitment, technical soundness and the scale of a country's ER Program. Carbon Fund Participants depend on the ER-PIN when determining if a REDD Country Participant can be accepted into the Carbon Fund pipeline.

No new ER-PINs were presented in FY18.



### Number of Letters of Intent

The LOI is signed between the REDD Country Participant and the World Bank after a country is selected into the Carbon Fund pipeline. The LOI requires its parties to negotiate an ERPA in good faith on the basis of exclusivity for a certain period of time.

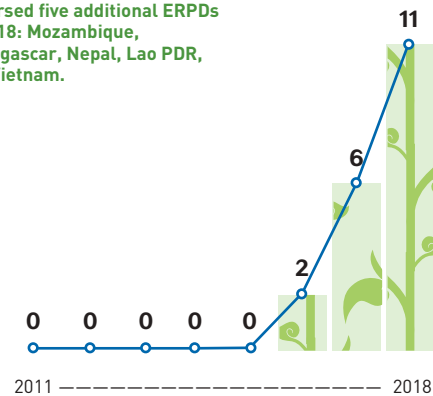
One new LOI was signed in FY18: Indonesia.



### Number of Emission Reductions Program Documents

The ERPD presents the technical and organizational aspects of the ER Program and the ER Program measures in accordance with the Carbon Fund Methodological Framework.

Carbon Fund Participants endorsed five additional ERPDs in FY18: Mozambique, Madagascar, Nepal, Lao PDR, and Vietnam.

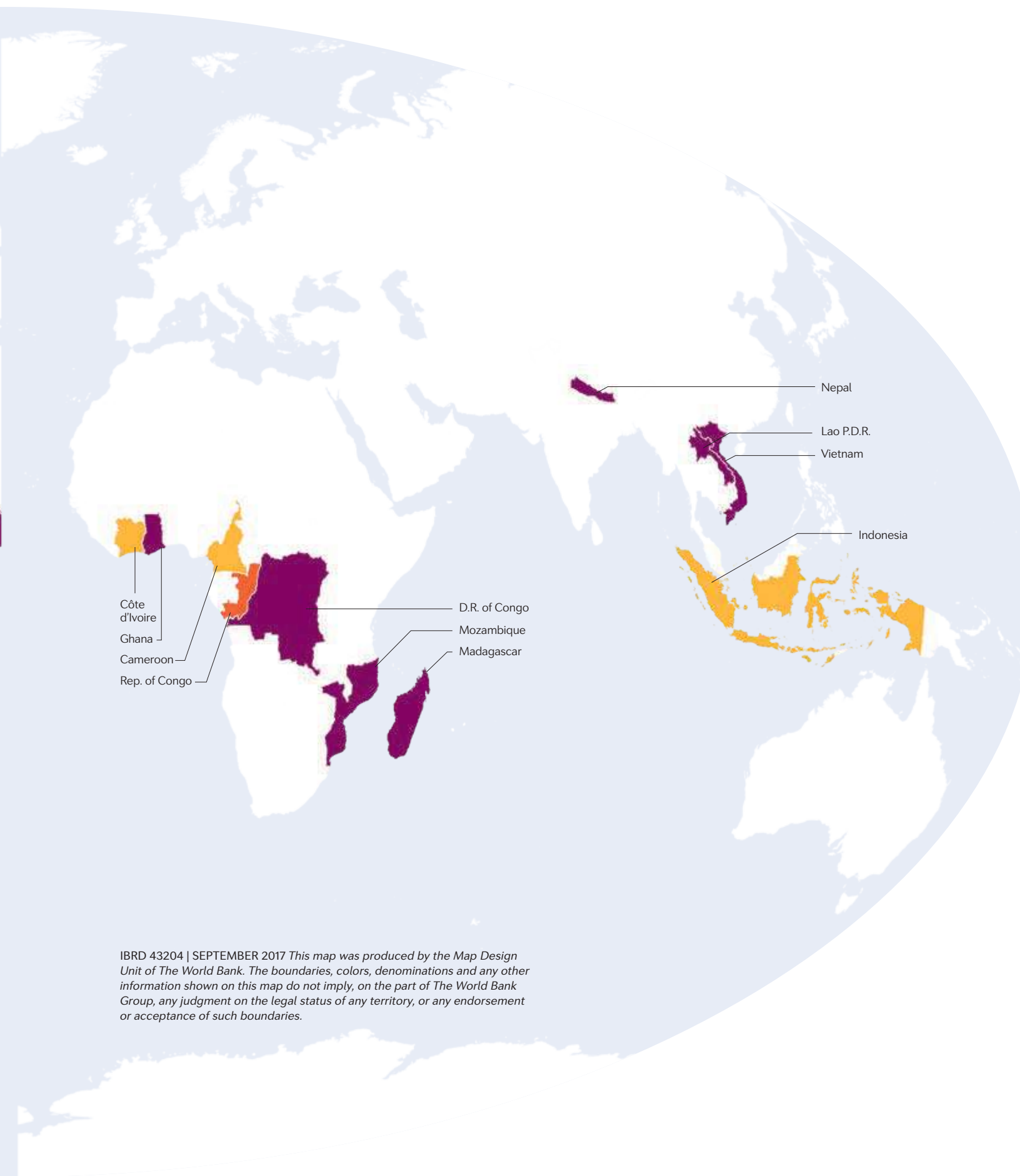




The Carbon Fund pipeline includes programs in 19 countries. The map illustrates the furthest milestone towards developing a large-scale REDD+ initiative a country has achieved as of June 30, 2018.

- 8 In Carbon Fund Pipeline
- 1 In Carbon Fund Portfolio (Provisionally)
- 10 In Carbon Fund Portfolio





IBRD 43204 | SEPTEMBER 2017 *This map was produced by the Map Design Unit of The World Bank. The boundaries, colors, denominations and any other information shown on this map do not imply, on the part of The World Bank Group, any judgment on the legal status of any territory, or any endorsement or acceptance of such boundaries.*






# Country Program Descriptions


## REDD+ COUNTRIES CONTINUE TO MAKE STRIDES IN DEVELOPING LARGE-SCALE REDD+ PROGRAM PROPOSALS THAT HAVE THE POTENTIAL TO TRANSFORM RURAL LANDSCAPES.


The Carbon Fund's 19 diverse and ambitious Emissions Reduction Program take a jurisdiction-level approach to engaging actors in agriculture, energy, transport, land, mining, and forestry to achieve climate-smart land use, protect forests, restore degraded land, and improve local livelihoods.


## Cameroon


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 **Program name:** Emission Reductions Program in Southern Cameroon

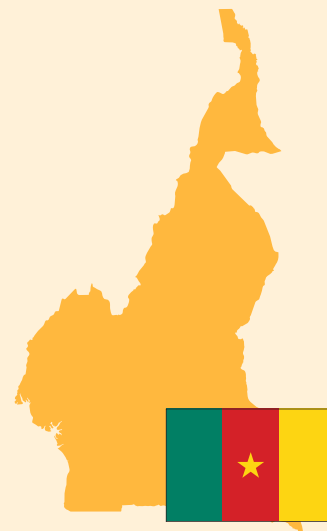
 **Location:** Seven administrative divisions within the country's South, Centre and East regions

 **Program area:** 9.3 million ha

 **Program ER LOI volume:** 11.5 tCO<sub>2</sub>e


 **Status:** ERPD under development


Cameroon's ERP aims to advance sustainable land-use planning and zoning, and to reduce deforestation through intensified agriculture, agroforestry, and more sustainable cocoa production. The program will also emphasize sustainable forest management in timber concessions and the introduction of reduced impact logging. Cameroon's ERP area forms a continuum with the Republic of Congo's ERP area in the northern part of the country, enabling the two governments to control transboundary ER leakage.





# Chile




 **Program name:** Chile's Emissions Reduction Program

 **Location:** Five of the 15 administrative regions in the country


 **Program area:** 13.2 million ha


 **Program ER LOI volume:** 5.2 tCo<sub>2</sub>e


 **Status:** Discussing commercial terms of ERPA with the World Bank


The main goal of Chile's ERP is to support and strengthen the country's National Strategy for Climate Change and Vegetation Resources (ENCCRV), which aims to decrease the social, environmental, and economic vulnerability generated by climate change, desertification, land degradation, and loss of vegetation resources. The ERP will help Chile address its main drivers of deforestation through strategic activities such as preventive forest fire management and post-fire restoration; sustainable forest management; forest and livestock management models; and sustainable use of vegetation resources.


# Costa Rica

 **Program name:** Costa Rica's Emission Reductions Program

 **Location:** All of the country's continental territory, 30% of which is covered by tropical rain forests

 **Program area:** 5.1 million ha

 **Program ER LOI volume:** 12.0 tCo<sub>2</sub>e

 **Status:** Discussing commercial terms of ERPA with the World Bank

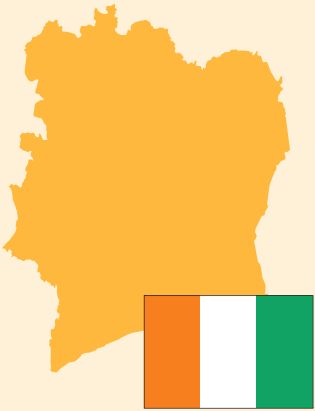
Costa Rica's Emission Reductions (ER) program serves the country's National Forestry Development Plan to achieve a low carbon economy in a resilient environment. The program will support the expansion of the country's Payment for Ecosystem Services program and introduce policies and measures to support forest governance and address the drivers of deforestation and forest degradation. The program will also address key governance issues, including land tenure conflicts, and new financing options for areas under special land tenure regimes. With a strong social component, the program seeks to increase the participation of stakeholders to reduce poverty especially in rural areas.





## Cote d'Ivoire

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**Program name:** Côte d'Ivoire Emission Reductions Program in the Tai National Park Area

**Location:** Five regions in the country's South-West area

**Program area:** 4.2 million ha

**Program ER LOI volume:** 16.5 tCO<sub>2</sub>e

**Status:** ERPD under development

Côte d'Ivoire's ERP combines political commitment and private sector initiatives in one subnational region to promote zero-deforestation agriculture, agricultural intensification, and capacity building for forest monitoring. The ERP seeks to implement a model for economic development that improves the population's living conditions while reducing environmental risks. In Côte d'Ivoire, Mondelez International (one of the world's largest food and beverage companies) and its suppliers have expressed their commitment to participate in the country's ERP, which will build on the company's Cocoa Life Program.

## Dominican Republic

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**Program name:** Emission Reductions Program of the Dominican Republic: Contributions to Sustainable Livelihoods of Rural Communities

**Location:** The entire country

**Program area:** 4.8 million ha

**Program ER LOI volume:** 7.5 tCO<sub>2</sub>e


**Status:** ERPD under development


The Dominican Republic's ERP is a national-level initiative that will focus on reducing forest and land-use emissions in priority areas to help reduce the country's vulnerability to climate change. The program aims to strengthen the legal and institutional framework, particularly the enforcement of legislation for natural heritage conservation and the sustainable use of natural resources; establish and strengthen public policies to manage the expansion of the agricultural frontier into forest areas; and promote natural resource management models that contribute to the growth of small and medium forest enterprises, and conservation and sustainable use of forests.





# Democratic Republic of Congo




 **Program name:** Mai-Ndombe Emission Reductions Program

 **Location:** Mai-Ndombe Province


 **Program area:** 12.3 million ha


 **Program ER LOI volume:** 10 tCO<sub>2</sub>e


 **Status:** Discussing commercial terms of ERPA with the World Bank


As the first large-scale provincial green development program in the Congo Basin, the overall objective of the Mai-Ndombe ERP is to develop alternatives and incentives based on results-based payments to address climate change, reduce poverty, sustainably manage natural resources, and protect biodiversity. The program seeks to establish a framework for holistic and coordinated land-use planning and capacity building as the basis for sustainable development, and to reduce the pressure on the Democratic Republic of Congo's primary forests. The program combines different sources of funding, including funds from the Forest Investment Program, the Congo Basin Forest Fund and the Central African Forest Initiative.


# Fiji

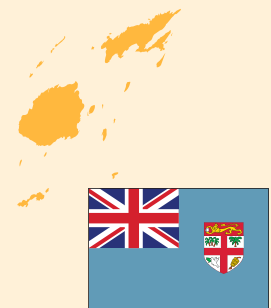
 **Program name:** Reducing Emissions and Enhancing Livelihoods in Fiji

 **Location:** Islands of Viti Levu, Vanua Levu, and Taveuni

 **Program area:** 1.7 million ha

 **Program ER LOI volume:** 3.6 tCO<sub>2</sub>e

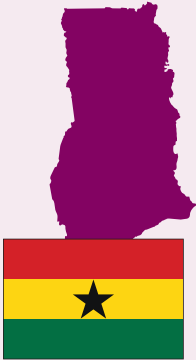
 **Status:** ERPD under development





Fiji's ERP takes an integrated approach to emission reductions and removal through afforestation/reforestation, forest rehabilitation, improved harvesting practices, national and subnational land-use planning, and sustainable forest management. The program emphasizes the enhancement of benefits that extend beyond carbon, such as improvements to the ecosystem, strengthened food security, enhanced land tenure, and conservation of social and cultural values. Local communities will play a key role in program implementation.





# Ghana




 **Program name:** Ghana Cocoa Forest REDD+ Programme

 **Location:** Five eco-zones in the southern third of the country


 **Program area:** 5.9 million ha


 **Program ER LOI volume:** 18.5 tCo<sub>2</sub>e


 **Status:** Discussing commercial terms of ERPA with the World Bank


Ghana's ERP is an ambitious and unique initiative in Africa (and a global first in the cocoa sector) that aims to produce sustainable, climate-smart cocoa beans while reducing emissions from the land-use sector. The program focuses on cocoa farming resources and land-use interventions, while promoting other tree crops and agroforestry products on land that is unsuitable for cocoa production.


# Guatemala

 **Program name:** Guatemala National Emission Reductions Program: Through strengthening forestry governance in vulnerable communities

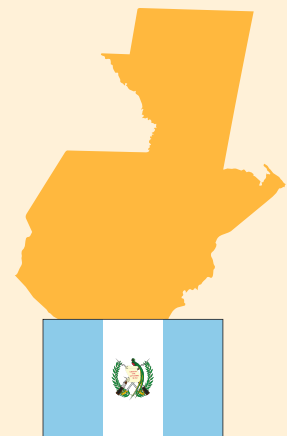
 **Location:** Five regions (Occidente, Tierras Bajas del Norte, Sarstun-Motagua, Centro-Oriente, Costa Sur)

 **Program area:** 11 million ha

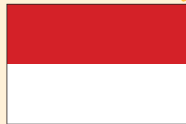
 **Program ER LOI volume:** 10.5 tCo<sub>2</sub>e



 **Status:** ERPD under development




Guatemala's ERP is a national-level initiative aimed at strengthening the management of national protected areas and reinforcing forest policy instruments. The program proposes REDD+ activities focused on expanding existing incentives to increase carbon stocks; promoting sustainable forest management; strengthening the co-management of protected areas, agroforestry systems, and forest plantations; improving governance and law enforcement on forest lands; and developing a forest products value chain.



# Indonesia








-  **Program name:** Towards a Greener and Developed East Kalimantan
-  **Location:** East Kalimantan province

-  **Program area:** 12.9 million ha
-  **Program ER LOI volume:** 22 tCo<sub>2</sub>e
-  **Status:** ERPD under development

Indonesia's ERP aligns with East Kalimantan's low-emission development approach, implemented through strategies and action plans that build on the province's strong leadership in addressing climate change. The ERP is designed to address the overexploitation of forests through activities that include improving forest licensing, increasing the number of small-scale plantations, and promoting community-based planning. The program will also focus on addressing the province's main drivers of deforestation and forest degradation through improved forest governance; protection and rehabilitation of peatland areas; and support for alternative livelihoods and community forestry.

# Lao PDR

-  **Program name:** Promoting REDD+ through Governance, Forest landscapes and Livelihoods in Northern Lao PDR
-  **Location:** Six northern provinces, covering more than one-third of the country

-  **Program area:** 8 million ha
-  **Program ER LOI volume:** 8.4 tCo<sub>2</sub>e
-  **Status:** Discussing commercial terms of ERPA with the World Bank

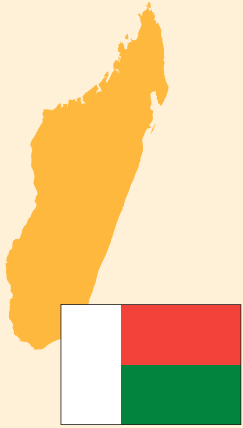
Lao PDR's ERP aims to address the drivers and underlying causes of deforestation and forest degradation through provincial-level activities in the north, with the long-term vision of extending REDD+ efforts across the entire country. Program activities will focus on improving governance and law enforcement, forest landscape management and integrated spatial planning, sustainable livelihood development, payment for environmental services, sustainable forest management certification, and forest restoration and afforestation.








# Madagascar


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 **Program name:** Atiala Atsinanana Emission Reduction Program, Madagascar

 **Location:** Madagascar's eastern humid forest eco-region

 **Program area:** 6.2 million ha


 **Program ER LOI volume:** 16.4 tCo<sub>2</sub>e

 **Status:** Discussing commercial terms of ERPA with the World Bank


Madagascar's ERP supports the country's Integrated Agriculture Landscape Program aimed at increasing agricultural productivity and reducing rural poverty, while improving soil quality, conserving water resources, and protecting vital forests and biodiversity. Implementation of the ERP will follow a landscape approach aimed at addressing the direct and indirect causes of deforestation and degradation within the country's primary watersheds.


# Mexico


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 **Program name:** Emission Reductions Initiative

 **Location:** 11 intervention areas across five states

 **Program area:** 8.3 million ha

 **Program ER LOI volume:** 8.7 tCo<sub>2</sub>e

 **Status:** Discussing commercial terms of ERPA with the World Bank


Mexico's ER Initiative uses a comprehensive REDD+ land management model to support national, state, and community-level approaches to reducing emissions from the forestry and land-use sectors. The program will support rural communities in the development of low-carbon investment plans and also help develop national and state policy instruments, institutional reforms, and capacity-building programs that promote climate-smart land sector transformation. The program takes an integrated approach to land management in rural areas and builds on the lessons learned from Mexico's early REDD+ actions.





# Mozambique


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 **Program name:** The Zambezia Integrated Landscape Management Program

 **Location:** Part of Zambezia province, in Central-Northern Mozambique

 **Program area:** 5.3 million ha


 **Program ER LOI volume:** 8.7 tCo<sub>2</sub>e


 **Status:** Discussing commercial terms of ERPA with the World Bank

The Zambezia Integrated Landscape Program, an ambitious, cross-cutting initiative to promote sustainable rural development in one of Mozambique's poorest provinces, is the first of its kind in the country. The ERP focuses on investment activities that will promote conservation and climate-smart agriculture; create sustainable supply chains for cash-crop production; develop multipurpose plantations; restore degraded lands; improve the efficiency of charcoal production; and strengthen the management of protected areas.

# Nepal


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 **Program name:** People and Forests: A Sustainable Forest Management-Based Emission Reduction Program in the Terai Arc Landscape

 **Location:** 12 districts of Nepal's Terai Arc Landscape

 **Program area:** 2.2 million ha

 **Program ER LOI volume:** 14 tCo<sub>2</sub>e

 **Status:** Discussing commercial terms of ERPA with the World Bank

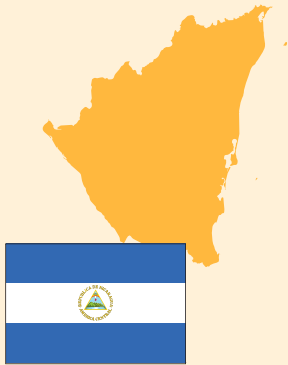



Building on almost two decades of Nepal's successful Terai Arc Landscape Program, the country's ERP will deliver forest conservation results and ERs at scale by addressing the pressures and threats to forests across the program area. The program's interventions include improving management practices in existing community-based forest groups; transferring national forest management to community-based forest groups; improving integrated land use; and strengthening capacity for protected area management.





# Nicaragua

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 **Program name:** Caribbean Coast Emission Reductions Program

 **Location:** Nicaragua's Caribbean Coast region

 **Program area:** 7 million ha


 **Program ER LOI volume:** 11 tCo<sub>2</sub>e


 **Status:** ER Program Document under development


Nicaragua's ERP is the principal component of the country's National REDD+ Strategy that aims to cut the national deforestation rate in half by 2040. It will address the main drivers of deforestation by implementing a territorial-based "production-protection" model that is more intensive, sustainable, equitable, and less carbon-dependent. This approach will combine forest conservation, sustainable forestry, and agricultural production with improvements in enabling institutional and legal conditions to reduce emissions, achieve more sustainable land use, and improve food security and biodiversity conservation.

# Peru


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 **Program name:** Emission Reductions in the Peruvian Amazon

 **Location:** Peru's Amazon regions of San Martin and Ucayali

 **Program area:** 15.6 million ha

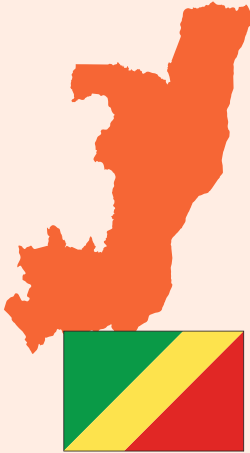
 **Program ER LOI volume:** 6.4 tCo<sub>2</sub>e



 **Status:** ERPD under development




Peru's ERP takes an integrated territorial and sustainable landscape approach to address the country's drivers of deforestation and forest degradation, while promoting forest conservation and land-based economic activities, including agriculture and forestry. It brings together the country's ministries of environment, and agriculture and irrigation, along with regional governments, and indigenous and private sector organizations to improve sustainable land use, increase agricultural and forestry productivity, and enhance competitiveness. The country will pursue these objectives by increasing institutional, organizational, and productive capacities, as well as improving access to markets.



# Republic of Congo








-  **Program name:** Emission Reduction Program in Sangha and Likouala, Republic of Congo
-  **Location:** Sangha and Likouala departments in Northern Republic of Congo

-  **Program area:** 12.4 million hectares
-  **Program ER LOI volume:** 11.7 tCo<sub>2</sub>e
-  **Status:** ERPD revisions in progress

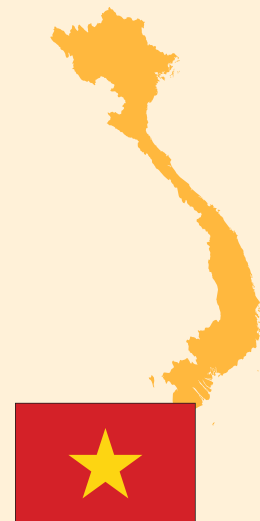
The Republic of Congo's ERP aims to promote a sustainable cocoa sector by addressing both direct and underlying drivers of deforestation and forest degradation. Anchored in a collaborative public-private partnership with leading agribusiness CIB-OLAM, the program will be among the first in Africa to test REDD+ at large scale. ER activities include engaging forest concessionaires in reduced impact logging and forest protection, regenerating old cocoa plantations on degraded forests, supporting livelihood improvement through smallholder cocoa production, agroforestry systems and smallholder outgrower schemes, and providing environmental services payment for forest protection.

# Vietnam

-  **Program name:** Vietnam's Emission Reductions Program
-  **Location:** The entirety of Vietnam's North-Central Coast Region

-  **Program area:** 5 million hectares
-  **Program ER LOI volume:** 10.3 tCo<sub>2</sub>e
-  **Status:** Discussing commercial terms of ERPA with the World Bank

Vietnam's ERP aims to make substantial achievements in sustainable forest agriculture through interventions in the forestry, energy, and agriculture sectors, to promote sustainable land use, and reduce the pressure to cut down forests. The program will focus on supporting large-scale integrated forest and land-use practices, addressing the connection between agriculture and deforestation, supporting poverty reduction, and applying innovative financing mechanisms for forest services payments. This adaptive collaborative approach will engage local communities and ethnic minorities to ensure their full participation in and commitment to the program and its benefits.





## Building Blocks of Emission Reductions Programs

The FCPF's support to Carbon Fund Country Participants includes a wide range of national and international initiatives to support the design and implementation of large-scale ERPs. These initiatives include technical capacity building on topics ranging from MRV to REDD+ financing, the FCPF's long-standing capacity-building program for forest-dependent peoples and civil society, as well as other strategic outreach done in partnership with international organizations to improve the engagement of women and the private sector in REDD+. Below are some examples of progress made through these initiatives over the past year.

## CAPACITY BUILDING PROGRAM FOR FOREST-DEPENDENT PEOPLES AND SOUTHERN CIVIL SOCIETY ORGANIZATIONS

The FCPF **Capacity Building Program for Forest-Dependent Peoples and Southern Civil Society Organizations** (CBP) works with Indigenous Peoples (IPs), other forest-dependent communities, and southern civil society organizations (CSOs) to increase their understanding of REDD+ and their engagement in REDD+ Readiness and implementation. The CBP focuses on national capacity building and awareness raising, especially among women and youth, as well as regional exchange and sharing of lessons learned. Launched in 2008, the small grants component of the CBP in its three phases now totals just under \$10 million (Box 2).

In **Africa**, CBP-recipient organizations, MPIDO and PACJA, continued to focus their efforts on Cameroon, the Republic of Congo, Côte d'Ivoire, Ethiopia, Liberia, Madagascar, Nigeria, Sudan, Togo, and Uganda. In Cameroon, outreach efforts included sensitizing women's groups, youth, and elders on REDD+ and ensuring their traditional knowledge was reflected in national REDD+ plans. In Ethiopia, CBP efforts developed a REDD+ training curriculum, and several countries, including Côte d'Ivoire, conducted awareness-raising campaigns using local and national radio shows.

In **Asia and the Pacific**, CBP-recipient organizations, Tebtebba and ANSAB, continued to focus their efforts on Bhutan, Cambodia, Fiji, Indonesia, Nepal, Pakistan, Papua New Guinea, Thailand, Vanuatu, and Vietnam. In Bhutan, outreach efforts included facilitating dialogue between national REDD+ decision makers and local committees, as well as with ethnic minorities, on their traditional natural resource management, livelihood, and farming methods. Outreach in Vanuatu included hosting a field trip to successful

### PHASE 2 & 3 REGIONAL FUNDING RECIPIENTS

Region	Indigenous Peoples Organization	Civil Society Organization
Africa		
Asia and Pacific		
Latin America and the Caribbean	 Asociación Sotz'il	 ACICAFOC



## **BOX 2. THREE PHASES OF THE CAPACITY BUILDING PROGRAM FOR FOREST-DEPENDENT PEOPLES AND SOUTHERN CIVIL SOCIETY ORGANIZATIONS**

Since 2008, the CBP has helped educate more than 50,000 men, women and youth about REDD+ across Africa, Asia and the Pacific and Latin America and the Caribbean.

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### **Phase 1**      **2009 – June 2016**

During Phase 1 of the CBP, just under \$2 million in funding supported 27 projects across the three regions. These projects were implemented by forest-dependent IPs and southern CSOs working with the FCPF Readiness Fund.

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### **Phase 2**      **July 2016 – June 2018**

With approximately \$3 million in funding, Phase 2 supported six regional organizations, one for indigenous peoples and one for civil society organizations across the three regions. In this phase, funding went directly to regional organizations that coordinated capacity-building projects in their respective regions.

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### **Phase 3**      **July 2018 – December 2019**

In March 2017, FCPF's Participants Committee allocated an additional \$5 million to the CBP. This amount was subsequently divided among the six existing regional organizations engaged with the CBP. For Phase 3, FCPF Carbon Fund countries will be prioritized in both the scale up of existing support and the initiation of new activities.

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livelihood activities to capture lessons learned and facilitate knowledge exchange in the region.

In **Latin America and the Caribbean**, CBP-recipient organizations, Asociación Sotz'il and ACICAFOC, continued to focus their efforts on Costa Rica, Colombia, El Salvador, Guatemala, Honduras, and Suriname. In Costa Rica, outreach efforts included strengthening the capacities of IPs in territorial governance and participation in dialogues with the state. In Guatemala, outreach included capacity building on the preparation and use of FPIC tools for REDD+ and technical assistance to smallholders on agroforestry production systems.

## GENDER

Women play an essential role in forest landscape management across the world but are often not fully involved in decisions related to forests, nor the equitable distribution of benefits from forest resources. The FCPF works with countries to design REDD+ Readiness and large-scale ERPs that ensure women are partners in the planning, operation, and deployment of climate finance.

During the last year, several country participants advanced efforts to mainstream gender considerations in their REDD+ Readiness and implementation efforts.

**Ghana** collaborated with the International Union for Conservation of Nature (IUCN) to implement its gender analysis and action plan designed to provide technical assistance related to gender safeguards and mainstreaming gender into the country's Cocoa Forest REDD+ Program.

**Mexico** worked with its Center for Economic Research and Teaching and the country's Observatory of Regional Development and Social Promotion to explore approaches to

trigger behavioral change, modify social norms, and address gender inequalities in national REDD+ efforts. These approaches are designed to provide stakeholders with concrete recommendations for improving men and women's economic opportunities as well as their access to and control over forest resources in the ERP area.

**Nepal's** Women Organizing for Change in Agriculture and Natural Resource Management organized an inception workshop with the country's National REDD+ Implementation Center and other stakeholders, to mainstream Nepal's gender analysis into the country's ERP area. The gender action plan was also mainstreamed into the seven intervention areas of Nepal's revised ERP.

In **Togo**, the national women's group (CF-REDD+) found an innovative way of using the mobile application WhatsApp to connect women in disparate areas of the country and help them stay engaged in REDD+ meetings and decision making. This initiative is providing important lessons for FCPF's gender integration work and is a real-world example of how the benefits of REDD+ go beyond carbon by catalyzing new levels of women's engagement in land-use management.

In **Vietnam**, the country's Indigenous Peoples' International Centre for Policy Research and Education (Tebtebba) and the Center for Sustainable Development in Mountainous Areas conducted a gender analysis and provided capacity building for ethnic minority women as part of its SESA. Vietnam's SESA and the Environmental and Social Management Framework (ESMF) process, with a focus on the ERP area, includes a draft gender analysis and action plan to inform the country's ERP development.

At the international level, FCPF hosted three gender knowledge sessions at its Participants Committee Meeting in September 2017,









focused on sharing lessons and examples of gender-responsive practices, activities, policies, strategies, and actions in forest landscape initiatives. These sessions demonstrated that countries are making significant efforts to integrate and include women in REDD+ processes. A detailed summary of all these sessions and presentations is available on the FCPF, Climate Investment Funds (CIF), and Program on Forests (PROFOR) websites.

## **PRIVATE SECTOR ENGAGEMENT**

Long-term, private sector investments are critical to address current funding gaps in climate finance for forests and landscapes. The FCPF seeks out innovative entry points for the private sector to help scale up the potential of REDD+.

At the national level, the FCPF has over the past year supported the development of private sector strategies in the most advanced

countries in the Carbon Fund—including Côte d'Ivoire, Ghana, Madagascar, and Mozambique. In Mozambique, for example, this has focused on outreach to the cashew sector. In Madagascar, strategy outreach is being designed to reach several sectors, including vanilla, coffee, cocoa, and cloves. And in December 2017, the FCPF supported a memorandum of understanding (MoU) announced between Cameroon and Taylor Guitars, outlining a collaboration on sustainable ebony sourcing and planting in Cameroon's ERP area. The FCPF has also begun developing a blueprint document for partnership development that will help national programs align and harmonize private sector engagement.

At the UN Climate Change Conference (COP23) in November 2017, the FCPF supported Côte d'Ivoire and Ghana in their high-level commitments to collaborate on meeting the goals of the World Cocoa Foundation's Cocoa and Forests Initiative. This unprecedented program is bringing together

pledges from governments and the private sector to adopt 100 percent deforestation-free sourcing in cocoa production. The FCPF also participated in the World Cocoa Conference in Berlin, in April 2018, and supported a monitoring of carbon and cocoa workshop cohosted by Côte d'Ivoire, the Dominican Republic, Ghana, and chocolate companies Olam, Barry Callebaut, and Valrhona. The FCPF continues to support the World Cocoa Foundation's work to develop a private sector implementation plan for its Cocoa and Forests Initiative.

The FCPF is collaborating with the World Bank's FIP to bring on board key private sector companies to match FCPF-FIP grants to agroforestry programs in Ghana and Côte d'Ivoire. And, in partnership with the Tropical Forestry Alliance, the FCPF is helping bring together governments and the private sector to find ways to reduce deforestation in cocoa, dairy, and palm oil value chains.

In June 2018, the World Bank's International Finance Corporation (IFC) presented a new approach and collaboration with the Carbon Fund to engage the private sector in forest conservation through a potential multicountry forest bonds program. Part of the proposed collaboration would see IFC investing alongside the Carbon Fund in results-based payments.

## **TECHNICAL CAPACITY BUILDING**

FCPF's support to countries focuses on creating tools on a broad range of REDD+ Readiness and implementation themes, including carbon accounting, financing, forest governance, REDD+ strategies, and social inclusion. With these tools, countries can build a solid foundation for REDD+ suited to their unique context and needs.

## **Measurement, Reporting, and Verification (MRV)**

Over the past year, the FCPF conducted a series of MRV missions to participant countries to help them address challenges and ramp up capacities on a range of issues, including land-use change analysis, forest degradation analysis and visual assessment reference grids, the preparation of national FRLs, and the implementation of national MRV systems.

The FCPF Carbon Fund continued to work on improving its tools for carbon accounting. In January 2018, the FCPF presented a comprehensive set of carbon accounting issues, with feedback from Carbon Fund Participants being used to advance the FCPF's work in this area. The FCPF also advanced its work on the rules and modalities for verification under the Carbon Fund.

In terms of international partnerships, the FCPF worked closely with the Global Forest Observation Initiative (GFOI) over the past year to support countries in developing their national forest monitoring and MRV systems by leveraging a combination of proven and "disruptive" emerging technologies. Between January and July 2018, the FCPF partnered with GFOI on several initiatives, including an expert meeting on MRV accuracy assessments, a data component needs assessment, and an MRV country needs assessment pilot in Togo.

The FCPF also supported the development of the Food and Agriculture Organization's (FAO's) System for Earth observations, data access, Processing & Analysis for Land monitoring (SEPAL), which offers developing countries unparalleled access to detailed satellite data on forests and super computing power. This platform will be invaluable for REDD+ countries that are entering the results-based payment phase.



## Transaction Registries

An emissions trading registry is an online database that issues, records, transfers, and tracks the carbon units that are exchanged within market mechanisms or financed through results-based initiatives such as ERPs under the Carbon Fund. Emissions trading registries are critical for avoiding “double counting”— when a single GHG ER removal is used more than once to demonstrate compliance with mitigation targets.

The FCPF is working with Carbon Fund Participants to design and test different transaction registry models in line with the fund’s methodological framework. Over the course of last year, the FCPF surveyed countries on whether they would prefer using an FCPF-centralized emissions registry, their own country registry, or a hybrid of the two. Given the variation in survey response (and the number of countries still undecided), the FCPF is developing models for both a centralized and various in-country registries. At the FCPF Carbon Fund meeting in June 2018, the Facility Management Team (FMT) confirmed that the functional structure and process logic of the centralized transaction registry model will fully meet Carbon Fund criteria and requirements, as well as the requisites for participating in the Carbon Offsetting and Reduction Scheme for International Aviation under the UN ICAO.

## Financing of Emission Reductions Programs

Billions of dollars will be required to implement the large-scale ERPs being designed by FCPF Country Participants. Building on the work done on REDD+ Readiness, the FCPF is working with governments to help them direct their own investments and policies to implement ERPs and “crowd in” the private sector so that countries can get more resources flowing into sustainable forestry and land use.

In August 2017, the FCPF and BioCarbon Fund published a “Guidance Note on the Preparation of Financing Plan of REDD+ and Landscape Emission Reduction Programs.” The note is designed to help countries prepare a sound financing plan to support ERP implementation, and to facilitate review of their financing plans as part of ERP appraisal.

To cover the financing gaps of ERPs, there has been an increased focus on examining the feasibility of a wide range of financing instruments—bonds and guarantees, among others. Over the past year, the FCPF has undertaken a review of financing plans for ERPs and options to address the financing gaps. The review covers 10 ERPs, including six programs in advanced stages of preparation for submission to the Carbon Fund.

## Standards and Management Tools

The methodological framework (MF) was adopted by Carbon Fund Participants in December 2013. It provides a global standard for REDD+ transactions at scale and guides the piloting of results-based carbon finance transactions through the FCPF Carbon Fund.

### *Pricing Approach*

In FY14 Carbon Fund Participants indicated a preference for fixed pricing under current conditions and a willingness to pay up to \$5/ tCO<sub>2e</sub>, while recognizing that the ultimate price is subject to negotiations at the time of ERPA negotiations.

### *Cost Assessment Tool*

For the past two years, the FMT has been working with several countries, especially those in the Carbon Fund pipeline, to perform analysis and planning for the financing of Carbon Fund ERPs using the previously developed cost assessment tools. Such an upstream analysis has allowed countries to start structuring ERPs and to align various streams of finance, including the resources provided through the FCPF Readiness Fund,



other investment finance, and results-based finance through the Carbon Fund.

### ***Legal documents***

The ERPA General Conditions were adopted at the 18th Participants Committee Meeting held in November 2014. With several countries advancing in the Carbon Fund, draft term sheets are under development. Workshops on the legal and commercial content of a future ERPA and the related ERPA negotiation process have been held in Chile, Costa Rica, the Democratic Republic of Congo, Ghana, Mexico, and Mozambique.

The general conditions build on the criteria and indicators specified in the MF and provide,

among others, for the general legal rules and procedures that are expected to be followed during ERP implementation. They further provide a set of (nonnegotiable) general rules and procedures that apply to each carbon transaction, while the ERPA covers the (negotiable) commercial terms of such transactions.

### ***Transfer of Title***

The FCPF Carbon Fund MF requires that country participants demonstrate their ability to transfer title to ERs. At the FCPF Carbon Fund meeting in January 2018, the FMT presented guidance on the type of evidence countries should submit to demonstrate their ability to transfer title to ERs.



# International Engagement

REDD+ has a challenging agenda, given its multisectoral and multistakeholder dimensions, and the large financial and capacity needs involved. During the past year, the FCPF continued engaging with partners and international initiatives to develop tools and approaches that will help countries coordinate each of the dimensions of REDD+ and realize their vision for climate-smart forest management and land-sector transformation.

## ***UN Framework Convention on Climate Change***

The FCPF's engagement at the 23rd UNFCCC (COP23) in Bonn, Germany, focused on side events that promoted a wide range of forest and climate-smart approaches to land use. The topics addressed included subnational REDD+ approaches and their challenges; why inclusive climate decision making is key for inclusive development; promoting sustainable development through REDD+; and how large-scale land management can help meet climate goals.

## ***BioCarbon Fund***

Throughout the last fiscal year, the FCPF and the World Bank's BioCarbon Fund collaborated on several tools to support REDD+ and larger-scale ERPs. In August 2017, the FCPF and the BioCarbon Fund published the "Guidance Note on the Preparation of Financing Plans For REDD+ and Landscape Emission Reduction Programs." In November 2017, the FCPF and BioCarbon Fund's Initiative

for Sustainable Forest Landscapes (ISFL) released a report on early lessons from engaging with the private sector in results-based landscape programs. This was followed in April 2018 by another report looking at ways in which countries can adopt a nested approach to REDD+, which considers how REDD+ actions at smaller scales can contribute to national or subnational initiatives.

## ***The International Finance Corporation***

In June 2018, IFC presented a new approach and collaboration with the FCPF Carbon Fund to engaging the private sector in forest conservation through a potential multicountry forest bonds program. Part of the proposed collaboration would see IFC investing alongside the Carbon Fund in results-based payments. IFC aims to finalize the approach and submit it to the Green Climate Fund during the latter half of 2018.

### ***Forest Investment Program***

In September 2017, the FCPF and the Climate Investment Funds' FIP hosted a joint knowledge day in Lao PDR that brought together 150 participants from over 40 countries. The day focused on knowledge sharing and joint learning on a wide range of topics such as engaging the private sector in landscape programs, sustainable forest management financing for small and medium-sized forest enterprises, and successes and challenges in combating illegal logging.

### ***The UN International Civil Aviation Organization***

Over the course of last year, the FCPF Carbon Fund continued to explore the potential for the FCPF to serve as a program under ICAO's Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA). In February 2018, the FCPF agreed to participate as a sample program in CORSIA's informal testing of programs. The results from the informal testing process are expected to be presented to the ICAO Council in 2018.

### ***Norad's Oslo Tropical Forest Forum***

In June 2018, the FCPF supported countries' engagement at the Oslo Tropical Forest Forum organized by the Norwegian Agency for Development Cooperation (Norad), where a number of REDD+ advancements and initiatives were promoted, including reducing illegal deforestation and other forest-related crimes; progress toward recognizing indigenous rights to forests; criteria for REDD+ transactions; financial disclosure and transparency for forest-risk commodities; rural and indigenous women's tenure rights and participation in climate change agreements; and incorporating mangroves and peatlands

into REDD+ strategies. Also at the Forum, Norway's International Climate and Forest Initiative (NICFI), in collaboration with the FCPF and other partners, announced a new global initiative to use high-resolution satellite imagery to improve the accuracy and efficiency of MRV systems for REDD+.

### ***UN-REDD Programme***

During all of last year, the FCPF continued its ongoing collaboration with the UN-REDD Programme to assist countries in getting ready for REDD+. At the national level, this collaboration entails joint country missions and sharing responsibility for financing Readiness activities. At the global level, the FCPF and the UN-REDD Programme work together on analytical and capacity-building efforts and events. At COP23 in Bonn, the FCPF and UN-REDD Programme cohosted and moderated a side event exploring how countries can scale up implementation to access REDD+ payments. The two initiatives also continued their long-standing engagement in each other's governance meetings, with UN-REDD representatives in attendance at FCPF's Participants Committee meetings throughout the year.

### ***Program on Forests***

The World Bank's Program on Forests (PROFOR) develops in-depth reports, analyses, innovative processes, and dialogues on a wide range of forest-related topics that provide an important knowledge foundation for FCPF's thematic work, ranging from gender integration and social inclusion to carbon accounting, forest governance, and REDD+ strategies. PROFOR collaborates with the FCPF on knowledge-sharing initiatives and on providing research, tools, and resources.



## PARTICIPATION IN INTERNATIONAL FORA



UN Climate Week  
SEPTEMBER 2017



COP  
NOVEMBER 2017



One Planet Summit  
DECEMBER 2017



Land and Poverty  
Conference WBG  
MARCH 2018



Africa Carbon Forum  
APRIL 2018



UN Permanent Forum on  
Indigenous Issues  
APRIL 2018



Innovate4Climate  
MAY 2018



Global Landscapes Forum  
MAY 2018



Oslo Tropical Forest Forum  
JUNE 2018



# Communications and Knowledge-Sharing

Over the past year, the FCPF supported REDD+ Readiness and ERP design through new technical publications, workshops, and knowledge exchanges.

## OUTREACH

 **18 stories produced**

 **2,739 FCPF Facebook page followers**

 **23 knowledge seminars**

 **98,900 WBG Climate Twitter followers**

 **5 South-South Knowledge Exchanges**

 **983 Newsletter subscribers**

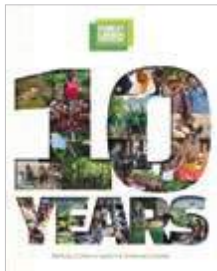
## PUBLICATIONS



Forest and Climate-Smart Cocoa in Côte d'Ivoire and Ghana



Approaches to REDD+ Nesting



FCPF: Marking 10 Years of Action for Forests and Climate

## VIDEOS



The Future of Forests and Climate Change



A Decade for Forests and Climate

## SOUTH-SOUTH KNOWLEDGE EXCHANGES

### Joint FCPF-FIP Knowledge Day at PA10/PC24

**When:** September 2017

**Where:** Luang Prabang, Lao PDR

**Who:** 150+ members of government, civil society and IP organizations, and the private sector from 40+ countries.

**What:** Comprised of 12 panel discussions and a “knowledge café,” featuring 22 roundtable knowledge sessions, this joint event addressed a plethora of relevant topics and issues. Participants shared best practices and challenges, while learning tangible strategies and skills on issues such as REDD+ strategy development, combating illegal logging, stakeholder engagement, communicating REDD+, gender, and engaging the private sector.

### FCPF Africa IP and CSO Capacity Building Knowledge Exchange

**When:** October 2017

**Where:** Addis Ababa, Ethiopia

**Who:** 25 members of recipient organizations of FCPF’s Capacity Building Program for Forest-Dependent Indigenous Peoples and Southern Civil Society Organizations (CBP) support

**What:** Organized jointly by Mainyoito Pastoralists Integrated Development Organization (MPIDO) and the Pan African Climate Justice Alliance (PACJA), the exchange brought together all the subgrantees receiving funds from the FCPF’s Africa CBP on REDD+. Organized during the halfway point of project implementation, the event allowed countries to share emerging lessons and brainstorm on mutual challenges, while also providing practical guidance on reporting on and communicating program results.

### Joint FCPF-Global Forest Observation Initiative Country Needs Assessment Workshop

**When:** February 2018

**Where:** Lome, Togo

**Who:** 18 participants from five Francophone countries: Burkina Faso, the Central African Republic, the Republic of Congo, Côte d’Ivoire, and Togo.

**What:** Countries shared their experiences on forest monitoring and piloted a country needs assessment on the implementation of NFSMs as part of a multiday workshop. The assessments, which allow for an improved and more standardized identification of technical and financial resource needs, will guide the future design and implementation of NFMSs. Plans to hold regional workshops for other countries in the FCPF over the coming year are already underway.

### Ghana-Sudan REDD+ Knowledge Exchange

**When:** February 2018

**Where:** Accra, Ghana

**Who:** 13 participants, from the government of Sudan, including the REDD+ program coordinator, and state and regional focal points.

**What:** The overall objective was for Sudanese practitioners to gain exposure to practical REDD+ approaches and methodologies already in place in Ghana. Interactive sessions focused on designing robust benefit-sharing schemes; incorporating jurisdictional projects around commodities such as cocoa, shea and coastal mangroves; designing MRV and FRELS; Ghana’s use of REDD+ champions (including the former president and other celebrities) to engage REDD+ stakeholders; and sharing lessons on forest governance and land-tenure systems.





### **Latin America-Africa REDD+ Knowledge Exchange**

**When:** March 2018

**Where:** Sao Paolo, Brazil and Acre, Brazil

**Who:** 20 technical staff from 4 Carbon Fund countries: Guatemala, Madagascar, Mozambique, and Peru

**What:** Participants had the opportunity to learn directly from Brazilian institutions, such as the Instituto Nacional de Pesquisas Espaciais (INPE), about the country's well-functioning forest monitoring system, the development of its FRELs and biennial update reports (BURs), and effective public policies and funds to protect forests and curb

deforestation. In Acre, they were also able to see firsthand an excellent case study of a subnational initiative containing nested REDD+ projects within its jurisdiction. Participants were encouraged to establish and strengthen cross-country partnerships between entities and agencies working on similar issues.

# Issues and Challenges

Over the course of last year, the FMT identified new challenges emerging in countries' Readiness and implementation efforts, in addition to ongoing challenges related to this work. The FMT will continue its efforts to monitor and address these issues through further follow-up action in the coming year.

## **MANAGING DISBURSEMENTS PRIOR TO FUND CLOSURE**

With available resources in the Readiness Fund almost entirely allocated and the current term of the fund ending in December 2020, the FCPF is proactively managing limited resources within the remaining term of the fund. Several countries have experienced delays with either internal approvals or in-country approvals of Delivery Partners. While more rigorous portfolio monitoring has resolved some of these delays, in cases where they have not been resolved, grant funding could be reallocated. Countries will need to actively manage disbursements given the 2020 close of the Readiness Fund.

A new portfolio tracking tool implemented in early 2018 allows more detailed monitoring of deadlines, disbursements, and risks at both the fund- and country-level. With a well-managed disbursement process, the coming two years will likely see a flurry of activity, as countries present their Mid-Term Reviews (MTRs) and Readiness packages (R-packages) before the 2020 close of the Readiness Fund.

## **IDENTIFYING AND LEVERAGING INVESTMENT FINANCE**

The cost of ERP implementation may often exceed the potential carbon payments that countries can generate from verified ERs. Countries are aware that REDD+ is not providing full recovery of the implementation cost of REDD+ activities that a country may carry out. The FMT continues to strongly encourage all countries, including those not in the current Carbon Fund pipeline, to develop R-Packages. This will signal the successful completion of Readiness and allow countries to potentially access other results-based financing streams such as the Green Climate Fund, opportunities with the private sector, and bilateral funding. The FCPF will also continue to work closely with other actors and initiatives to make sure that financing and technical modalities are aligned, providing countries with the support they need to drive the REDD+ agenda ahead.





## **FINANCING PLANS OF EMISSION REDUCTIONS PROGRAMS**

Billions of dollars will be required to implement the large-scale programs being designed by developing countries to reduce emissions from deforestation and broader land use. Moving forward, more support from a wider variety of sources will be needed to help countries sustainably manage and protect their forests.

The FCPF has been working on an initial analysis of financing plans for ERPs to assess funding for program implementation and the sensitivity of the financing estimates of the programs to costs, revenues, and financing sources. This analysis has led to improvements in the requests to countries for ERP preparation. Moreover, the FCPF is identifying funding needs and gaps at the start of program implementation, and over the ER payment agreement period. The share of results-based finance in relation to the overall financing of the programs is also being assessed.

## **IMPEDIMENTS TO IMPLEMENTATION**

By the end of June 2018, the FCPF Carbon Fund had not reached its expected goal of signing at least one ERPA. In some cases, this was due to participant countries lacking the capacity to navigate the complex process of ERPA negotiations. The FCPF continues to work with countries to help them meet the remaining indicators of the Carbon Fund's Methodological Framework, including benefit-sharing arrangements and ER title transfer ability. ERPA preparation workshops have been held in several countries, and ERPA prenegotiations are already underway with Chile, Costa Rica, the Democratic Republic of Congo, Mexico, and Mozambique.

# FY18 Financial Report

## Financial Overview of the Facility

The Facility's 2018 fiscal year (FY18) runs from July 1, 2017, through June 30, 2018. Committed funds to the FCPF Readiness Fund and Carbon Fund at the end of FY18 totaled almost \$1.3 billion, with close to \$400 million committed to the Readiness Fund and close to \$900 million to the Carbon Fund (tables 2 and 8). Readiness Fund resources have almost been entirely allocated, while the Carbon Fund is likely to commit all resources in the next two to three years through signed ERPA's.

Fund balances at the end of FY18 totaled just over \$1 billion, made up of \$173 million in the Readiness Fund and \$861 million in the Carbon Fund, with cash balances totaling \$664 million—\$159 million in the Readiness Fund and \$505 million in the Carbon Fund (tables 1 and 7).

The value of grant allocations to FCPF Country Participants at the end of FY18 stood at \$314 million (table 6), while signed grant agreements represented firm commitments of \$274 million. Grant disbursements from the Readiness Fund have continued to accelerate—to \$129 million at the end of FY18, excluding grant disbursements made by countries with DPs other than the World Bank (tables 1 and 5).

## The Readiness Fund

### FUND BALANCE

Table 1 shows the summary financial statement for the Readiness Fund from the opening of the fund to the end of FY18. The Readiness Fund balance at the end of FY18 was \$173 million, with a cash balance (representing all cash on hand in the account) of \$159 million. The difference of about \$14 million represents the outstanding contributions from the European Commission (\$1.2 million) and Norway (\$12.4 million), as shown in table 2.

Total donor contributions received through the end of FY18 amounted to \$386 million. Investment income of \$30.8 million raised the total receipts through the end of FY18 to \$417 million. Total disbursements through the end of FY18 were \$257 million and consisted of \$71 million in cash disbursements, \$129 million in grants to country participants, \$2.7 million to IP/CSO groups, and \$55 million to DPs for Readiness Preparation Grants to countries.

New funds worth about \$70 million entered the account during FY18, made up of \$10.5 million in investment income and a \$59.7 million inflow of installments from Germany (\$29.6 million) and Norway (\$30.1 million). Total disbursements on a cash basis during FY18 amounted to \$70.4 million, made up of





**TABLE 1. FCPF READINESS FUND SUMMARY FINANCIAL STATEMENT FY18 (\$, THOUSANDS)**

Description	Total	FY18	FY17	FY16	FY15	FY14	FY13	FY12	FY11	FY10	FY09
<b>Beginning Balance</b>		<b>159,472</b>	<b>192,767</b>	<b>226,801</b>	<b>224,869</b>	<b>195,830</b>	<b>189,999</b>	<b>165,804</b>	<b>77,695</b>	<b>50,945</b>	
Donor Contributions	385,736	59,735	2,370		27,014	54,004	30,009	31,538	94,880	32,290	53,895
Investment Income	28,743	10,520	7,241	3,094	2,008	1,960	897	924	732	821	547
Investment Income (Transferred from the CF)	2,023					2,023					
<b>Total Receipts</b>	<b>416,503</b>	<b>70,255</b>	<b>9,611</b>	<b>3,094</b>	<b>29,022</b>	<b>57,987</b>	<b>30,906</b>	<b>32,462</b>	<b>95,612</b>	<b>33,111</b>	<b>54,442</b>
Cash Disbursements	70,699	9,915	7,134	7,909	6,914	9,373	8,752	5,383	6,421	5,402	3,497
Grant Disbursements*	128,797	39,038	29,940	25,419	16,379	8,173	4,923	2,884	1,082	959	
IP/CSO Grant Disbursements	2,663	1,831	832								
Disbursements to DPs for Grants	55,066	19,665	5,000	3,800	3,800	11,400	11,400				
<b>Total Disbursements</b>	<b>257,225</b>	<b>70,449</b>	<b>42,906</b>	<b>37,128</b>	<b>27,093</b>	<b>28,946</b>	<b>25,075</b>	<b>8,267</b>	<b>7,503</b>	<b>6,361</b>	<b>3,497</b>
<b>Fund Balance (cash)</b>	<b>159,278</b>	<b>159,278</b>	<b>159,472</b>	<b>192,767</b>	<b>226,801</b>	<b>224,870</b>	<b>195,830</b>	<b>189,999</b>	<b>165,804</b>	<b>77,695</b>	<b>50,945</b>
<b>plus Outstanding Contributions</b>	<b>13,522</b>										
<b>Fund Balance</b>	<b>172,800</b>										

\*Includes \$599,694 of Bank-executed grant disbursements

Note: FY18 = 7/1/2017 – 6/30/2018; CF = Carbon Fund; CSO = Civil Society Organization; DP = Delivery Partner; IP = indigenous people.

cash expenditures of \$9.9 million, grant disbursements of \$39 million to country participants, IP/CSO Capacity Building Program Grant Disbursements of \$1.8 million, and disbursements to DPs for grants of \$19.7 million (table 1).

## Funding Sources

### *Donor Contributions*

Table 2 presents the committed contributions to the Readiness Fund at the end of FY18. During FY18 there was an additional contribution of \$30 million from Germany. This raised total contributions at the end of FY18 to \$399 million, compared to \$369 million at the end of FY17.

There are outstanding contributions of about \$13.5 million from existing signed agreements to be paid by Norway (\$12.4 million) and the European Commission (\$1.2 million) into the Readiness Fund in the coming months. These outstanding contributions represent agreed phased contributions spread out over several years.

### *Investment Income*

Table 1 shows investment income figures over the life of the Readiness Fund. Amounts paid into the trust fund but not yet disbursed (the cash balance) are managed by the International Bank for Reconstruction and Development (IBRD), which maintains a pooled investment portfolio (“the Pool”) for all the trust funds administered by the World Bank Group. Because all Participation Agreements with Carbon Fund Country Participants indicate that any interest generated by prepaid contributions shall be channeled to the Readiness Fund, the Readiness Fund receives an allocated share of investment income from the Pool that consists of interest earned on both the Readiness Fund and the Carbon Fund. The cumulative total

investment income deposited into the Readiness Fund (on the Readiness and Carbon Fund cash balances) through the end of FY18 was \$30.8 million.

## Funding Uses

### *Cash Disbursements*

Cash disbursements represent all non-grant disbursements and amounted to \$70.7 million from the opening of the fund to the end of FY18. Table 3 shows annual expenditures by activity, while table 4 compares the approved budget with actual expenditures by activity for FY18.

Total cash disbursements for support to country participants over the lifetime of the fund (through the end of FY18) represent about 71 percent of total cash disbursements, while administrative costs represent only 4 percent of total cash disbursements. The cash disbursements for support to country participants of \$55.3 million plus the gross<sup>1</sup> Grant Disbursements of \$186.5 million (of which \$2.7 million was for IP/CSO Capacity Building) totaled \$241.8 million. These country-focused disbursements represent 94 percent of total disbursements of \$257.2 million.

Administrative and secretariat costs—which include the cost of all Participants Committee (PC) and Participants Assembly (PA) meetings, and travel costs for country participants and some observers—over the lifetime of the fund (through the end of FY18) amount to about \$14 million (net of shared costs on secretariat costs) and represent just 5 percent of total disbursements of \$257.2 million, while administrative costs alone (\$3.4 million) represent less than 2 percent of total disbursements (tables 1 and 3).

<sup>1</sup> Including the \$55 million in transfers made to the Inter-American Development Bank (IDB) and the United Nations Development Programme (UNDP).

**TABLE 2. FCPF READINESS FUND DONOR CONTRIBUTIONS AS OF END OF FY18 (\$, THOUSANDS)**

Participant Name	Total	Outstanding*	FY18	FY17	FY16	FY15	FY14	FY13	FY12	FY11	FY10	FY09
Australia	23,892								6,330	7,997		9,565
Canada	41,360									41,360		
Denmark	5,800										5,800	
European Commission	5,216	1,164					1,364		2,688			
Finland	23,196					3,230		5,261	5,749			8,956
France	10,340								5,136		592	4,612
Germany	106,382		29,616			23,784	13,913	13,113		25,956		
Italy	5,000									5,000		
Japan	14,000								4,000		5,000	5,000
Netherlands	20,270							7,635	7,635			5,000
Norway	113,773	12,358	30,119	2,370			38,727			8,801	16,398	5,000
Spain	7,048											7,048
Switzerland	8,214											8,214
United Kingdom	5,766									5,766		
United States of America	9,000							4,000			4,500	500
<b>Committed Funding</b>	<b>399,258</b>	<b>13,522</b>	<b>59,735</b>	<b>2,370</b>		<b>27,014</b>	<b>54,004</b>	<b>30,009</b>	<b>31,538</b>	<b>94,880</b>	<b>32,290</b>	<b>53,895</b>

\*Amounts may vary due to exchange rate fluctuations

Note: FY18 = 7/1/2017 – 6/30/2018.

**TABLE 3. FCPF READINESS FUND CASH DISBURSEMENTS (\$, THOUSANDS)**

Activity	% of Total	Total	FY18	FY17	FY16	FY15	FY14	FY13	FY12	FY11	FY10	FY09
Country Implementation Support	36%	28,132	5,419	3,145	4,275	2,676	3,730	3,213	1,701	1,904	1,660	409
Country Advisory Services	18%	14,353	1,953	1,584	1,632	1,881	2,342	1,750	1,073	545	793	801
REDD+ Methodology Support	16%	12,855	1,082	1,209	843	1,071	1,796	1,842	999	1,921	1,266	827
<b>Subtotal Support to Country Participants</b>	<b>71%</b>	<b>55,341</b>	<b>8,453</b>	<b>5,938</b>	<b>6,749</b>	<b>5,628</b>	<b>7,868</b>	<b>6,805</b>	<b>3,773</b>	<b>4,370</b>	<b>3,719</b>	<b>2,037</b>
IP and CSO Program	4%	3,111	184	87	253	480	751	1,089	267			
FCPF Secretariat	21%	16,247	2,140	2,118	1,434	1,299	1,515	1,690	2,056	1,685	1,321	989
Readiness Trust Fund Administration	4%	3,379	265	162	269	327	397	404	356	366	362	471
<b>Total Readiness Fund (including Carbon Fund Shared Costs)</b>		<b>78,078</b>	<b>11,042</b>	<b>8,305</b>	<b>8,706</b>	<b>7,735</b>	<b>10,532</b>	<b>9,988</b>	<b>6,452</b>	<b>6,421</b>	<b>5,402</b>	<b>3,497</b>
Less Carbon Fund Shared Costs		(7,382)	(1,128)	(1,172)	(797)	(821)	(1,159)	(1,236)	(1,069)			
<b>Total Readiness Fund</b>	<b>100%</b>	<b>70,696</b>	<b>9,915</b>	<b>7,134</b>	<b>7,910</b>	<b>6,914</b>	<b>9,373</b>	<b>8,752</b>	<b>5,383</b>	<b>6,421</b>	<b>5,402</b>	<b>3,497</b>

\*Amounts may vary due to exchange rate fluctuations

Note: CSO = Civil Society Organizations; FCPF = Forest Carbon Partnership Facility; IP = Indigenous Peoples;



The FY18 budget for the Readiness Fund, net of shared costs, of \$9.5 million compares to total Readiness Fund expenditures for the year of \$9.9 million (table 4). The fiscal year therefore closed with spending at 104 percent of budget and an overspend of \$104,000.

Costs for country implementation support totaled \$5.4 million, or 106 percent of the planned budget. This spending covers the direct assistance of DP country teams to country participants, including technical assistance, grant supervision, and assessments provided to the Participants Committee. This expense category was overrun mainly due to some unplanned replenishments of the implementation budget for UNDP, in the amount of \$2 million, during FY18.

Expenses for country advisory services were about \$1.9 million, or 115 percent of the \$1.7 million originally budgeted for FY18. The team carried out substantial work supporting nine countries in their submission of MTRs,

unlocking additional grant funds of up to \$5 million each for work on Readiness.

Key milestones reached in FY18 include Paraguay's signing of a \$3.8 million Readiness Preparation Grant, and the signing by 13 other country participants of grants for additional funding of up to \$5 million in FY19 (Bhutan, Cambodia, Chile, Colombia, Côte d'Ivoire, Fiji, Guatemala, Lao PDR, Mexico, Nicaragua, Papua New Guinea, Sudan, and Uganda). In addition, seven countries had R-Packages endorsed in FY18 (Ethiopia, Guatemala, Indonesia, Lao PDR, Liberia, Madagascar, and Nicaragua). The bulk of the associated costs were incurred by the FCPF FMT, forestry, and social development staff advising and giving guidance to country participants on their programs. FY18 expenditures also include specific work on SESA and ESMF Risk Management.

**TABLE 4: FCPF READINESS FUND CASH DISBURSEMENTS FOR FY18 (\$, THOUSANDS)**

Activity	Budget	Actual Expense	Variance	Expense Rate (%)
Country Implementation Support	5,135	5,419	(284)	106
Country Advisory Services	1,692	1,953	(260)	115
REDD+ Methodology Support	1,117	1,082	35	97
Subtotal Support to Country Participants	7,944	8,453	(509)	106
IP and CSO Capacity Building Program	300	184	116	61
FCPF Secretariat	2,263	2,140	123	95
Readiness Trust Fund Administration	224	265	(40)	118
Total Readiness Fund (including Carbon Fund Shared Costs)	10,732	11,042	(310)	103
Less Carbon Fund Shared Costs	(1,183)	(1,128)	55	95
<b>Total Readiness Fund</b>	<b>9,549</b>	<b>9,915</b>	<b>(366)</b>	<b>104</b>

**TABLE 5: FCPF READINESS FUND GRANT DISBURSEMENTS THROUGH THE WORLD BANK ONLY (\$, THOUSANDS)**

Region/Country	Allocation	% total disb	Signed Grant	Total Disbursed	FY18	FY17	FY16	FY15	FY14	FY13	FY12	FY11	FY10
<b>Africa</b>													
Burkina Faso	6,900	42%	3,800	1,592	1,084	263	245						
Cameroon	8,793	90%	3,793	3,425	1,352	510	516	476	379	134	3	55	
CAR	3,800	22%	3,800	851	851								
Cote d'Ivoire	8,800	40%	3,800	3,538	480	1,097	1,232	728					
DRC	8,791	100%	8,791	8,790		1,233	1,825	2,202	1,161	1,381	797	14	177
Ethiopia	3,800	100%	3,800	3,799			2,247	694	258	400		100	100
Gabon	1,950												
Ghana	8,586	100%	8,586	8,586	1,460	1,500	2,240	1,204	1,270	312	400		200
Kenya (moved to UNDP)	170	100%	170	170								170	
Liberia	8,782	69%	8,782	6,017	1,298	1,572	1,689	682	289	305		107	75
Madagascar	8,800	49%	8,800	4,300	1,635	1,781	883						
Mozambique	8,800	100%	8,800	8,799	1,478	3,522	1,950	851	911	87			
Nigeria	8,740	71%	3,800	2,698	1,106	1,092	500						
Republic of Congo	8,033	99%	8,033	7,971	1,966	1,885	1,582	1,244	481	237	381	108	87
Sudan	8,800	34%	8,800	3,020	1,560	906	554						
Togo	6,730	78%	3,800	2,951	1,360	970	277	344					
Uganda	7,549	65%	7,549	4,878	1,679	1,055	644	1,334			[14]	140	40
<b>Africa Sub-Total</b>	<b>117,824</b>	<b>71%</b>	<b>99,904</b>	<b>71,385</b>	<b>17,309</b>	<b>17,388</b>	<b>16,384</b>	<b>9,759</b>	<b>4,749</b>	<b>2,856</b>	<b>1,567</b>	<b>694</b>	<b>679</b>
<b>East Asia &amp; Pacific</b>													
<b>Disbursed</b>													
Fiji	5,800	20%	5,800	1,159	419	453	287						
Indonesia	8,594	52%	8,594	4,442	640	359	279	167	1,233	1,247	518		
Lao PDR	8,347	45%	8,347	3,715	1,344	1,234	658	305				123	50
Thailand	3,800	14%	3,800	532	32	300				163	37		
Vanuatu	6,228	51%	3,728	1,917	961	467	177	186		106	21		
Vietnam	8,800	57%	8,800	5,058	428	1,990	1,055	1,084	501				
<b>East Asia &amp; Pacific Sub-Total</b>	<b>41,569</b>	<b>43%</b>	<b>39,069</b>	<b>16,824</b>	<b>3,825</b>	<b>4,803</b>	<b>2,455</b>	<b>1,742</b>	<b>1,734</b>	<b>1,516</b>	<b>576</b>	<b>123</b>	<b>50</b>
<b>Latin America &amp; Caribbean</b>													
<b>Disbursed</b>													
Argentina	3,800	9%	3,800	350	350								
Belize	3,800	11%	3,800	415	415								
Chile	8,800	49%	8,800	4,321	1,285	1,463	1,274	300					
Colombia	8,730	37%	8,730	3,250	2,183	467	400				66	134	
Costa Rica	8,758	52%	8,758	4,566	803	585	732	1,431	479	375		22	139
Dominican Republic	6,000	44%	3,800	1,678	1,144	54	480						
El Salvador	6,300	94%	3,800	3,580	1,718	1,161	509		42	98	52		
Mexico	8,800	55%	8,800	4,800	2,559	557	1,019	665					
Nicaragua	8,800	50%	8,800	4,400	1,275	1,100	1,016	431	378	77	123		
Uruguay	3,800	21%	3,800	794	294	500							
<b>Lat Amer &amp; Car Sub-Total</b>	<b>67,588</b>	<b>45%</b>	<b>62,888</b>	<b>28,155</b>	<b>12,026</b>	<b>5,887</b>	<b>5,430</b>	<b>2,827</b>	<b>899</b>	<b>550</b>	<b>241</b>	<b>156</b>	<b>139</b>
<b>South Asia</b>													
<b>Disbursed</b>													
Bhutan	8,600	64%	8,600	5,476	3,487	980	372	637					
Nepal	8,233	45%	8,233	3,713	80	400	327	1,414	792		500	109	91
Pakistan	7,814	85%	3,800	3,244	2,312	481	451						
<b>South Asia Sub-Total</b>	<b>24,647</b>	<b>60%</b>	<b>20,633</b>	<b>12,432</b>	<b>5,879</b>	<b>1,861</b>	<b>1,150</b>	<b>2,051</b>	<b>792</b>		<b>500</b>	<b>109</b>	<b>91</b>
<b>Totals</b>	<b>251,628</b>	<b>58%</b>	<b>222,493</b>	<b>128,796</b>	<b>39,039</b>	<b>29,940</b>	<b>25,419</b>	<b>16,379</b>	<b>8,173</b>	<b>4,923</b>	<b>2,884</b>	<b>1,082</b>	<b>959</b>

Note: CAR = Central African Republic; DRC = Democratic Republic of Congo; Lao PDR = Lao People's Democratic Republic.

With the budget for REDD+ Methodology Support activities set at \$1.1 million for FY18 and total expenditures of \$1.1 million, spending represents 97 percent of the FY18 plan. There was a \$120,000 overspend on the gender and inclusion work. However, that overspend was offset by lower spending rates than budgeted on more general REDD+ methodology activities.

The CBP, including grants, has historically been included in the operating budget. However, this inclusion means the operating budget is very dependent on the outflow of grants that typically should be accounted for separately, along with other recipient-executed activities such as Readiness Grant Disbursements to country participants. As communicated at the 21st Participants Committee Meeting, this report separates the grants from the operating budget to better reflect the true operating budget. Only 61 percent of the budget set aside for administration of the CBP grants was used in FY18, reflecting the team's focus on controlling administrative costs.

FCPF Secretariat expenses were \$2.1 million, or about 95 percent of the activity budget of \$2.3 million. Expenditures included the standard costs for program management, organization of the annual PA and PC meetings, and travel costs for country participants and some observers to those meetings. FCPF Secretariat costs include the costs of hosting and maintaining the FCPF website, communicating with FCPF stakeholders, and the translation of FCPF materials. The main factors behind the \$123,000 underrun are decreased translation costs due to fewer than anticipated large technical documents for review (e.g., MTRs, R-Packages) and the postponement of a global knowledge exchange forum to FY19.

### **Shared Costs**

As part of the approval of the Readiness Fund budget, the FCPF Charter indicates that the PC shall make decisions on all shared costs for activities that cut across and benefit both the Readiness and Carbon Funds. In practice, shared costs have typically included FCPF Secretariat and REDD+ Methodology Support activities, such as the costs of travel and expenses for country participants to attend the PA and PC meetings and the work of the TAPs.

Pursuant to the charter, the Readiness Fund pays 65 percent and the Carbon Fund pays 35 percent of shared costs, unless the PC decides otherwise. The PC approved resolutions waiving cost sharing through the end of FY11 (to reflect the fact that the Carbon Fund only became fully operational as of May 2011) and paying 100 percent of shared costs from the Readiness Fund. In addition, the PC agreed that cost sharing on the 65%/35% basis would commence from FY12 onward. However, there is an important caveat in Resolution PC/8/2011/8, approved in March 2011, in that the PC agreed to a lifetime cap of \$12 million on the shared costs to be charged to the Carbon Fund. This resolution responded to the concern among several existing and potential Carbon Fund Country Participants that without such an upward limit, the PC would be unrestrained in its decisions regarding their composition and annual approvals.

Shared costs transferred to the Carbon Fund for FY18 amounted to \$1.1 million, that is, slightly below budget (table 4). Shared costs over the lifetime of the facility (through the end of FY18) stood at \$7.4 million (table 3) and are therefore on track to remain under the lifetime cap of \$12 million.



**TABLE 6. SUMMARY OF LONG-TERM SOURCES AND USES OF READINESS FUNDING (\$, MILLIONS)**

Description	Amounts (\$m)	Totals (\$m)
<b>Sources of Funds</b>		
Committed Funding	399.3	
Less 15% discount applied to outstanding contributions that are in a currency other than US dollars, the holding currency of the fund (World Bank policy)	(2.0)	
Investment income to date	30.8	
<b>Total Available Funding</b>		<b>428.0</b>
<b>Uses of Funds</b>		
<b>Grant Allocations</b>		
<b>To REDD+ Country Participants</b>		
Signed grants to Country Participants (commitments)	274.0	
Allocations to Country Participants (not yet signed)	40.4	
<b>Total Allocations to Country Participants</b>		<b>314.4</b>
<b>To IP/CSOs</b>		
Initial Allocation to IP/CSO Capacity Building Program (commitments)	3.0	
Additional Allocation to IP/CSO Capacity Building Program (March 2017)	5.0	
<b>Total Allocation to IP/CSO Capacity Building Program</b>		<b>8.0</b>
<b>Total Grant Allocations</b>		<b>322.4</b>
<b>Total Administrative, Operations, and Country Support costs over lifetime of fund</b>		
FY09–18 Actual costs	70.7	
FY19–21 Projected costs	19.5	
Reserve for Delivery Partner capacity for dispute resolution	1.0	
<b>Total Administrative, Operations, and Country Support costs over lifetime of fund</b>		<b>91.2</b>
<b>Total Uses of Funds</b>		<b>413.6</b>
<b>Estimated Reserve: Total Available Funding less Total Uses</b>		<b>14.4</b>

Note: IP = indigenous people; CSO = civil society organization.



### **Grant Disbursements**

An important aspect of the Readiness Fund is that it makes grant funding available to countries in support of country-led Readiness work. Initial grants are as high as \$3.8 million per country participant, with additional funding available up to \$5 million. These grant amounts are only registered as disbursements in World Bank financial statements after the country participant completes reimbursement from the grant resources. By the end of FY18, all country participants with signed preparation grants implemented by the World Bank were disbursing, except for the two countries that have already fully disbursed their grants (the Democratic Republic of Congo and Ethiopia). Signed formulation, Readiness preparation, and additional funding (of up to \$5 million) of grant agreements represent firm commitments of about \$274 million.

Grant disbursements from the Readiness Fund have continued to accelerate, and at the end of FY18 stood at \$184 million, *including*

transfers to DPs other than the World Bank for onward transfer to country participants of \$55 million (table 1). Total grant disbursements, excluding those through DPs other than the World Bank, amounted to \$128.8 million at the end of FY18, a continued increase on previous years. Grants disbursed during FY18 were \$39 million, representing an increase of 30 percent on the previous year. Of the total grant disbursements made through the end of FY18 (approximately \$128.8 million), over \$71.4 million were made in Africa. The details of the grant disbursements made through the World Bank (as the DP) are provided in table 5.

In addition, disbursements to DPs for grants totaling \$55 million represent nine Readiness Preparation Grants of \$3.8 million each, one \$3.6 million grant for Kenya (which had already used its \$200,000 formulation grant), and five funding grants of maximum \$5 million each for a total of \$17.3 million. This brings the total grant disbursements of the FCPF to \$183.8 million.

## FINANCIAL COMMITMENTS OVER THE LONGER TERM

Since the Readiness Fund will run through December 31, 2020, annual budgets need to fit into a long-term financial planning framework consistent with World Bank policies for the financial management of trust funds. These policies generally require funds to be fully set aside for commitments made by participants as well as for meeting the fiduciary obligations entered into by the World Bank as Trustee.

To plan resources over this longer-time horizon, the PC issues resolutions from time to time to establish funding priorities and commitments for the coming years. These commitments are considered “notional” when the PC has set aside or allocated financial resources from the Readiness Fund that are not yet signed into formal grant agreements or contracts. They are converted to “full” commitments once grant agreements (or vendor contracts) are signed by recipients and/or by the World Bank as Trustee of the Readiness Fund, or once expenditures are made.

As noted earlier in the report, fully signed grant commitments amount to about \$274 million (including grants signed by countries working with IDB or UNDP as DPs). However, there has been a higher level of notional grant commitments made by the FCPF to country participants. Table 6 provides a more complete picture of the level of these notional commitments, together with the necessary notional commitments to operate the fund for its full term, including direct implementation support costs and associated country services costs.

This long-term financial plan includes commitments for the operation of the secretariat by the FMT and the trustee role of the World Bank over the full term of the Readiness Fund—reflecting the fact that the

facility is expected to be fully active through that time.

Table 6 shows the long-term notional commitments or planned uses of the fund. It shows that, as of the end of FY18, notional commitments of full grants to all 46 active country participants and the estimated associated costs of the fund during its lifetime, amount to \$413.6 million. Total committed funding sources (including investment income) to the Readiness Fund as of June 30, 2018, amount to \$428.0 million (table 6). This level of funding is therefore adequate to meet the notional commitments of \$413.6 million.

## The Carbon Fund

### FUND BALANCE

Table 7 shows the summary financial statement for the Carbon Fund from its opening through the end of FY18. The Carbon Fund at the end of June 2018 had a balance of \$861 million and a cash balance of \$505 million. The outstanding balances on promissory notes and the outstanding contributions from Germany, Norway, and the United Kingdom account for the difference of \$356 million. Total donor contributions received through the end of FY18 amounted to \$542.8 million, while total disbursements over the same period totaled \$28.3 million, made up entirely of cash disbursements. The Carbon Fund has been fully operational since May 2011. No payments have yet been made on account of ERs.

Total receipts during FY18 were \$42.2 million, made up of donor contributions from Germany and Norway, of \$29.6 and \$12.6 million respectively (table 8).

All Participation Agreements with Carbon Fund Country Participants indicate that any interest generated by prepaid contributions



shall be channeled to the Readiness Fund. For this reason, there is no investment income to report for the Carbon Fund.

## Funding Sources

Table 8 presents the committed contributions to the Carbon Fund as of June 30, 2018. In terms of cash, the Carbon Fund received \$42.2 million in donor contributions over the last fiscal year—\$29.6 million from Germany and \$12.6 million from Norway. This brought total cash contributions through the end of FY18 to \$542.8 million, leaving three outstanding contributions of \$116.4 million (Germany), \$59.5 million (Norway) and \$170.8 million (United Kingdom). These outstanding contributions totaling almost \$347 million represent agreed phased contributions spread out over several years.

## Funding Uses

Cash disbursements from the opening of the fund through the end of FY18 totaled \$28.3 million. Table 9 shows annual expenditures by activity, while table 10 compares the approved budget with actual expenditures by activity for FY18.

Total cash disbursements from the opening of the fund through the end of FY18 amounted to \$28.3 million and consist of \$4.9 million in administrative costs (which include all meetings and financial management), \$1.4 million for TAP work, \$5.7 million for technical support by the FMT to directly support countries, \$162,000 for work to engage the private sector, \$8.7 million in program development costs, and finally \$7.4 million of shared costs (table 9).

**TABLE 7. FCPF CARBON FUND SUMMARY FINANCIAL STATEMENT FY18 (\$, THOUSANDS)**

Description	Total	FY18	FY17	FY16	FY15	FY14	FY13	FY12	FY11	FY10	FY09
<b>Beginning Balance</b>	<b>469,751</b>	<b>417,099</b>	<b>350,826</b>	<b>316,474</b>	<b>293,275</b>	<b>122,283</b>	<b>86,390</b>	<b>24,700</b>	<b>20,356</b>		
Donor Contributions	542,825	42,256	59,271	71,681	32,222	27,280	171,866	36,912	71,800	4,181	25,356
Investment Income (transferred to RF)						[2,023]	901	520	256	346	
<b>Total Receipts</b>	<b>542,825</b>	<b>42,256</b>	<b>59,271</b>	<b>71,681</b>	<b>32,222</b>	<b>25,257</b>	<b>172,767</b>	<b>37,432</b>	<b>72,056</b>	<b>4,527</b>	<b>25,356</b>
Cash Disbursements	28,286	7,126	6,619	5,432	2,846	2,058	2,117	1,539	366	183	
ER Payments											
<b>Total Disbursements</b>	<b>28,286</b>	<b>7,126</b>	<b>6,619</b>	<b>5,432</b>	<b>2,846</b>	<b>2,058</b>	<b>2,117</b>	<b>1,539</b>	<b>366</b>	<b>183</b>	
less Promissory Note balances	[9,658]			25	4,975		342		[10,000]		[5,000]
<b>Fund Balance (cash)</b>	<b>504,881</b>	<b>504,881</b>	<b>469,751</b>	<b>417,099</b>	<b>350,826</b>	<b>316,474</b>	<b>293,275</b>	<b>122,283</b>	<b>86,390</b>	<b>24,700</b>	<b>20,356</b>
plus Outstanding Promissory Notes	9,658										
plus Outstanding Contributions	346,677										
<b>Fund Balance</b>	<b>861,217</b>										

Note: FY18 = 7/1/2017 – 6/30/2018; ER = Emission Reduction; RF = Readiness Fund.

**TABLE 8. FCPF CARBON FUND DONOR CONTRIBUTIONS AS OF END OF FY18 (\$, THOUSANDS)**

Participant Name	Total	Outstanding*	FY18	FY17	FY16	FY15	FY14	FY13	FY12	FY11	FY10	FY09
Australia	18,393								5,658	12,735		
BP Technology Ventures	5,000									5,000		
Canada	5,015								5,015			
European Commission	6,709										362	6,347
France	5,114					114				5,000		
Germany	324,461	116,405	29,616	54,771	13,329	32,108	27,280	6,556	15,443	21,125	3,819	4,009
Norway	301,767	59,465	12,640		58,352			161,310				10,000
Switzerland	10,796								10,796			
The Nature Conservancy	5,000											5,000
United Kingdom	188,747	170,807								17,940		
United States of America	18,500			4,500				4,000		10,000		
<b>Committed Funding</b>	<b>889,503</b>	<b>346,677</b>	<b>42,256</b>	<b>59,271</b>	<b>71,681</b>	<b>32,222</b>	<b>27,280</b>	<b>171,866</b>	<b>36,912</b>	<b>71,800</b>	<b>4,181</b>	<b>25,356</b>

\*Amounts may vary due to exchange rate fluctuations.  
Note: FY18 = 7/1/2017 – 6/30/2018.

**TABLE 9. FCPF CARBON FUND CASH DISBURSEMENTS (\$, THOUSANDS)**

Activity	Total	FY18	FY17	FY16	FY15	FY14	FY13	FY12	FY11	FY10
Carbon Fund Administration	4,945	696	657	555	741	626	652	470	366	183
Carbon Fund TAP	1,440	463	514	440	23					
Carbon Fund Country Advisory Services	5,663	2,331	1,691	1,290	350					
Private Sector Engagement	162	162								
ERPA Costs - Development of ER Programs	8,694	2,347	2,585	2,351	910	273	229			
Program Development - general	907			235	170	273	229			
Program Development - ER-PDs	7,787	2,347	2,585	2,116	740					
Shared Costs	7,382	1,128	1,172	797	821	1,159	1,236	1,069		
<b>Total Carbon Fund</b>	<b>28,286</b>	<b>7,126</b>	<b>6,619</b>	<b>5,432</b>	<b>2,846</b>	<b>2,058</b>	<b>2,117</b>	<b>1,539</b>	<b>366</b>	<b>183</b>
CF Admin made up of:										
Carbon Fund Administration	2,896	416	369	343	377	321	234	286	366	183
Meeting Logistics	1,571	210	288	212	340	263	74	183		
Marketing to Private Sector	319						318	1		
Sustaining Costs	160	69			24	41	26			
<b>Total CF Admin</b>	<b>4,945</b>	<b>696</b>	<b>657</b>	<b>555</b>	<b>741</b>	<b>626</b>	<b>652</b>	<b>470</b>	<b>366</b>	<b>183</b>

Note: ER = Emission Reductions; ERPA = Emission Reductions Payment Agreement; TAP = Technical Advisory Panel.

**TABLE 10. FCPF CARBON FUND CASH DISBURSEMENTS FOR FY18 (\$, THOUSANDS)**

Activity	Budget	Actual Expense	Variance	Expense Rate (%)
Carbon Fund Administration	687	696	(8)	101
Carbon Fund TAP	674	463	211	69
Carbon Fund Country Advisory Services	1,820	2,331	(511)	128
Private Sector Engagement	600	162	438	27
ERPA Costs – Development of ER Programs	4,142	2,347	1,796	57
Implementation Support Costs	313		313	0
Shared Costs	1,183	1,128	55	95
<b>Total Carbon Fund</b>	<b>9,419</b>	<b>7,126</b>	<b>2,292</b>	<b>76</b>

Note: FY18 = 7/1/2017 – 6/30/2018; ER = Emission Reductions; ERPA = Emission Reductions Payment Agreement; TAP = Technical Advisory Panel.

### ***Fund Administration, TAP, Country Advisory Services, and Private Sector***

The Carbon Fund’s total expenditures of \$7.1 million in FY18 are lower than the final total budget for the Carbon Fund of \$9.4 million, which includes shared costs. The 2018 fiscal year therefore closed with spending at 76 percent of the budget—an underspending of about \$2.3 million (table 10). The Carbon Fund’s administrative costs were slightly above budget (amounting to 101 percent of the budget).

Total Carbon Fund TAP costs were under budget at 69 percent. This is attributed to a few ERPDs in the pipeline that did not reach the completed review stage as anticipated. However, Lao PDR, Mozambique, Nepal, and Vietnam formally entered the portfolio in FY18.

The \$1.8 million budget for country advisory services was overspent, as the FMT provided support for ERPD development during the year. The FMT has expanded to provide the requested level of support as 19 countries work to develop ERPDs, with FY18 spending at 128 percent of the budget.

Spending on private sector work made up just 27 percent of the budget. While some

activities budgeted under this category got underway in FY18 (including finalizing a private sector observer assessment process), resulting in spending of \$162,000, the desire to consult broadly before targeting efforts pushed most of this work into FY19. This underspending is partially explained by the fact that the new team member leading this work joined later than had been anticipated. Carbon Fund Participants agreed to the continuation of this additional activity at the 18th Carbon Fund meeting (CF18) and approved the carry-over of funds for work in FY19.

### ***ERPA Costs—Development of ERPs***

Once Letters of Intent (Lol) are signed, ERPD development funds flow. The close to \$4.1 million budget was calculated based on an estimated spending during FY18 from the \$650,000 allocations made to programs entering the Carbon Fund pipeline and signing an Lol.

Of the countries selected into the Carbon Fund pipeline, only those that sign an Lol gain access to the \$650,000 allocations for ERPD development. Currently, all 19 countries in the pipeline of the Carbon Fund have signed Lols, thus releasing the \$650,000 of ERPD



**TABLE 11. CARBON FUND SOURCES AND USES AS OF JUNE 30, 2018 (\$, MILLIONS)**

Description	Current Situation
<b>Sources (\$m)</b>	<b>890</b>
<b>Number of Lols (#)</b>	<b>19</b>
Number of ER Programs (#)	13
<b>Uses</b>	
<b>Costs over Fund Lifetime</b>	
Fixed Costs (FY10 to FY26)	22.7
ER Program Costs	30.7
<b>Total Costs</b>	<b>53.4</b>
<b>Available for Purchase of ERs</b>	<b>836.6</b>
<b>Average ER Program</b>	<b>64.4</b>

Note: ER = emission reduction.

development funds for each program. Of the \$4.1 million budgeted for FY18, \$2.3 million was spent in FY18, representing an underspending of approximately \$1.8 million.

No implementation support costs were incurred during FY18.

### Shared Costs

As explained earlier, shared costs are directly related to Readiness Fund expenses in two key cross-cutting areas: the FCPF secretariat and REDD+ methodology support costs. The expenditure of \$1.1 million is slightly below budget, due to the Readiness Fund's spending, representing an expense ratio of 95 percent.

## FINANCIAL COMMITMENTS OVER THE LONGER TERM

The life of the Carbon Fund was extended to December 2025 by the Carbon Fund Participants at CF12 (Resolution CFM/12/2015/1) to allow for minimal ERPA terms of at least five years. As outlined in the Readiness Fund section, annual budgets for each fund need to fit into a long-term financial planning framework that is consistent with World Bank policies for the financial management of trust funds. These policies

generally require funds to be fully set aside for commitments made by participants as well as for meeting fiduciary obligations entered into by the World Bank as Trustee. The long-term financial plan presented at CF18 in Paris in June 2018 (now updated with the latest source figures in table 12) indicates that around \$836 million would be available for the purchase of emission reductions.

## Budget Approval Process

Budgets for both the Readiness Fund and the Carbon Fund are based on the World Bank's fiscal year (beginning July 1) and approved annually in accordance with the FCPF Charter. The FCPF PC has to approve the annual budget for the Readiness Fund and the shared costs of the Facility, while the Carbon Fund Participants have to approve the annual budget for the Carbon Fund, as it is a separate trust fund.

# Results Framework

The FCPF Results Framework outlines how the FCPF’s expected results will be monitored, specifying the indicators that will be used to measure progress against each result. For each indicator, the results framework also details the indicator’s baseline (starting point), its time-bound milestones and targets, the data sources that should be used to gather evidence, and the FCPF stakeholders that have lead responsibility for monitoring and reporting on progress against each indicator. The FCPF Results Chain is outlined on page 9.

The M&E framework was endorsed by the Evaluation Oversight Committee on behalf of the PC (see cochairs’ summary from the 25th Participants Committee Meeting), which had given them the responsibility at the 24th Participants Committee Meeting. While tentative targets and milestones have been included, these will have to be agreed by the PC.

## RELEVANT TIME FRAMES

- FY26 • Target year for Carbon Fund
- FY23 • Milestone year for Carbon Fund
- FY21 • Target year for Readiness Fund  
• Milestone year for Carbon Fund
- FY19 • Milestone year for Carbon Fund  
• Milestone year for Readiness Fund
- FY18 • Actuals
- FY11 • Baseline year for Carbon Fund
- FY08 • Baseline year for Readiness Fund

Result	Indicator	Baseline FY11	Milestone			Target FY26	Actual FY18
			FY19	FY21	FY23		
<b>IMPACT 1:</b> Reduced emissions from deforestation and forest degradation	<b>I.1.A:</b> Number of tons of CO2e emission reductions and removals through CF ER programs (tCO2e)	0	Nil	14 million	47 million	170 million	0
	<b>I.1.B:</b> Number of tons of CO2e emission reductions and removals through REDD+ interventions in all FCPF- supported countries (tCO2e)	0	TBD	TBD	TBD	TBD	0 <sup>a</sup>
	<b>I.1.C:</b> Total forest area re/afforested or restored through CF-supported interventions (ha)	0	TBD	TBD	TBD	TBD	0 <sup>b</sup>
<b>IMPACT 2:</b> Sustained or enhanced biodiversity and livelihoods for forest-dependent men and women	<b>I.2.A:</b> Number of people receiving monetary and/or nonmonetary benefits through CF programs (disaggregated by gender)	0	TBD	TBD	TBD	TBD	0
	<b>I.2.B:</b> Amount of protected or conserved areas included in CF programs, if relevant (ha)	0	TBD	TBD	TBD	TBD	0

Result	Indicator	Baseline FY08	Milestone FY11	Target FY21	Actual FY18
<b>OVERARCHING OUTCOME:</b> Improved governance and transparency for sustainable forest resource management (including REDD+ interventions) within Participant Countries	<b>OV.1.A:</b> Extent to which FCPF has influenced REDD+ Country Participants' national approaches to sustainable forest resource management (including among women, women's groups, IPs, CSOs, local communities)		No targets (qualitative progress measured through evaluation)		
	<b>OV.1.B:</b> Number of FCPF-supported countries that have in place a National REDD+ Strategy, FREL/FRL, NFMS, and SIS	0	8	16	3
<b>OUTCOME 1:</b> The Readiness Fund supports the development of capacity within Participant Countries to deliver REDD+ and/or access REDD+ finance	<b>1.A:</b> Number of R-Packages endorsed by PC	0	19	26	16
	<b>1.B:</b> Amount of finance mobilized to support the REDD+ Readiness process (disaggregated by public, private, grants, loans)		No targets (indicator reported on annually)		\$1.05 billion (public: \$1 billion, private: \$33 million, grants: \$620 million, Loans: \$409 million) <sup>c</sup>
	<b>1.C:</b> Amount of REDD+ ER payments secured by countries with endorsed R-Packages through non-FCPF ER schemes		No targets (indicator measured through external evaluation)		—



Result	Indicator	Baseline FY08	Milestone FY19	Target FY21	Actual FY18
<b>OUTPUT 1.1:</b> Readiness assessment framework is agreed upon and disseminated	<b>1.1:</b> Existence of published assessment framework on Readiness package	0	No target	Output 1.1 was fully delivered in 2013	Output 1.1 was fully delivered in 2013
<b>OUTPUT 1.2:</b> Countries demonstrate an adequate plan to achieve preparedness for REDD+ funding	<b>1.2.a:</b> Number of R-PPs endorsed by PC	0	46	Last RPP endorsed in July 2017	46
	<b>1.2.b:</b> Number of Readiness Preparation Grant agreements signed	0	45	45	43
	<b>1.2.c:</b> Value of grant allocations, before signing	\$0	\$309 million	\$309 million	\$314 million
	<b>1.2.d:</b> Value of signed grants	\$0	\$304 million	\$309 million	\$274 million
<b>OUTPUT 1.3:</b> Countries progress adequately on implementation of their R-PP and Grant Agreements	<b>1.3.a:</b> Number of countries that present mid-term reports (MTRs)	0	39	40	35
	<b>1.3.b:</b> Number of countries that have completed R-PP Component 1: Organize and consult	0	30	37	20 <sup>d</sup>
	<b>1.3.c:</b> Number of countries that have completed R-PP Component 2: Prepare the REDD+ Strategy	0	16	30	16 <sup>e</sup>
	<b>1.3.d:</b> Number of countries that have completed R-PP Component 3: Develop a National FREL	0	33	40	32
	<b>1.3.e:</b> Number of countries that have completed R-PP Component 4: Design systems for National Forest Monitoring and Information on Safeguards	0	18	25	20
	<b>1.3.f:</b> Readiness Fund disbursement rate	Via WB: \$0 (0% of signed grants)	Via WB: \$176 million (60% of signed grants)	Via WB: \$254 million (95% of signed grants)	Via WB: \$129 million (58% of signed grants)
Via DPs: \$0 (0% of signed grants)		Via DPs: \$30 million (60% of signed grants)	Via DPs: \$63 million (95% of signed grants)	Via DPs: \$17 million (32% of signed grants)	

Result	Indicator	Baseline FY11	Milestone			Target FY26	Actual FY18
			FY19	FY21	FY23		
<b>OUTCOME 2:</b> The Carbon Fund incentivizes the development and delivery of REDD+ ER programs	<b>2.A:</b> Number of tons of CO2e emission reductions and removals committed through signed ERPAs (tCO2e)	0	50 million	170 million	170 million	170 million <sup>f</sup>	0
	<b>2.B:</b> Amount of finance mobilized to support delivery of CF ER Programs (disaggregated by public, private, ERPs, grants, loans, equity)	No targets (indicator reported on annually)					\$0
	<b>2.C:</b> Amount of REDD+ ER payments secured by CF countries through non-FCPF ER schemes	No targets (indicator reported on annually)					\$0
	<b>2.D:</b> % of monetary benefits from CF programs shared with beneficiaries (disaggregated by gender, CSOs, IPs, local communities)	0%	0%	TBD	TBD	TBD	0%

Result	Indicator	Baseline FY08/11	Milestone			Target FY21/FY26	Actual FY18
			FY19	FY21	FY23		
<b>OUTPUT 2.1:</b> Standards and preparations in place for high-quality ER Programs discussed and endorsed by CF Participants and/or PC	<b>2.1.a:</b> Standards and management tools discussed and endorsed by CF participants and/or PC for ER programs including: a) Methodological Framework and Pricing Approach b) Business processes (ER-PIN, ERPD, ERPA) c) Legal documents (General conditions, ERPA term sheet)	Delivered in 2014 <sup>a</sup>					
	<b>2.1.b:</b> Development of CF approach to registries	0 (FY11)	Research & guidance published, Options tested for centralized and country registries	CF registry approach endorsed & implemented	—	CF registry approach endorsed & implemented (FY21)	Options for centralized and country registries were surveyed and analyzed and technical design and legal analysis for a centralized transaction registry being conducted
<b>OUTPUT 2.2:</b> Countries have entered into the portfolio of the Carbon Fund	<b>2.2.a:</b> Number of early ideas presented by countries to the CF	0 (FY11)	24 (FY19)			24	24 <sup>h</sup>
	<b>2.2.b:</b> Number of ER-PINs presented by countries to the CF	0 (FY11)	20 (FY19)			20	20 <sup>i</sup>
	<b>2.2.c:</b> Number of countries invited into the CF pipeline	0 (FY11)	19 (FY19)			19	19 <sup>j</sup>
	<b>2.2.d:</b> Number of countries signing a CF Letter of Intent	0 (FY11)	19 (FY19)			19	19 <sup>k</sup>
	<b>2.2.e:</b> Number of ERPDs presented by countries to the CF	0 (FY08)	16	16	16	16 (FY26)	11
	<b>2.2.f:</b> Number of countries accepted into CF portfolio	0 (FY08)	14	16	16	16 (FY26)	10
	<b>2.2.g:</b> Number of countries that have signed an ERPA with the CF	0 (FY08)	5	16	16	16 (FY26)	0
<b>OUTPUT 2.3:</b> Private sector engages with the Carbon Fund	<b>2.3.a:</b> Extent to which CF programs influence private sector engagement with low/zero deforestation and REDD+ processes	No targets (qualitative progress measured through evaluation)					0
	<b>2.3.b:</b> Number of formal partnerships between CF programs and private sector entities (disaggregated by financial, nonfinancial)	0 (FY11)	5	8	10	10 (FY26)	0
<b>OUTPUT 2.4:</b> Countries progress adequately on implementation of their ER Programs	<b>2.4.a:</b> Number of completed CF programs	0 (FY11)	0	0	4	15 (FY26)	0
	<b>2.4.b:</b> % of CF program budgets (as per ERPD) covered by secured finance	No targets (indicator reported on annually)					0
	<b>2.4.c:</b> Actual ERs purchased by CF as % of originally committed ERs (as per ERPA)	n/a	n/a	9%	29%	60% (FY26)	n/a

Result	Indicator	Baseline	Milestone			Target FY21/FY26	Actual FY18
			FY19	FY21	FY23		
<b>OUTCOME 3:</b> Participant countries strengthen delivery of programming aimed at sustaining or enhancing livelihoods of local communities and/or conserving biodiversity	<b>3.A:</b> Extent to which FCPF processes support Participant Country efforts to sustain and enhance livelihoods within REDD+ intervention areas	No targets (qualitative progress measured through evaluation)					
	<b>3.B:</b> Extent to which FCPF processes support Participant Country efforts to conserve biodiversity within REDD+ intervention areas	No targets (qualitative progress measured through evaluation)					
<b>OUTPUT 3.1:</b> Enhanced capacity of IPs and CSOs to engage in REDD+ processes at the country level	<b>3.1.a:</b> Number of participants in CBP-funded activities (disaggregated by gender, CSOs, IPs)	0 (FY08)	54,500 (of which 24,525 female) 42,700 CSO 11,800 IPs)	—	—	68,100 (of which 30,645 female) 55,100 CSO 13,000 IPs) (FY21)	50,294 (of which [23,109 female] <sup>1</sup> )
	<b>3.1.b:</b> % of participants in CBP-funded activities indicating that: • they have more confidence to engage with REDD+ processes • they will definitely increase their engagement with REDD+ processes (disaggregated by gender, CSOs, IPs)	Baseline and targets to be defined after first usage of revised monitoring reports					
<b>OUTPUT 3.2:</b> FCPF Participant countries test ways to sustain and enhance livelihoods	<b>3.2.a:</b> Number of CF programs that test ways to sustain and enhance livelihoods	0 (FY11)	4	9	14	16 (FY26)	0
	<b>3.2.b:</b> Number of RF REDD+ Country Participants whose REDD+ Strategies include activities that directly aim to sustain and enhance livelihoods	0 (FY08)	39	44	n/a	44 (FY21)	38
<b>OUTPUT 3.3:</b> FCPF Participant countries test ways to conserve biodiversity	<b>3.3.a:</b> Number of CF programs that test ways to conserve biodiversity	0 (FY11)	14	16	16	16 (FY26)	0
	<b>3.3.b:</b> Number of RF REDD+ Country Participants whose REDD+ Strategies include activities that directly aim to conserve biodiversity	0 (FY08)	39	49	n/a	44 (FY21)	35

Note: — = not available; CBP = Capacity Building Program for Forest-Dependent Indigenous Peoples and Southern Civil Society Organizations; CF = Carbon Fund; CSO = Civil Society Organization; DP = Delivery Partner; ER = emission reduction; ER-PINs = Emission Reductions Program Idea Note; ERPA = Emission Reductions Payment Agreement; ERPD = Emission Reductions Program Document; FCPF = Forest Carbon Partnership Facility; FREL = forest reference emission level; FRL = forest reference level; IP = Indigenous People; NFMS = national forest monitoring system; R-PP = Readiness Preparation Proposal; S-S = South-South; SIS = safeguards information system; tCO2e = (metric) tons of carbon dioxide equivalent.

- Calculations based on NDCs and BURs for RF Country Participants will be carried out and added to calculations from ERPD documents from the CF Participants as they become available.
- ERPDs are not yet completed for the CF.
- Minor discrepancies in some reporting templates mean that totals do not sum, and some templates incorrectly identified type of funds. Thus, disaggregation should be taken as indicative/estimated.



Result	Indicator	Baseline	Milestone			Target FY21/FY26	Actual FY18
			FY19	FY21	FY23		
<b>OUTCOME 4:</b> Enhanced learning from FCPF on global implementation of REDD+	<b>4.A:</b> Extent to which learning, evidence and knowledge products generated through the FCPF influences other REDD+ programs and practice	No targets (qualitative progress measured through evaluation)					
	<b>4.B:</b> Participant Countries' assessment of FCPF's role within and contribution to national REDD+ processes	Baseline and targets to be defined after first usage of revised monitoring reports					
<b>OUTPUT 4.1:</b> Knowledge gained during the development and delivery of FCPF activities disseminated, in line with communications and knowledge strategy	<b>4.1.a:</b> Number of knowledge products produced (cumulative)	0	20 news stories/blogs	35 news stories/blogs	50 news stories/blogs	60 news stories/blogs	18 news stories/blogs 23 knowledge seminars 5 other products
	<b>4.1.b:</b> Number of unique and returning visitors to FCPF website	0	30 knowledge seminars	40 knowledge seminars	55 knowledge seminars	60 knowledge seminars	
	<b>4.1.c:</b> Extent to which FCPF learning and evidence influences ongoing FCPF implementation		8 Other	12 Other	15 Other	20 other products	
			No targets, but traffic data reported annually				1,620 unique visitors 4,689 visits
<b>OUTPUT 4.2:</b> Participants actively engaged in South-South learning activities	<b>4.2.a:</b> Number of FCPF-supported S-S learning activities and/or events connecting FCPF countries (cumulative)	0	8	10	14	15	5
	<b>4.2.b:</b> Number of participants in S-S learning activities and/or events connecting FCPF countries (cumulative) [disaggregated by gender, CSOs, IPs]	0	300 (of which 105 female 30 CSO 30 IP)	400 (of which 160 female 40 CSO 40 IP)	450 (of which 180 female 45 CSO 45 IP)	500 (of which 200 female 50 CSO 50 IP)	230 <sup>m</sup>
	<b>4.2.c:</b> % of participants in S-S learning activities indicating that: • they acquired new knowledge or skills • they will definitely apply the new knowledge or skills in their work • they have established new connections / networks that they will maintain (disaggregated by gender, CSOs, IPs)	Baseline and targets to be defined after first use of revised monitoring reports					
<b>OUTPUT 4.3:</b> FCPF knowledge is applied by Participants and other REDD+ practitioners	<b>4.3.a:</b> Extent to which FCPF learning, evidence and knowledge products are used by Participant Countries	Baseline and targets to be defined after first use of revised monitoring reports					
	<b>4.3.b:</b> Number of non-FCPF programs and countries that have adopted elements of the FCPF Methodological Framework within their own REDD+ processes	No targets (progress to be reported in influence evaluation)					

- d. 20 is the number of countries that have an average rating of at least 4/green (significant progress) in the Country Progress Report. To obtain this weighted score, each subcomponent was assigned points (1 to 5) and the average was taken.
- e. 16 is the number of countries that have an average rating of at least 4/green (significant progress) in the Country Progress Report. To obtain this weighted score, each subcomponent was assigned points (1 to 5) and the average was taken.
- f. All ERPA's will be signed by FY21; hence, no change in the number of tons.

- g. All delivered except the ERPA business process.
- h. Last "Early Ideas" presented at CF12.
- i. Guyana produced an ER-PIN but no further action was taken; last ER-PIN presented at CF14.
- j. The last country entered the pipeline at CF11.
- k. Last Lol was signed at CF16.
- l. Incomplete disaggregation carried out for CSOs and IPs (thus not reported this year).
- m. Disaggregation was not undertaken to date, but a new evaluation template has been drawn up that will allow for disaggregation from now on.









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