



## Forest Carbon Partnership Facility

# Overview of the FCPF and Engagement with Indigenous Peoples

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Asia Indigenous Peoples Dialogue | Chiang Mai, Thailand | September 24-28, 2012

# Outline

1. Introduction to REDD+
2. Overview of the FCPF
3. Indigenous Peoples and the FCPF

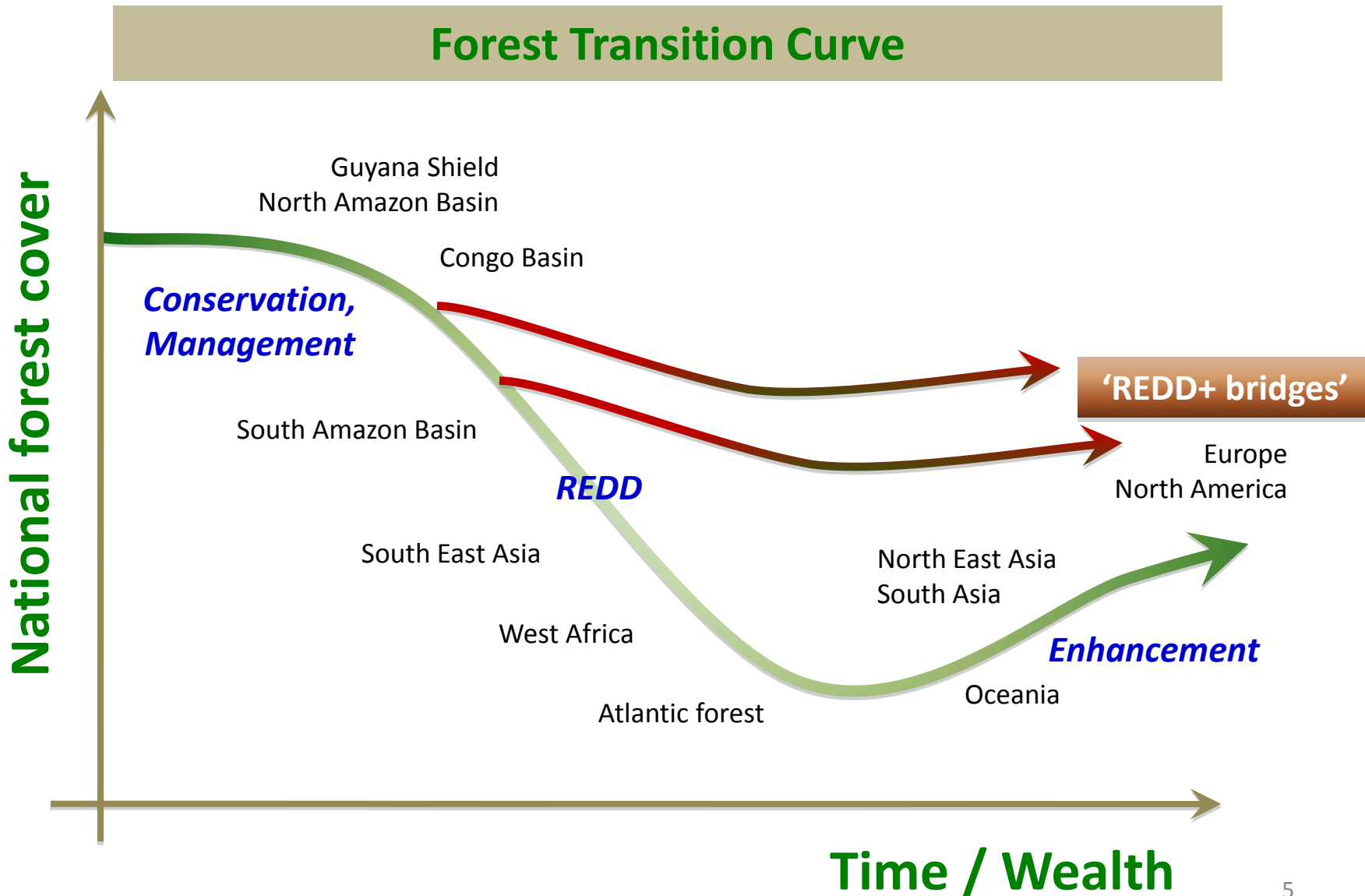
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# Scope of REDD+

- Developing country activities eligible for support :
  - **Reducing emissions from deforestation** (actions to diverge from the reference level by reducing the conversion of forest to non-forest)
  - **Reducing emissions from forest degradation** (diverging from the reference level by reducing the gradual loss of biomass due to activities under the canopy)
  - **Conservation** (continued good stewardship of forests, even without threat of deforestation or forest degradation)
  - **Sustainable management of forests** (reducing emissions through harvesting activities with lower impact)
  - **Enhancement of forest carbon stocks** (enhanced sequestration of carbon through afforestation, reforestation and restoration of forest land)
- No quantification of global deforestation target (as debated in Copenhagen and Cancun)

# Why REDD+?

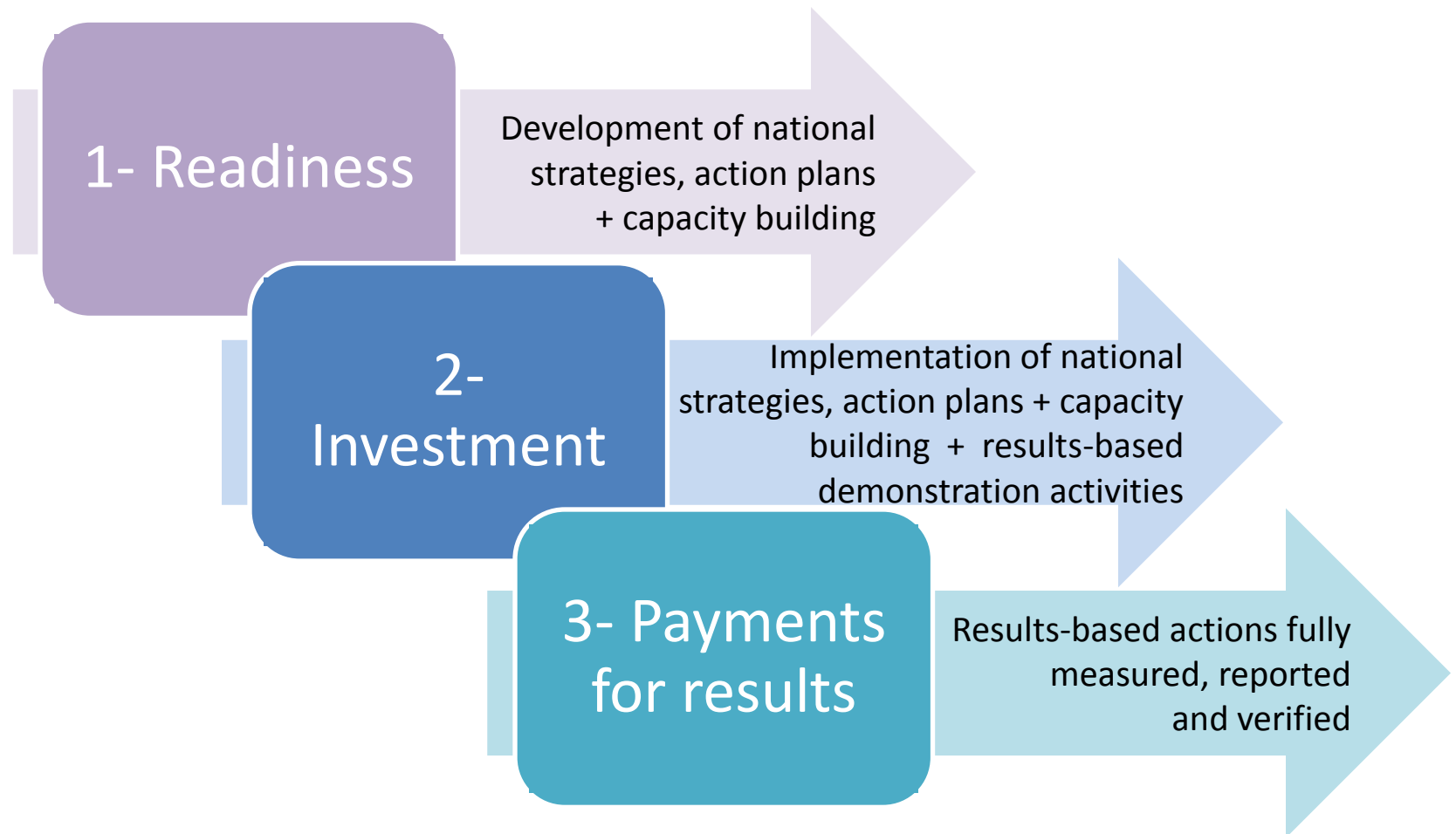


# REDD+: Key Outcomes of COP16 (Cancun)

- Historical development
  - For the first time, the importance of stemming the loss of tropical forests for mitigating global climate change with financial support from the industrialized world is enshrined in an international agreement
    - Outcome of 5 years of focused and intense negotiations
  - The Kyoto Protocol's Clean Development Mechanism (CDM) has only allowed incentives for afforestation and reforestation (A/R) in developing countries, only through projects, and not to exceed 1% of 1990 emissions
    - Now whole countries will be able to receive incentives for much more than just planting trees, subject to verification that emissions have been reduced against a reference level



# Phases of REDD+



# Elements of REDD+

Developing countries, in accordance with national circumstances and respective capabilities, should develop:





# Scale of REDD+

- Accounting

- Emissions from forests will have to be accounted for (reference level + MRV) at the national level, possibly starting at the sub-national level as an interim measure
  - Depending on national circumstances
  - Subject to further modalities from Subsidiary Body for Scientific and Technological Advice (SBSTA)
- For Phase 3 activities:
  - Reference level: Must be national, possibly a combination of sub-national reference levels
  - MRV: May require biennial national greenhouse gas inventories

- Implementation

- Sub-national programs are accepted, but within national systems framework

# Safeguards for REDD+ (1)

- Countries have to provide information on how they will address and respect safeguards throughout the implementation of the activities (though not at the expense of national sovereignty)
- 7 safeguards:
  1. **Consistency with the objectives of national forest programs and relevant international conventions and agreements**
  2. **Transparent and effective national forest governance structures**, taking into account national legislation and sovereignty

## **Safeguards for REDD+ (2)**

- 3. Respect for the knowledge and rights of indigenous peoples and members of local communities, by taking into account relevant international obligations, national circumstances and laws, and noting that the United Nations General Assembly has adopted the United Nations Declaration on the Rights of Indigenous Peoples**
- 4. Full and effective participation of relevant stakeholders, in particular, indigenous peoples and local communities**

## Safeguards for REDD+ (3)

- 5. Consistency with the conservation of natural forests and biological diversity, ensuring that REDD+ is not used for the conversion of natural forests but instead to incentivize the protection and conservation of natural forests and their ecosystem services, and to enhance other social and environmental benefits**
- 6. Actions to address the risks of reversals**
- 7. Actions to reduce displacement of emissions**

# Finance for REDD+ in UNFCCC

- Multiple sources of finance for REDD+
  - Public & private
  - Bilateral, multilateral & alternative
  - **Phases 1 and 2: Bilateral and multilateral assistance** (to help countries develop their national strategies for REDD+, build their capacity and undertake demonstration activities)
  - **Phase 3: COP17 from Durban provides for “appropriate market-based approaches” could be developed that ensure “environmental integrity”** (i.e., neutrality or reduction in emissions) and respect the safeguards for REDD+

# Multilateral Finance for REDD+

(estimate as of June 30, 2012)

## CBFF

- Since 2008
- Support to REDD+ projects in Congo Basin
- Phases 1 & 2
- \$200 m

## FCPF

- Since 2008
- 36 countries
- Readiness Fund (phase 1): \$239 m
- Carbon Fund (phase 2): \$218 m

## FIP

- Since 2009
- 8 countries
- Investments (forest sector & beyond) (phase 2)
- Phase 2
- \$610 m
- Dedicated Grant Mechanism for Indigenous Peoples and local communities

## GEF

- Since 1991
- Global (GEF5)
- Phases 1 & 2
- Financing under various focal areas may be combined (biodiversity, climate change, degradation)
- Additional fund for land-use change and sustainable forest management: \$250 m

## ITTO

- Since 2009
- 8 countries (ITTO REDDES)
- Support to sustainable management, restoration and environmental services projects
- Phases 1 & 2
- \$18 m (target)

## UN-REDD

- Since 2008
- 42 countries
- National programs
- Global program
- Phases 1 & 2
- \$151 m

**$\Sigma = \sim \$1.6$  billion ('fast start' and beyond)**

# FCPF, FIP, GEF and UN-REDD

## (1) Readiness

- UN-REDD
- FCPF Readiness Fund
- GEF

## (2) Investments

- FIP (investments)
- UN-REDD (investments + capacity building)
- GEF (investments + capacity building)
- FCPF Carbon Fund (carbon finance)

## (3) Payments for results

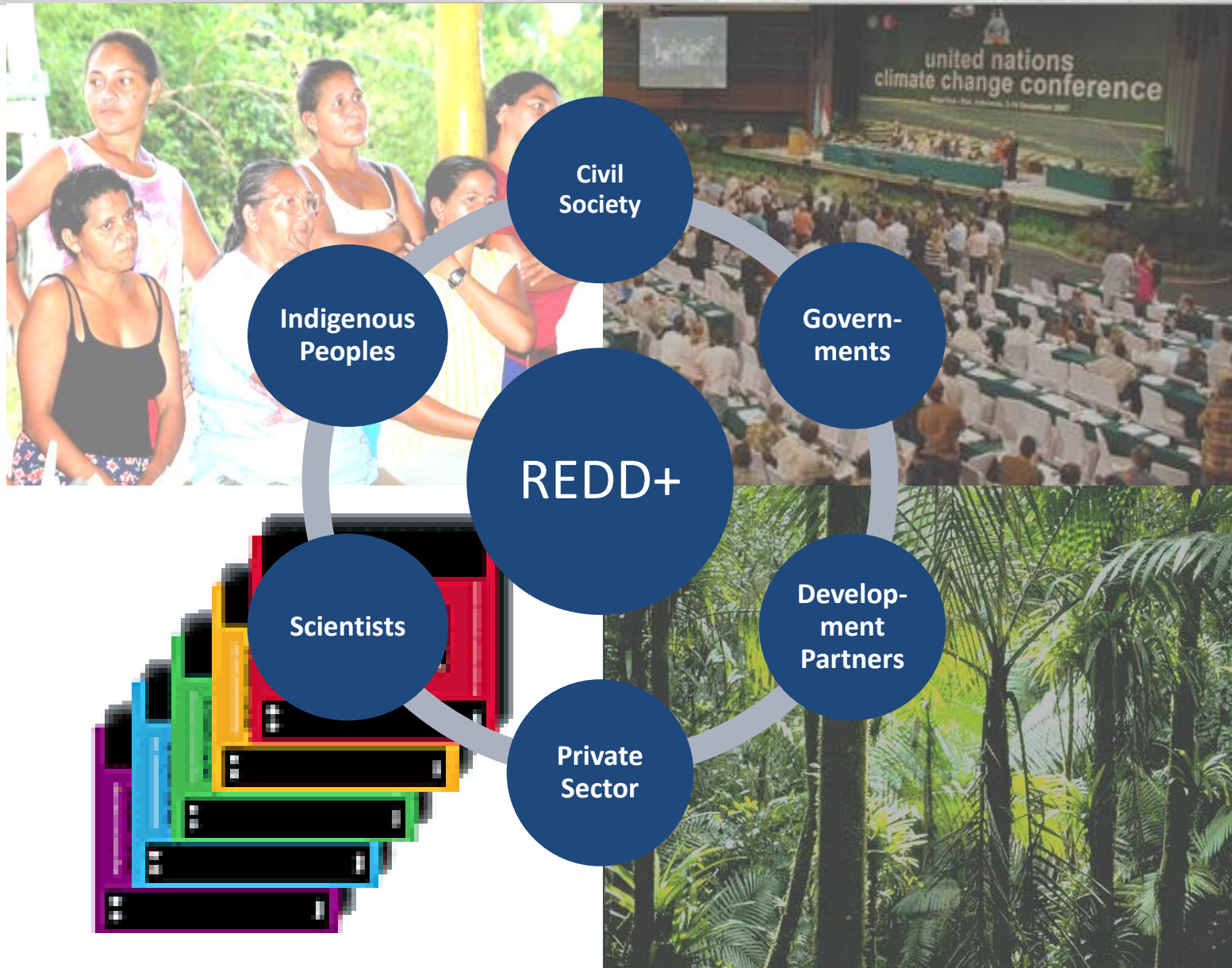
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# FCPF: A Partnership to Make REDD+ Happen



# FCPF and REDD+: Strategic Objectives

**1- Help countries become ready for REDD+**

**2- Pilot payments based on performance (equitable and at scale)**

**FCPF**

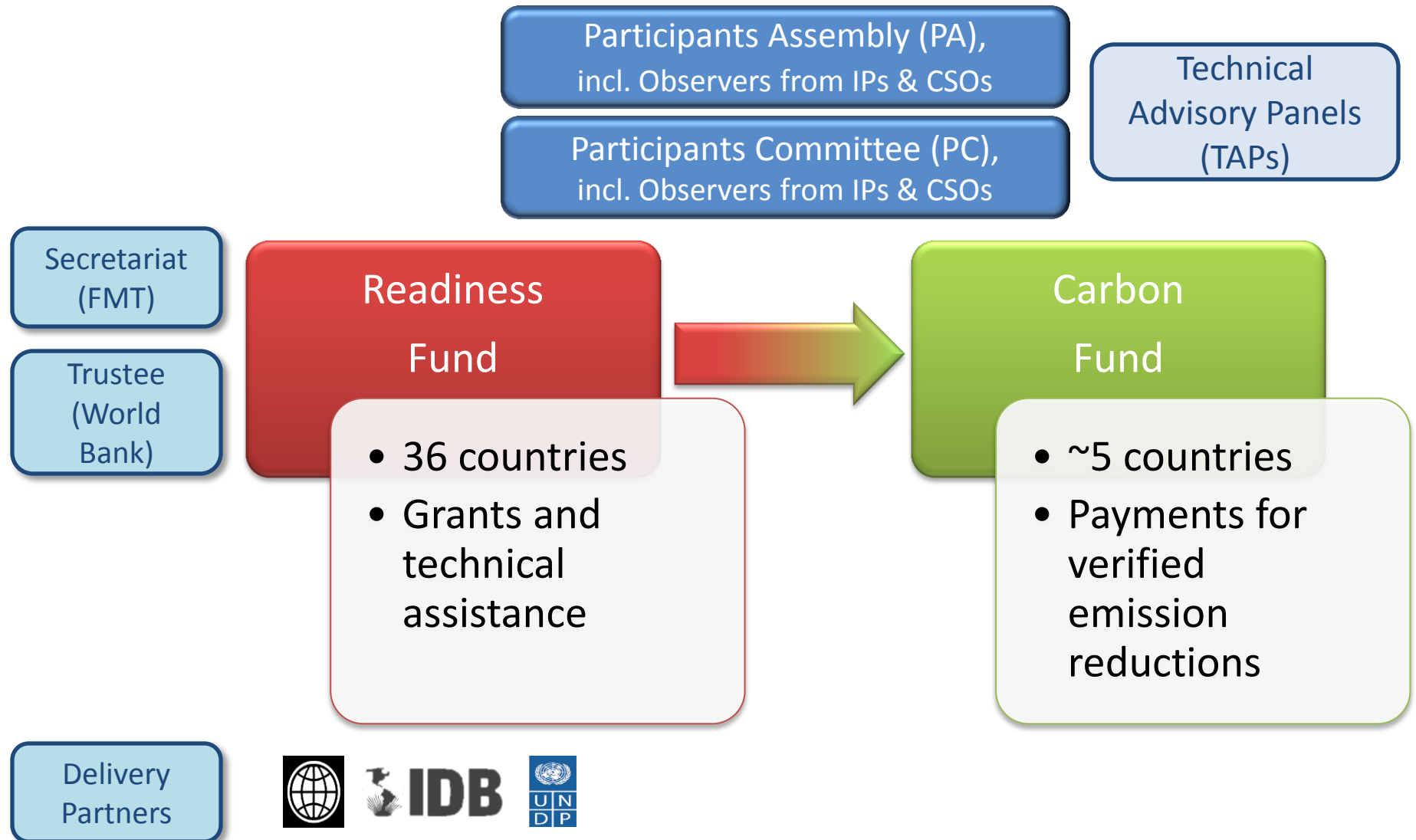
**3- Pilot ways to improve livelihoods and conserve biodiversity**

**4- Disseminate lessons learned**

# FCPF and the UNFCCC

- Not the same thing
  - FCPF is a demonstration activity, the design of which started in 2006 (before COP13 in Bali)
  - Funded voluntarily
  - Aligns with the emerging policy guidance of the UNFCCC
  - Informs the UNFCCC negotiations through country-led implementation
  - FCPF has a set lifetime: due to close in 2020
- FCPF and Phases of REDD+
  - Phases 1 and 2 (Carbon Fund = “results-based demonstration activities”)

# FCPF: Structure and Governance (1)



## FCPF: Structure and Governance (2)

- FCPF was designed with responsibilities given to the World Bank (WB) to serve 3 roles:
  1. Trustee (fund management)
  2. Secretariat (Facility Management Team, providing overall coordination)
  3. 'Delivery Partner' (DP, i.e., implementing agency)
- WB operational policies and procedures apply (when the WB acts as DP)
- WB and DPs are not the decision makers in the PA or PC

# FCPF: Structure and Governance (3)

- **Multiple Delivery Partner Arrangement**
  - Pilot arrangement approved in 2011
  - Max 10 countries in the pilot phase
    - FAO, IDB and UNDP approved as DPs
    - 9 countries out of 10 approved individually and paired with DP other than the WB (IDB and UNDP)
  - Decision to operationalize the MDP arrangement subject to
    - Review of lessons learned
    - Mid-term review of 2 countries per DP

# FCPF: Structure and Governance (4)

Countries that have requested support from Delivery Partner other than the World Bank

## IDB

Guatemala

Guyana

Peru

## PNUD

Cambodia

Central African Republic

Honduras

Panama

Papua New Guinea

Paraguay

Suriname

# FCPF: Structure and Governance (5)

What is needed to implement the MDP pilot arrangement?

- “Common Approach to Environmental and Social Safeguards for Multiple Delivery Partners”  
<http://www.forestcarbonpartnership.org/fcp/node/310>
- Transfer Agreement between each Delivery Partner and the World Bank as Trustee
  - UNDP: Agreement signed
  - IDB: Agreement to be signed shortly
- Grant agreement between the DP and each country



# FCPF: Structure and Governance (6)

MDP arrangement is an FCPF-specific mechanism,  
different from the UN-REDD Programme

## FCPF

(Multiple Delivery Partners)

- IDB
- UNDP
- World Bank

## UN-REDD Programme

- FAO + UNDP + UNEP  
(delivering as one  
program)

# FCPF: Financial Contributors

## Readiness Fund

\$239 m

- Australia
- Canada
- Denmark
- Finland
- France (AFD)
- Germany
- Italy
- Japan
- Netherlands
- Norway
- Spain
- Switzerland
- UK
- USA

Support preparation for REDD+  
(2008-2020)

## Carbon Fund

\$218 m

- Australia
- BP Technology Ventures
- Canada
- CDC Climat
- European Commission
- Germany
- Norway
- Switzerland
- The Nature Conservancy
- United Kingdom
- United States

Pay for emission reductions  
(2011-2020)

# Readiness Fund: Country Participation Status (1)

37 countries selected in 2008-2009



# Readiness Fund: Country Participation Status (2)

(as of August 20, 2012)

24 countries have submitted a Readiness Preparation Proposal and received allocation of a preparation grant

## Africa

Cent. African Rep.

DR Congo

Ethiopia

Ghana

Kenya

Liberia

Mozambique

Republic of Congo

Tanzania\*

Uganda

## Asia

Cambodia

Indonesia

Lao PDR

Nepal

Vietnam

## Latin America & Caribbean

Argentina

Colombia

Costa Rica

Guatemala

Guyana

Mexico

Nicaragua

Panama

Peru

\* No grant funding requested from FCPF

# Readiness Fund: Country Participation Status (3)

(as of August 20, 2012)

Of these 24 countries, 7 have already signed a \$3.8 million preparation grant

## Africa

Cent. African Rep.

DR Congo

Ethiopia

Ghana

Kenya

Liberia

Mozambique

Republic of Congo

Tanzania\*

Uganda

## Asia

Cambodia

Indonesia

Lao PDR

Nepal

Vietnam

## Latin America & Caribbean

Argentina

Colombia

Costa Rica

Guatemala

Guyana

Mexico

Nicaragua

Panama

Peru

\* No grant funding requested from FCPF

# Readiness Fund: Country Participation Status (4)

## (as of August 20, 2012)

- 1 country has not signed its Participation Agreement:
  - Equatorial Guinea: May reapply to the FCPF
- 2 countries have not indicated whether or when they would submit an R-PP:
  - Bolivia, Gabon
- 12 new countries have requested to join the Readiness Fund:
  - Belize, Bhutan, Burundi, Chad, Côte d'Ivoire, Jamaica, Nigeria, Pakistan, Philippines, Sri Lanka, Sudan, Togo
- Another 2 countries have expressed an interest in joining:
  - Bangladesh, Fiji
- The PC will decide whether to reopen the Readiness Fund, and on what conditions (March 2013)
  - There will be no financial support until then
  - Necessary (but not sufficient) condition for selection: R-PP draft

# Readiness Fund (1)

## Formulation and implementation of national Readiness Preparation Proposal (R-PP)



# Readiness Fund (2)

## R-PP Outline

### **Component 1: Organize and Consult**

- 1a. National Readiness Management Arrangements
- 1b. Information Sharing and Early Dialogue with Key Stakeholder Groups
- 1c. Consultation and Participation Process

### **Component 2: Prepare the REDD+ Strategy**

- 2a. Assessment of Land Use, Forest Law, Policy and Governance
- 2b. REDD+ Strategy Options
- 2c. REDD+ Implementation Framework
- 2d. Social and Environmental Impacts during Readiness Preparation and REDD+ Implementation

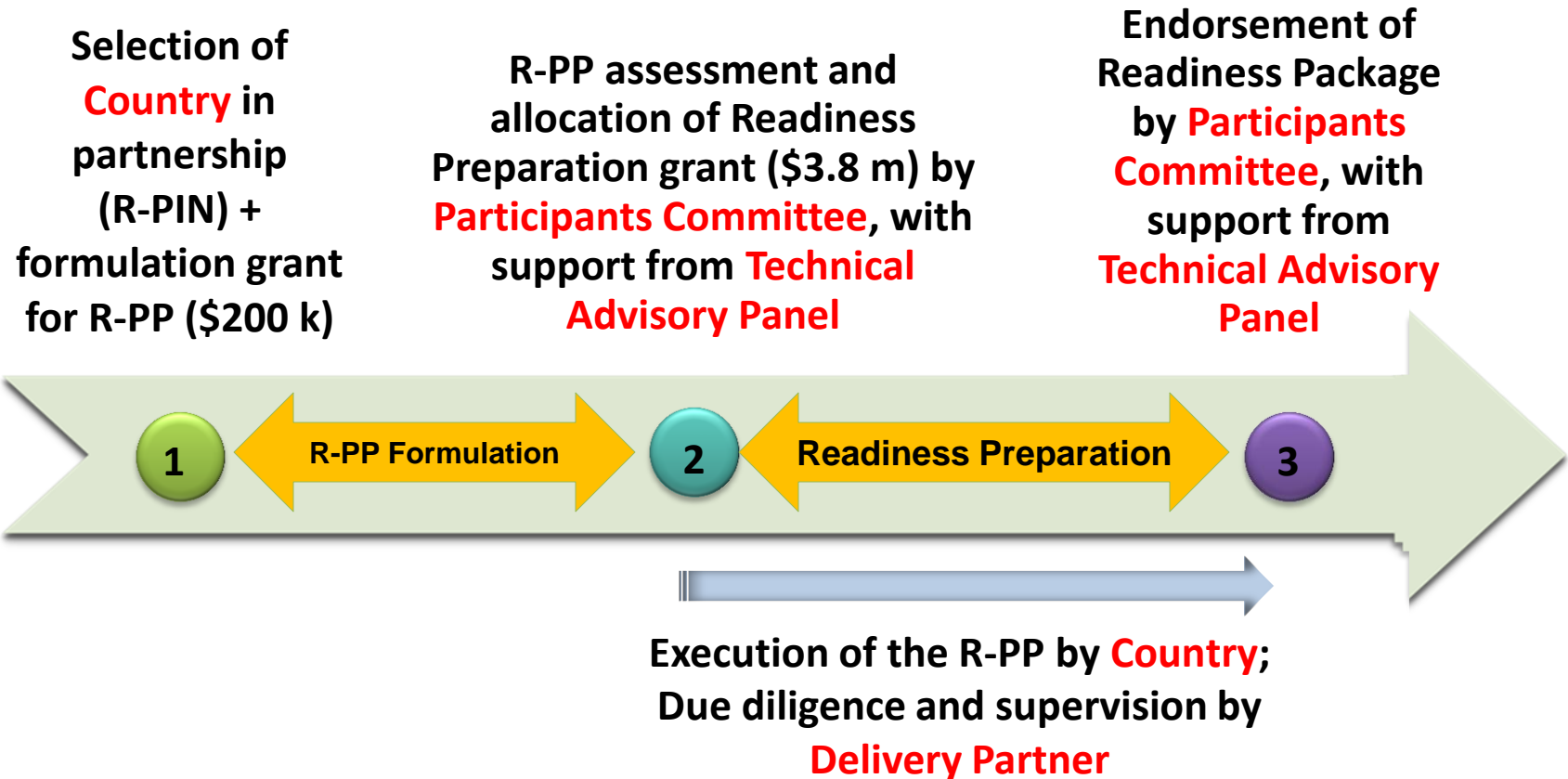
### **Component 3: Develop a Reference Level**

### **Component 4: Design a Monitoring System**

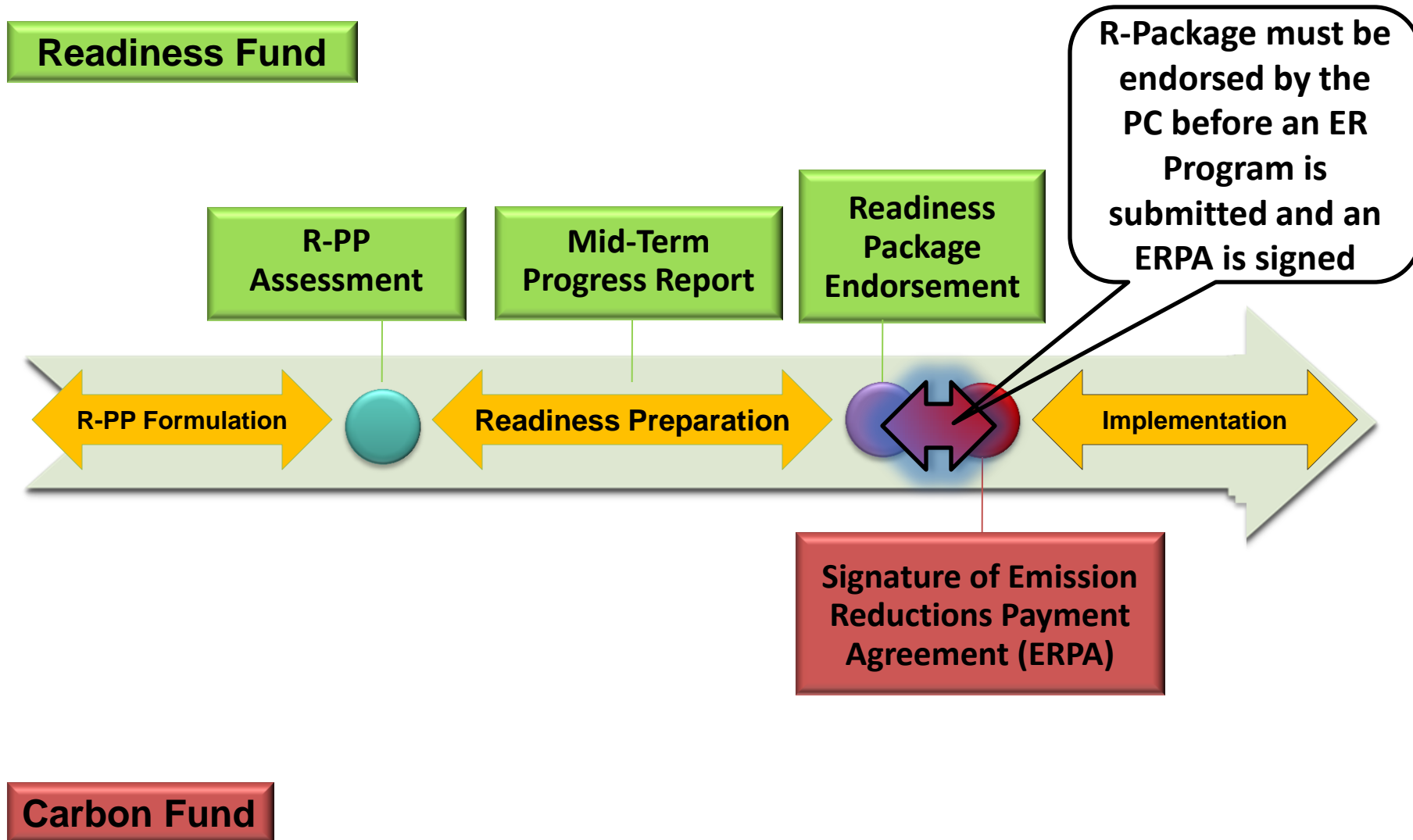
- 4a. Emissions and Removals
- 4b. Multiple Benefits, Other Impacts, and Governance



# Readiness Fund (3)

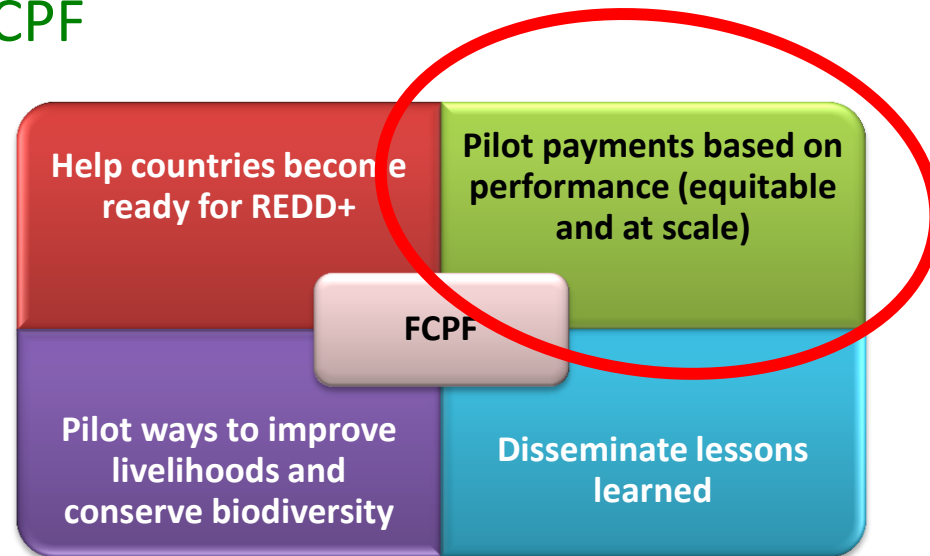


# From Readiness to Carbon Finance



# Carbon Fund: Introduction

- The Carbon Fund is integral part of the FCPF's Charter and at the heart of the FCPF



- Became operational in May 2011
- Methodological work is ongoing
  - Estimate of emission reduction potential of programs
  - Pricing

# Objectives of the Carbon Fund (1)



- Mandate

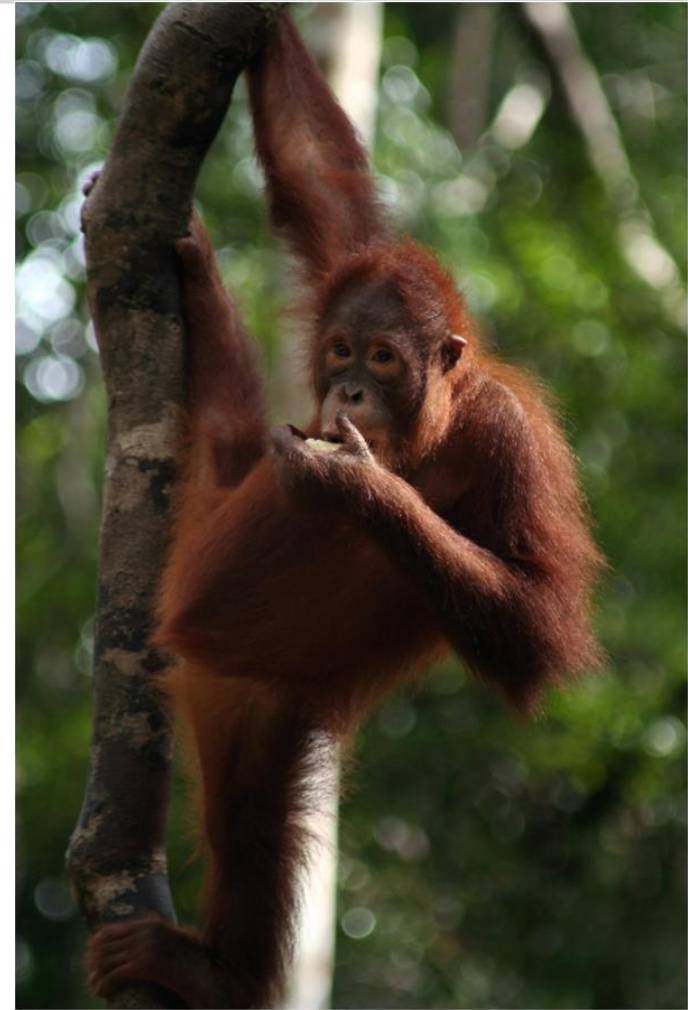
- Pay for Emission Reductions (ERs) from REDD+ programs and deliver them to the Carbon Fund (Tranche) Participants

- Objectives

- Kick-start large-scale performance-based payments and produce useful experiences through a public private-partnership
- Deliver ERs generated by ~5 REDD+ programs that
  - Are submitted by governments or entities with government approval
  - Are undertaken at a significant scale, e.g., at the level of an administrative jurisdiction within a country or at the national level
  - Are consistent with emerging compliance standards under the UNFCCC and other regimes
  - Are consistent with national REDD+ strategy and emerging MRV system and REL
  - Are based on transparent stakeholder consultations
  - Generate environmental and social co-benefits (safeguards, biodiversity)

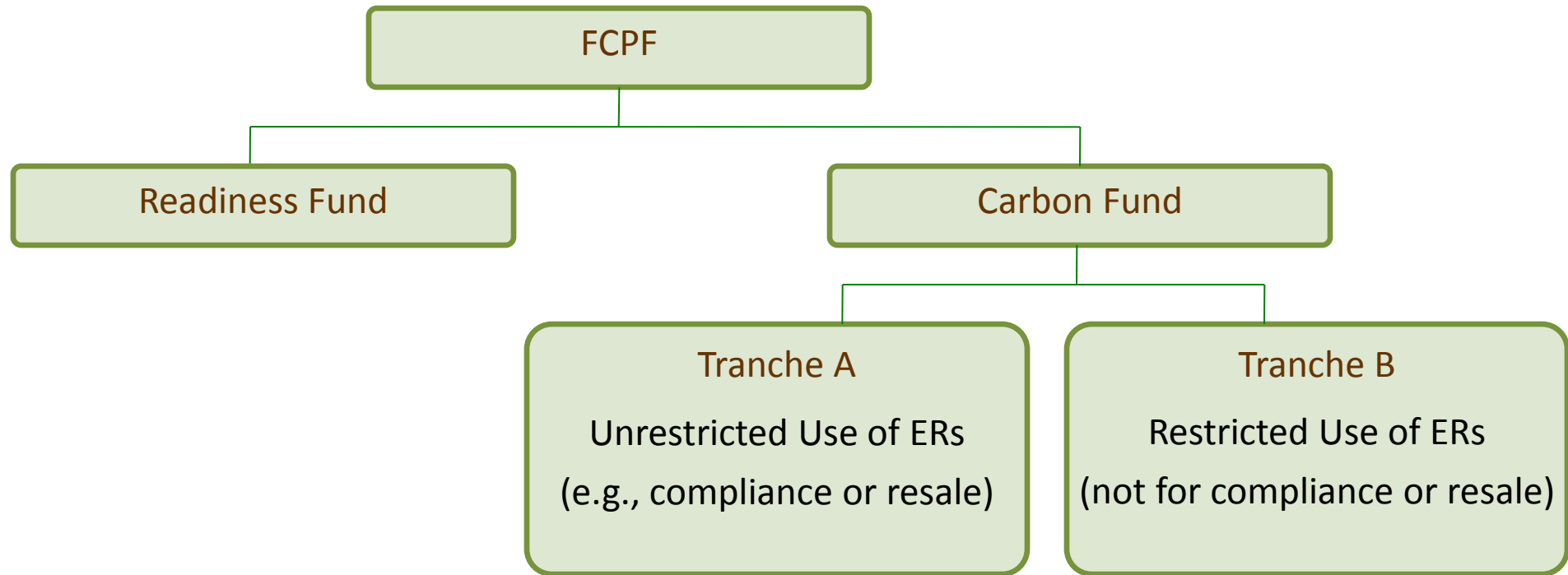
# Objectives of the Carbon Fund (2)

- The Carbon Fund is NOT the carbon market for REDD+
- Performance-based payments  $\neq$  market
  - Neither World Bank nor FCPF has authority to create a carbon market for REDD+
  - Carbon markets for REDD+ may be created in the future by
    - UNFCCC
    - Countries
    - Sub-national entities
    - Groups of countries
  - Carbon Fund aims to demonstrate how REDD+ can be implemented and accounted for at scale (unlike CDM projects)
  - Performance-based payments will be used regarding of the source of the money or the use of the emission reductions



# Carbon Fund Organization in Two Tranches (1)

Carbon Fund's arrangements recognize and protect different interests and objectives among Participants



# Carbon Fund Organization in Two Tranches (2)

- Financially
  - Tranche A: \$38 million
  - Tranche B: \$175 million (82%)
- Spirit: Two Tranches operating as one
  - Tranches will review Emission Reductions (ER) Programs together and hopefully enter into transactions (Emission Reductions Payment Agreements or ERPAs) with the same Programs
- Legally
  - Each Tranche will sign separate ERPAs even if the terms are identical
- Practically
  - A country transacts with the Trustee (World Bank) regardless of the Tranche structure
  - Buyer representatives in ERPA negotiations may be different depending on which of the Tranches will enter into transaction

# ER Programs and Activities



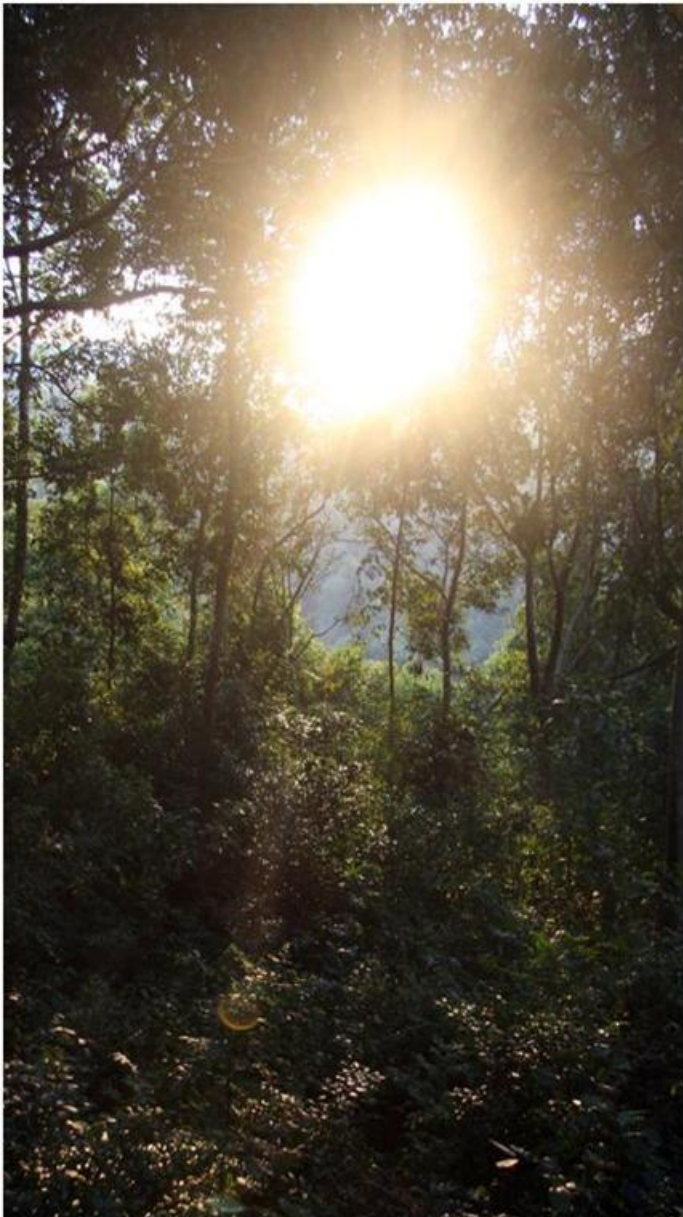
- Compared with REDD+ projects, ER Programs at a state or municipal level typically propose multiple activities, policies and investments, as a coordinated set
- Prioritization of activities will depend on the national context, the drivers and cost-benefit implications
- ER Program will also depend on progress already made in a country



# Methodological Framework (Ongoing Discussions)

- Methodological framework for the Carbon Fund will not provide a step-by-step methodology (along the lines of a CDM methodology)
- But will provide standards to compare different approaches proposed by countries / programs
- Process
  - PC to provide principles for the methodological framework (expected June 2012)
  - Carbon Fund to build on these principles and develop more detailed standards
- Possible elements (being discussed):
  1. Endorsement and REDD+ Strategy
  2. Consistency with UNFCCC
  3. Safeguards
  4. Stakeholder participation
  5. Benefit sharing
  6. Scale (or ambition)
  7. Sustainable development (or non-carbon values)

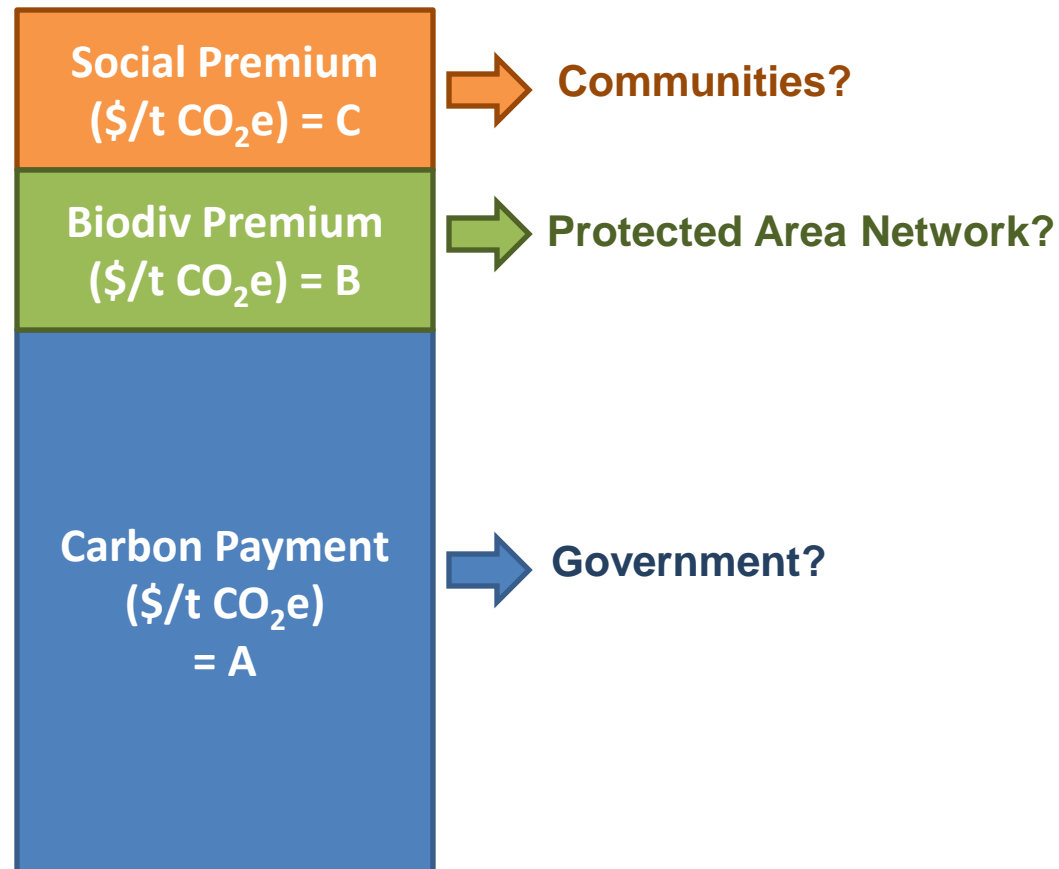
# Pricing (discussion ongoing)



- Posibles elementos (bajo discusión):
  1. Precios deberían ser justos y flexibles, sencillos y proteger a ambas partes en el contrato (ERPA) contra fluctuaciones extremas
  2. Precios deberían ser conformados de una porción fija y una porción fluctuante como sea factible. Las partes respectivas de las dos porciones pueden ser diferentes de un ERPA al otro
  3. Precios deberían resultar de negociaciones entre el vendedor y el comprador, en base de sus respectivas voluntades de hacer o recibir pago. Negociaciones deberían ser informadas por información relevante, p.e. estudios de mercado o transacciones de referencia
  4. Negociaciones ofrecen una oportunidad para que se tomen en cuenta beneficios otros que el carbono, aunque no haya una valoración sistemática de estos beneficios bajo el Fondo de Carbono

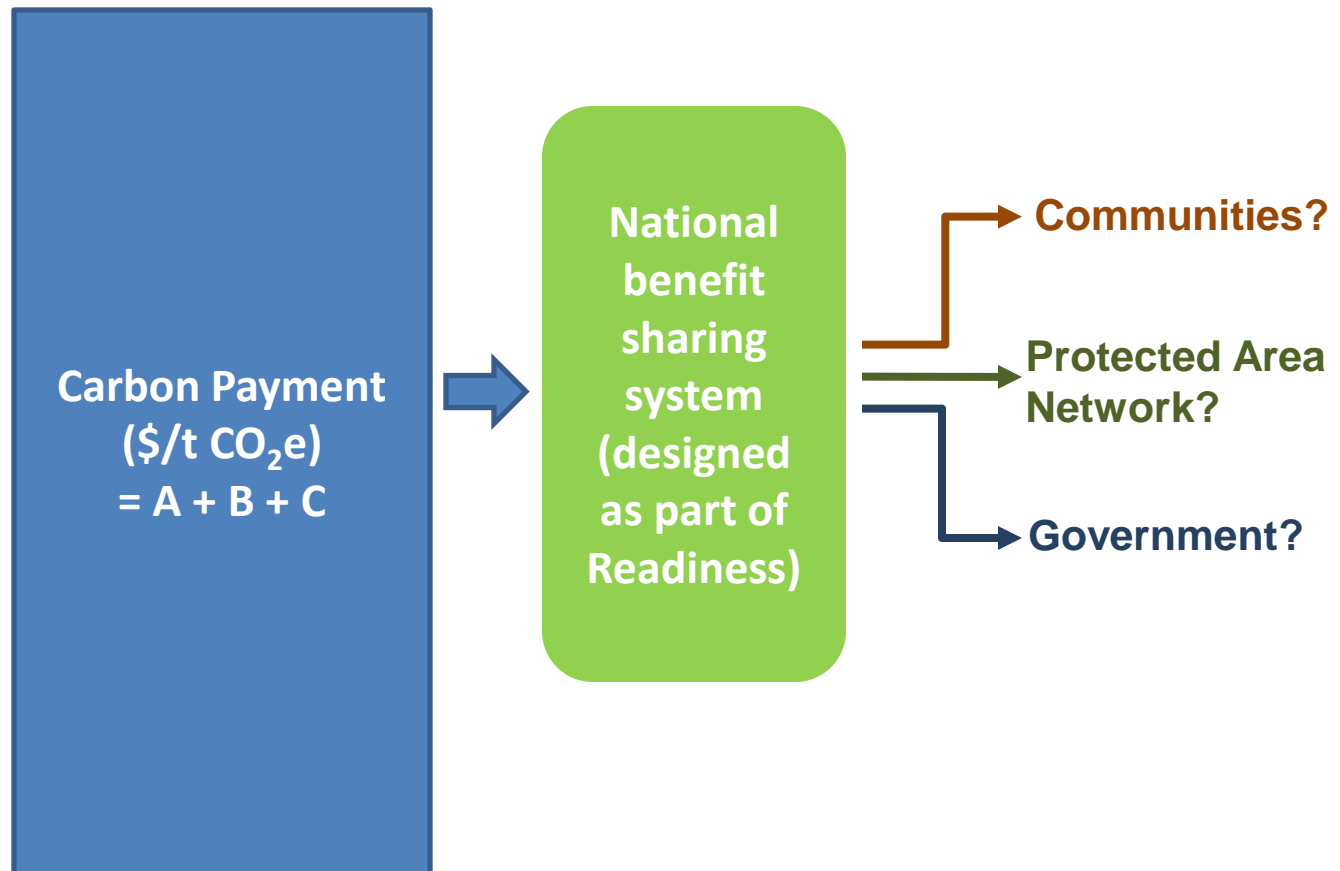
# Pricing and Benefit Sharing (1)

## Option 1 (hypothetical)



# Pricing and Benefit Sharing (2)

## Option 2 (hypothetical)



# Next FCPF Meetings

- October 16-17 (Paris)
  - CF5
- October 2012 (Brazzaville, Republic of Congo)
  - Workshops on Readiness Package + Carbon Fund
  - PA5 & PC13
  - Back-to-back with UN-REDD PB9
- March 2013 (Washington, DC)
  - CF6
  - PC14

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# Indigenous Peoples in the FCPF: Rationale for Engagement (1)

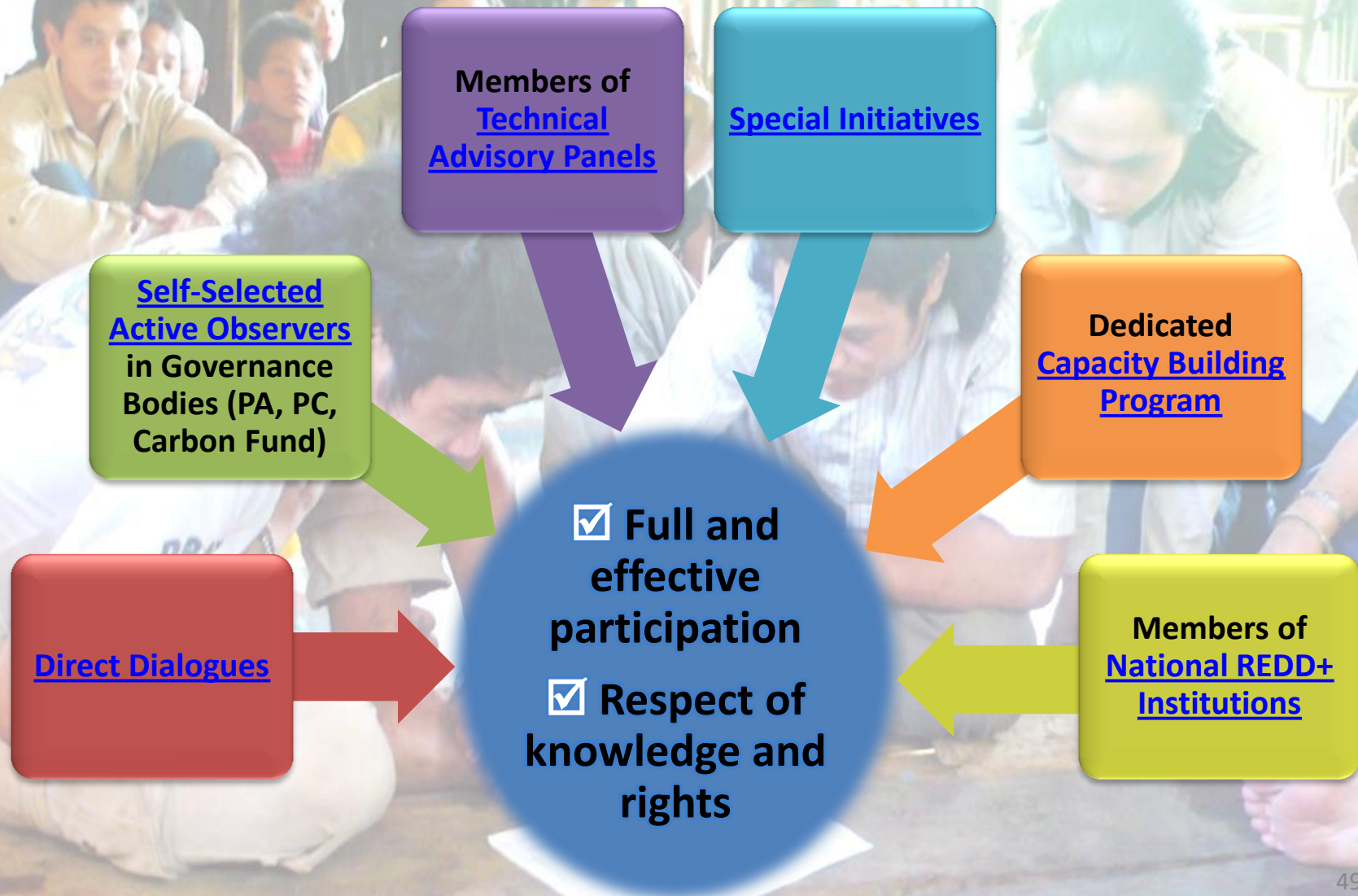
- Forest-dependent Indigenous Peoples and local communities are
  - Are key to the success of REDD+
    - Knowledge about forests
    - Presence on the ground for protection and monitoring
  - Are vulnerable if REDD+ is poorly designed and/or implemented
    - Rights not well defined
  - Enjoy special safeguards in UNFCCC and CBD decisions on REDD+
    - Full and effective participation
    - Respect of knowledge and rights

# Indigenous Peoples in the FCPF: Rationale for Engagement (2)

- FCPF Charter definition
  - “Forest-Dependent Indigenous Peoples and Forest Dwellers”
  - Forest Dwellers include non-Indigenous Peoples who depend on forests
- Joint “FCPF /UN-REDD Guidelines on Stakeholder Engagement in REDD+ Readiness; with a Focus on the Participation of Indigenous Peoples and Other Forest-Dependent Communities”
  - In draft since 2010
  - Finalized by the two Secretariats March 25, 2012
  - Final version



# Indigenous Peoples in the FCPF: 6 Points of Engagement



# Indigenous Peoples in the FCPF: Direct Dialogues and Beyond

- 3 workshops held prior to start of FCPF operations (2008)
  - Kathmandu, Nepal
  - Bujumbura, Burundi
  - La Paz, Bolivia
- 1 global dialogue
  - Guna Yala, Panama (September 2011)
- 3 regional dialogues
  - Arusha, Tanzania (April 2012)
  - Lima, Peru (August 2012)
  - Chiang Mai, Thailand (September 2012)
- 1 global dialogue
  - Doha, Qatar (December 2012)
- Participation in numerous meetings and workshops
  - UNFCCC, UNPFII, COICA, UN-REDD, etc.



# Indigenous Peoples in the FCPF: Self-Selected Observers to Governance Structure (1)

- Invited to all FCPF meetings with financial support, full access to information and full rights to participate
  - All Participants Assembly and Participants Committee meetings, including plenary discussions & crafting of resolutions in Contact Groups
  - Working Group on methodology and pricing for Carbon Fund
  - Task Force on Common Approach
- Expectation that they will prepare for these meetings by contacting their regional networks, and disseminate information in their regions after the meetings

# Indigenous Peoples in the FCPF: Self-Selected Observers to Governance Structure (2)

- Self-selection process since mid-2011
  - Africa
    - Anglophone: Nicholas Meitiaki Soikan
    - Francophone: Kapupu Diwa Mutimanwa
  - Asia
    - Joan Carling (alternates Pasang Dolma Sherpa & Kittisak Rattanakrajangrsi)
  - Latin America & Caribbean
    - Meso-America: Onel Masardule
    - South America: Edwin Vasquez (alternate Diego Escobar)



# Indigenous Peoples in the FCPF: Members of Technical Advisory Panels

- Ad Hoc Technical Advisory Panels formed to review each national Readiness Preparation Proposal (R-PP)
  - International experts
  - National experts
  - 1 indigenous expert or specialist in community rights



# Indigenous Peoples in the FCPF: Special Initiatives

- Community-based monitoring
  - International workshop in Mexico City (September 2011) on sharing experiences across countries, including civil society organizations, Indigenous Peoples and governments
  - Paper prepared by Tebtebba before workshop analyzing environmental and social standards for REDD+
  - Follow-up regional workshops (to be announced)



# Indigenous Peoples in the FCPF: Dedicated Capacity Building Program (1)

- \$200,000 per year since 2009
- Expansion of existing program to ~\$3.5 million (FY12-15)
  - Activities: ~\$2.2 million
  - Travel & operational budget: ~\$360,000
  - 3 regional + 1 global dialogues (in addition to Guna Yala): \$940,000
- Subject to:
  - Possible change in modalities (vendor or small grants)

# Indigenous Peoples in the FCPF: Dedicated Capacity Building Program (2)

- Examples

- Global level: International Indigenous Peoples' technical workshop with governments before COP16 (Mexico)
- Regional level:
  - IPACC (Africa) organized workshops and produced toolkit on REDD+ to be used for training of trainers at country level
  - FIPAC (Congo Basin)
- National level:
  - DRC: Groupe de travail climat REDD de la société civile
  - Republic of Congo: National Platform for Civil society Organizations





# Indigenous Peoples in the FCPF: Members of National REDD+ Institutions

- REDD+ won't succeed unless the national management arrangements are inclusive of Indigenous Peoples and local communities
  - FCPF country visits have facilitated dialogue and design of national REDD+ committees that includes Indigenous Peoples and local communities
  - Social development specialists from Delivery Partners & Facility Management Team
  - Guidelines in R-PP template
  - Joint “FCPF/UN-REDD Guidelines on Stakeholder Engagement in REDD+ Readiness; with a Focus on the Participation of Indigenous Peoples and Other Forest-Dependent Communities”

An aerial photograph of a vast, dense forest. The trees are mostly green, with some brownish patches, suggesting a mix of species or perhaps a dry season. In the far distance, a body of water is visible, possibly a lake or a wide river. The overall scene is a lush, natural landscape.

*Thank you*

[www.forestcarbonpartnership.org](http://www.forestcarbonpartnership.org)

Photo credits: Rhett Butler