

# Forest Carbon Partnership Facility

2019 ANNUAL REPORT



**FOREST  
CARBON  
PARTNERSHIP  
FACILITY**

**MORE THAN 10 YEARS OF REDD+  
READINESS ADVANCEMENTS AND SEVEN  
YEARS OF DEVELOPING LARGE-SCALE  
EMISSION REDUCTIONS PROGRAMS ARE  
CULMINATING IN AN UNPRECEDENTED  
LEVEL OF MOMENTUM IN THE FCPF.**



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## ACRONYMS

<b>AFOLU</b>	Agriculture, Forestry, and Other Land Use	<b>IFC</b>	International Finance Corporation (of the World Bank Group)
<b>AMEXCID</b>	Mexican Agency for International Development Cooperation	<b>IP</b>	Indigenous Peoples
<b>BioCF</b>	BioCarbon Fund	<b>IPCC</b>	Intergovernmental Panel on Climate Change
<b>BUR</b>	Biennial Update Report	<b>ISFL</b>	Initiative for Sustainable Forest Landscapes (of the BioCarbon Fund)
<b>CBP</b>	Capacity Building Program for Forest-Dependent Indigenous Peoples and Southern Civil Society Organizations	<b>Lao PDR</b>	Lao People's Democratic Republic
<b>CF</b>	Carbon Fund	<b>LOI</b>	Letter of Intent
<b>CONAFOR</b>	National Forestry Commission (Mexico)	<b>M&amp;E</b>	Monitoring And Evaluation
<b>COP</b>	Conference of the Parties (to the UNFCCC)	<b>MF</b>	Methodological Framework
<b>CORSIA</b>	Carbon Offsetting and Reduction Scheme for International Aviation	<b>MRV</b>	Measurement, Reporting, and Verification
<b>CSO</b>	Civil Society Organization	<b>MTR</b>	Mid-Term Review
<b>ER</b>	Emission Reductions	<b>NDC</b>	Nationally Determined Contribution
<b>ERP</b>	Emission Reductions Program	<b>NFMS</b>	National Forest Monitoring System
<b>ERPA</b>	Emission Reductions Payment Agreement	<b>NGO</b>	Nongovernmental Organization
<b>ERPD</b>	Emission Reductions Program Document	<b>PA</b>	Participants Assembly
<b>ER-PIN</b>	Emission Reductions Program Idea Note	<b>PC</b>	Participants Committee
<b>ESMF</b>	Environmental And Social Management Framework	<b>PES</b>	Payments For Environmental Services
<b>FAO</b>	Food and Agriculture Organization (of the UN)	<b>PROFOR</b>	Program on Forests
<b>FCPF</b>	Forest Carbon Partnership Facility	<b>REDD</b>	Reducing Emissions from Deforestation and Forest Degradation
<b>FIP</b>	Forest Investment Program	<b>REDD+</b>	REDD plus conservation of forest carbon stocks, sustainable management of forests, and enhancement of forest carbon stocks
<b>FMT</b>	Facility Management Team (of the FCPF)	<b>R-PP</b>	Readiness Preparation Proposal
<b>FPIC</b>	Free, Prior, and Informed Consent	<b>SESA</b>	Strategic Environmental And Social Assessment
<b>FREL</b>	Forest Reference Emission Level	<b>SIS</b>	Safeguards Information System
<b>FRL</b>	Forest Reference Level	<b>SMART</b>	Specific, Measurable, Achievable, Relevant and Time-Bound (indicators)
<b>FYn</b>	Fiscal Year Year n: July 1, year (n-1) – June 30, year n	<b>tCO<sub>2</sub>e</b>	(Metric) Tons of Carbon Dioxide equivalent
<b>GFOI</b>	Global Forest Observations Initiative	<b>TAP</b>	Technical Advisory Panel
<b>GHG</b>	Greenhouse Gas	<b>UNDP</b>	United Nations Development Programme
<b>GIS</b>	Geographic Information System	<b>UNFCCC</b>	United Nations Framework Convention on Climate Change
<b>GIZ</b>	German Corporation for International Cooperation	<b>UN-REDD</b>	United Nations Collaborative Programme on Reducing Emissions from Deforestation and Forest Degradation in Developing Countries
<b>GRM</b>	Grievance Redress Mechanism	<b>USAID</b>	United States Agency for International Development
<b>ha</b>	Hectare	<b>USFS</b>	United States Forest Service
<b>IBRD</b>	International Bank for Reconstruction and Development (of the World Bank Group)	<b>WB</b>	World Bank
<b>ICAO</b>	International Civil Aviation Organization		
<b>IDB</b>	Inter-American Development Bank		

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

# Foreword

As our global climate change and development challenges become increasingly complex, the Forest Carbon Partnership Facility remains uniquely positioned to help countries find sustainable and inclusive solutions.

Every year seems to deliver new, and often disheartening, information on what we are up against to overcome these global challenges. In August, a report from the Intergovernmental Panel on Climate Change concluded that human activity is driving deforestation, wiping out animal and plant species at staggering rates, and accelerating changes in the climate.

A first-of-its-kind global biodiversity assessment released by the UN in May 2019 confirmed that 75 percent of the earth's terrestrial environment has been severely altered by human actions, and that 50 percent of the world's agricultural expansion has occurred at the expense of forests. More than ever, we know exactly what's at stake with forest loss.

But with each passing year, we are also getting better at finding solutions. We know that integrating trees into agricultural landscapes boosts yields and reduces vulnerability to droughts. We know that preserving forests in watersheds helps protect water supplies in uncertain climates. We know that the world's forests absorb up to 40 percent of anthropogenic CO<sub>2</sub> emissions, and that we simply cannot achieve international climate targets without them.

The FCPF is committed to helping countries find new ways to sustainably manage forests. With \$1.3 billion in funding, the FCPF continues to work in partnership with 70 countries to pioneer new, scalable approaches to reduce emissions from deforestation.

This past year has been an important one. Between July 2018 and June 2019, the FCPF Carbon Fund signed its first three Emission Reductions Payment Agreements—with the Democratic Republic of Congo, Ghana, and Mozambique—unlocking \$155 million in performance-based payments for the successful implementation of jurisdictional emission reductions programs.

This is an incredible feat considering that when the Carbon Fund was launched in 2011, there was no road map for developing and implementing large-scale emission reductions programs. Since then, FCPF Country Participants have worked tirelessly to design, develop, and implement these



complex yet game-changing programs, piece by piece. These countries are inspiring examples of the steadfast tenacity needed across all initiatives and sectors to fight climate change.

Because of their innovative design and scale, emission reductions programs in the FCPF Carbon Fund are attracting interest from other sectors looking for high-quality carbon offsets. This includes the UN's International Civil Aviation Organization's (ICAO) Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA)—an initiative with which the FCPF is exploring a partnership to unlock potential new sources of funding and benefits for REDD+ countries, and strengthen the durability of emission reductions programs.

None of these large-scale emission reductions programs would exist without the strong REDD+ foundations countries have developed in partnership with the FCPF's Readiness Fund. Over the past year, country participants have continued to make important advancements on a range of REDD+ readiness work, from national REDD+ strategies, forest reference emission levels, and national forest management systems to stakeholder engagement, non-carbon benefits, gender-inclusive approaches, and sustainable forest management.

More than 10 years of REDD+ readiness advancements and seven years of developing large-scale emission reductions programs are culminating in an unprecedented level of momentum in both the FCPF Readiness and Carbon Funds. Now, we must do everything to keep up this momentum, and translate these years of design and preparation into meaningful and sustainable landscape and climate transformation.



**Simon Whitehouse**

FCPF Fund Manager

October 2019

# Executive Summary

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

During the past year, the FCPF Carbon Fund reached a major milestone: the signing of three Emission Reductions Payment Agreements (ERPAs) with the Democratic Republic of Congo, Ghana, and Mozambique. These agreements have unlocked up to \$155 million in performance-based payments from verified emission reductions through large-scale jurisdictional landscape programs.

The FCPF Carbon Fund also accepted two additional emission reductions programs (ERPs) into its portfolio (Côte d'Ivoire and Indonesia), bringing the total number to 13 as of the end of FY19. Since then, five more programs have been included, bringing the current total to 18. Several Carbon Fund countries are now in the final stages of program revision and negotiations, and are expected to sign ERPAs in the coming months.

Over the past year, the Carbon Fund has also made progress in opening up payments for emission reductions (ERs) generated prior to ERPA signature. These payments reflect the wide range of program measures, investments, and policies already being implemented when ERPA negotiations begin, and will help enhance the sustainability of countries' ER efforts.

During this reporting period, the FCPF Readiness Fund endorsed eight new readiness packages (Cameroon, Côte d'Ivoire, Dominican Republic, El Salvador, Fiji, Peru, Sudan, and Uganda), and allocated additional readiness funding for eight more countries (Cameroon, the Dominican Republic, El Salvador, Nigeria, Pakistan, Peru, Suriname, and Togo), bringing the total number of readiness fund grants to 33. With this support, FCPF Country Participants continued to make important advancements on a range of REDD+ readiness work, including national REDD+ strategies, stakeholder engagement, forest reference emission levels (FRELs) and non-carbon benefits.

In both the Readiness and the Carbon Fund, the FCPF advanced important tools over the past year on various technical topics, among others, carbon transaction registries, REDD+ and ER financing plans, REDD+ nesting, and due diligence on transfer of title. The FCPF's updated guidance note on benefit-sharing arrangements provides country participants with information and recommendations to consider when developing benefit-sharing plans for ERPs, including examples of approaches and best practices.



In FY19, the FCPF updated its verification guidelines, which cover aspects related to the eligibility of verification entities as well as the verification process itself. The FCPF also continued to develop a centralized transaction registry that will allow users to register and issue emission reductions units, mitigate the risk of double counting, and run quick and reliable queries through a single sign-on web portal. The registry is expected to be operational by the end of 2019.

In the area of stakeholder engagement, the FCPF's Capacity Building Program for Forest-Dependent Peoples and Southern Civil Society Organizations (CBP) continued to provide grants through seven regional organizations working across more than 30 countries in Africa, Asia-Pacific, and Latin America and the Caribbean. CBP grants over the past year have enabled research on customary land tenure to inform REDD+ benefit-sharing mechanisms, and the development of strategic frameworks to guide the engagement of indigenous peoples (IP), among many other initiatives. With an emphasis on gender considerations, CBP implementing organizations have carried out dozens of outreach programs that have engaged more than 65,000 IP and civil society representatives in REDD+.

The FCPF also supported stakeholder outreach and women's engagement in REDD+, through several global and regional knowledge-sharing events, including a conference held in Weilburg, Germany, focused on social inclusion in REDD+, and the FCPF's annual Knowledge Day held alongside the yearly Participants Assembly. Other FCPF south-south knowledge exchanges in FY19 focused on lessons learned from ERP development; measurement, reporting, and verification (MRV); greenhouse gas (GHG) inventories; and national forest monitoring systems (NFMS).

At the international level, the FCPF continued its engagement with important climate change efforts such as the UN's Climate Change Conference in Katowice, Poland (COP24), and the Global Landscapes Forum in Bonn. The FCPF advanced its application to serve as a program under the UN International Civil Aviation Organization (ICAO) Carbon Offsetting and Reduction Scheme for International Aviation (CORSA). Through this aviation carbon credit program, FCPF Country Participants may be able to access a new stream of performance-based payments for their ER efforts.

The FCPF also engaged with several international initiatives aimed at deepening collaboration with the private sector in REDD+. The FCPF and the International Finance Corporation (IFC) continued to advance their collaboration on IFC's Climate Bond for Forests to promote private sector investment in forest conservation and REDD+. In March 2019, the FCPF jointly with the International Emissions Trading Association hosted a global workshop on how to unlock private sector finance for sustainable landscape management. The FCPF also explored further synergies between the Tropical Forest Alliance's commodity-first approach and FCPF Country Participants' ERPs.

In the coming year, the FCPF will continue working closely with stakeholders to ensure that countries in the Readiness Fund finish putting in place the remaining building blocks needed to participate in jurisdictional landscape ERPs, and countries in the Carbon Fund are ready to sign ERPAs, implement their programs, and receive results-based 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 (IP)—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+).

The FCPF 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 (RELs); designing measurement, reporting, and verification (MRV) systems; and establishing 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 emission reductions (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 the private sector, 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 ERPs.

## 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 incentivizes 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 the 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

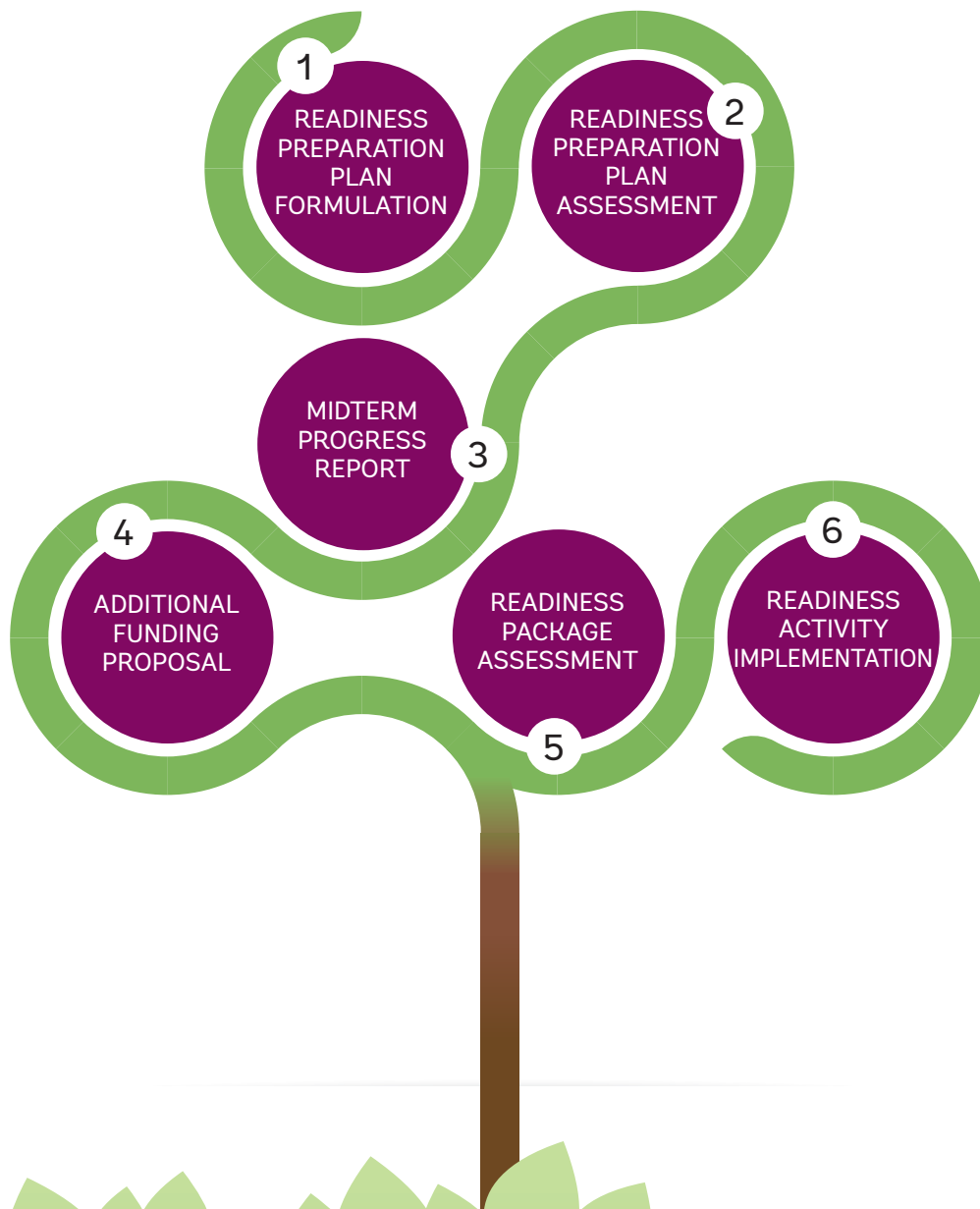
Participants actively engage in South-South learning activities

FCPF knowledge is applied by Participants and other REDD+ practitioners

# FCPF Step by Step

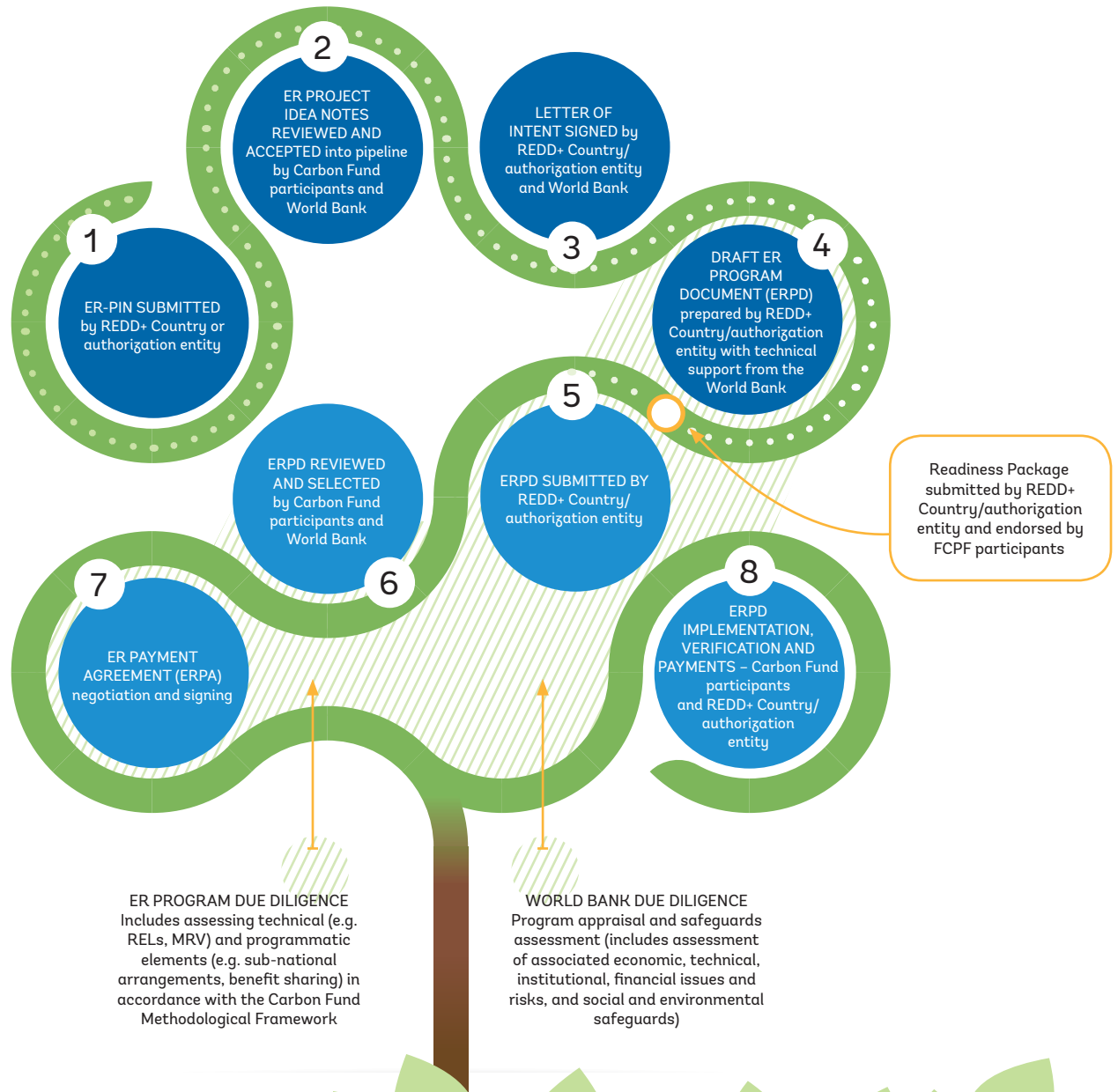
## Readiness Fund

Helping Developing Countries Set Up the Building Blocks to Implement REDD+


















































# Carbon Fund

## Piloting Results-Based Payments for REDD+ Efforts in Developing Countries



# 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



# FCPF by the Numbers

AS OF JUNE 30, 2019

47

Countries  
in Readiness Fund



46

Readiness  
Proposals



38

Mid-Term  
Reports

44

Readiness Preparation  
Grant Agreements  
signed

24

R-Packages  
endorsed

US\$400

Million  
in Readiness Fund



\$314m Grants Allocated

\$311m Grants Signed

\$200m Funding Disbursed

CAPACITY BUILDING  
PROGRAM



\$10m

GRANTS IN  
MILLIONS

70,000

PEOPLE REACHED

45%

WOMEN



19

Countries  
in Carbon Fund



19

Signed Letters  
of Intent



13

ER Program  
Documents in  
development

3

ER Payment  
Agreements signed

US\$900

Million  
in Carbon Fund



550,000

Square miles:  
Combined Program Areas

50m

People Impacted

COMMUNICATIONS  
AND KNOWLEDGE



8

SOUTH-SOUTH  
KNOWLEDGE  
EXCHANGES

11

HIGHLIGHT  
STORIES

37

KNOWLEDGE  
SEMINARS

113,000+

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+.

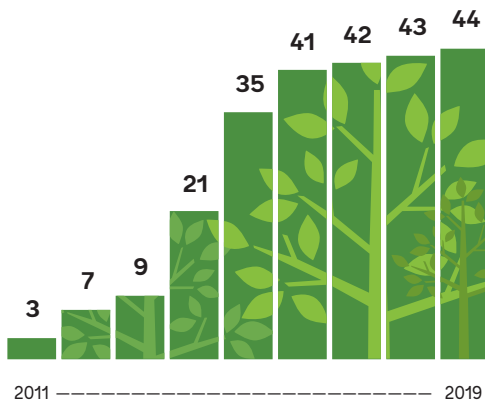


## MILESTONES

### 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.

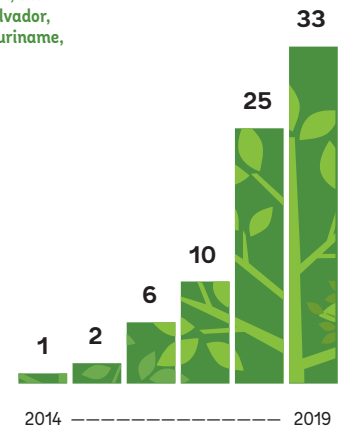
One new Readiness Preparation Grant Agreement was signed in FY19: Kenya.



### Additional Funding Signed

An Additional Funding Grant enables a country to continue with its REDD+ readiness efforts, building upon the work supported by an initial grant.

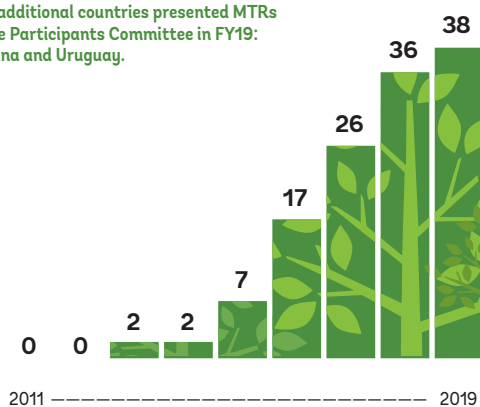
Eight countries signed Additional Funding in FY19: Cameroon, the Dominican Republic, El Salvador, Nigeria, Pakistan, Peru, Suriname, and Togo.



### Mid-Term Reports Submitted

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

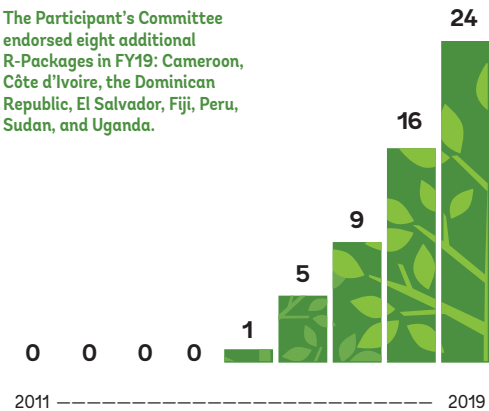
Two additional countries presented MTRs to the Participants Committee in FY19: Guyana and Uruguay.



### 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 eight additional R-Packages in FY19: Cameroon, Côte d'Ivoire, the Dominican Republic, El Salvador, Fiji, Peru, Sudan, and Uganda.

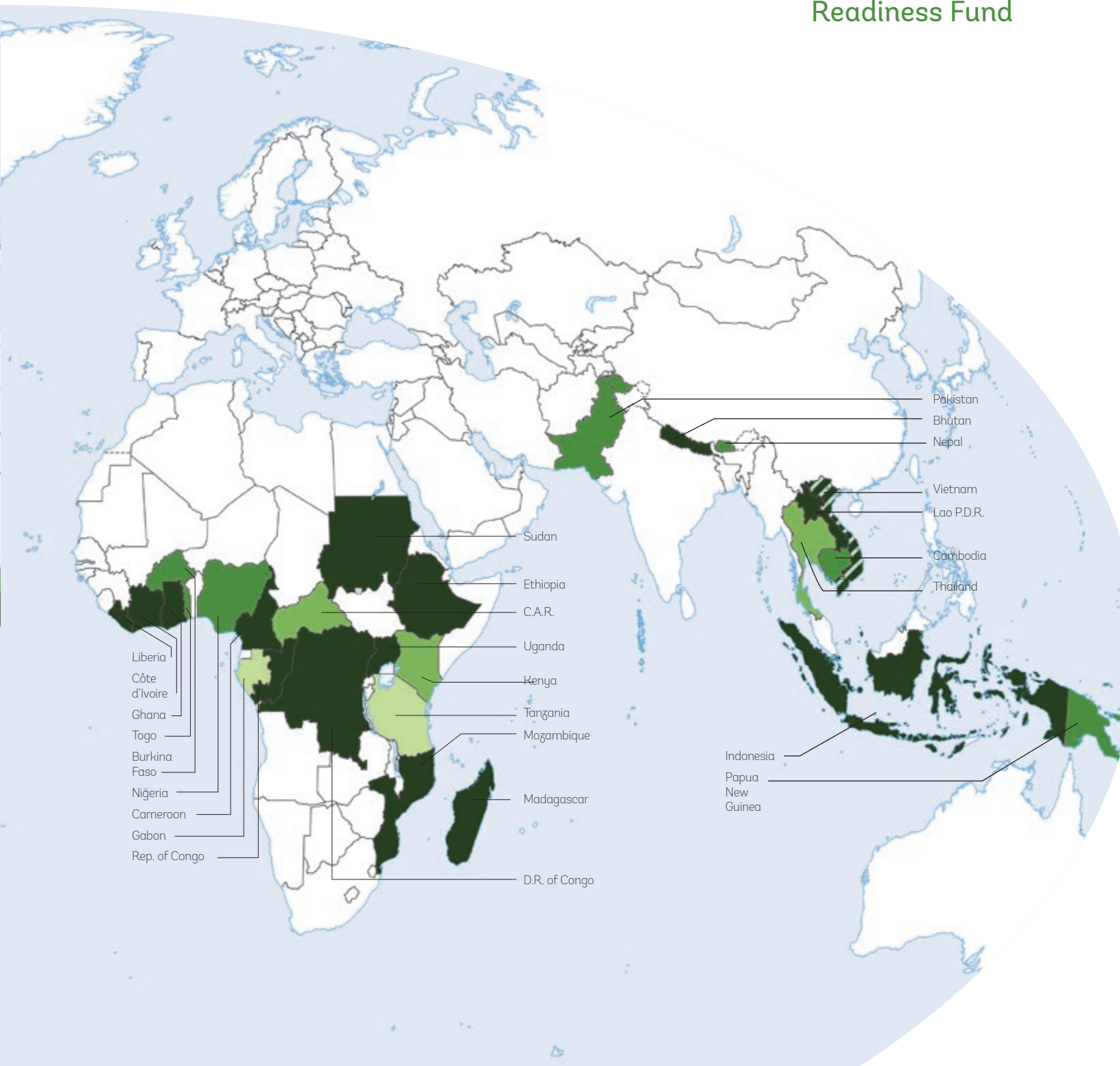


47 REDD+ Country Participants have been selected into the FCPF and have signed participation agreements. The Readiness Fund encompasses all 47 countries. The map illustrates the furthest milestone toward Readiness completion a country had achieved as of June 30, 2019.

- 24 Readiness Packages Endorsed by Participants Committee
- 14 Midterm Progress Report Assessed by Participants Committee
- 6 Readiness Preparation Grant Signed
- 3 Participation Agreement Signed



# 47 Countries in the Readiness Fund



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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.

**Costa Rica** has built on its strong REDD+ implementation framework to advance work to determine the ownership of carbon and make it possible to negotiate the titles of ERs and their transfer through a national-scale ERPA. In FY19, Costa Rica also submitted a first draft of the country's REDD+ benefit-sharing plan.

**The Lao PDR** National Assembly passed new forest and land laws in FY19 that support REDD+. The forest law includes articles on carbon trading, ER, and carbon sequestration that further support the country's REDD+ implementation framework. The country also drafted a benefit-sharing plan that is expected to be finalized by the end of 2019.

**Panama**, in December 2018, passed a new regulation that creates an incentive program for forest cover and the conservation of natural forests. To comply with this new forestry incentives program, the Panama Reforesta Fund was established, as part of the country's

Alianza por el Millón, an initiative to reforest 1 million hectares (ha) over the next 20 years. In FY19, Panama also approved its national forest strategy (2018–50), which includes REDD+ activities.

While developing its first-ever National Sustainable Land Use Policy, **Papua New Guinea** engaged with REDD+ pilot provinces to understand the different challenges and opportunities of taking a bottom-up approach to broader land use policies. The country also advanced a review of its national 1991 Forestry Act and 2015 Climate Change Management Act; developed provincial forest plans for three REDD+ pilot provinces; and established a Palm Oil Platform and a national policy on sustainable palm oil.

**The Republic of Congo** is working toward integrating REDD+ into its new forestry, environmental, and agricultural laws. This process is helping consolidate the country's general principles for REDD+ benefit sharing.

**Uganda** is working on revising its 2001 Forest Policy and 2003 Forests and Tree Planting Act, based on the country's REDD+ Strategy discussions and Forest Law Enforcement, Governance, and Trade (FLEGT) process. The revision of these policies is motivated in part by the need to put in place a legally binding definition of carbon rights and to address other constraints to sustainable forest sector development. Uganda's REDD+ Secretariat has also made progress on the development of its national forest management and information system, its REDD+ benefit-sharing plan, and the national REDD+ strategy. Each of these are expected to be finalized by the end of November 2019.



## 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. IP and local communities, including women and youth, are most closely connected to forests and, with the right knowledge and tools, the ones 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, IP, and other forest-dependent communities, women's groups, and nongovernmental organizations (NGOs) have come to play a central role in REDD+ Readiness and implementation and gained more access to forest and land-use planning than ever before.

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

**Guatemala** hosted 21 territorial consultation workshops, covering all country departments, to discuss drivers of deforestation, REDD+ strategic options, and safeguards instruments. These workshops engaged a total of 1,072 stakeholders (34 percent of whom were women) from local communities, the private sector, NGOs, municipalities, and IP. Additional dialogues are planned in 2019, as well as a forum on gender and IP, and a national forum to present the latest version of Guatemala's national REDD+ Strategy.

**Kenya** held a national consultation meeting to review and adopt guidelines for stakeholder engagement and free, prior, and informed consent (FPIC) for REDD+ implementation. The country established a national taskforce that



directly engages communities in the design of models to enhance community participation in forest conservation and management. Community dialogues and consultations were also held on forest policy and regulations with forest indigenous communities in the pilot county of Elgeyo-Marakwet.

**Pakistan** finalized standard operating procedures for a REDD+ feedback and grievance redress mechanism (GRM), which was endorsed by the provincial stakeholders. Coordination meetings of REDD+ focal points were also organized, along with a REDD+ multistakeholder outreach event and a media field visit to the country's "Billion Tree Tsunami," a reforestation program launched in 2014 that envisages the planting of 1 billion trees.

**Thailand** trained more than 200 stakeholders on how they can engage with the country's REDD+ framework. These training events were held at the country's eight Forest and Climate Change Education and Action Centers in five regions. Representatives from Thailand's National REDD+ Strategy Committee and associated working groups also participated in two knowledge exchanges with Indonesia and Vietnam. Consultations were held and are ongoing as part of the development of a REDD+ communications and outreach strategy, a national REDD+ Strategy, and a strategic environmental and social assessment (SESA), among others. Stakeholders include civil society organizations, forest-dependent local communities, ethnic minorities, and youth at the local level.



**Togo** held over 40 stakeholder consultations at the prefectural, regional, and national level, on the potential impacts of its national REDD+ Strategy, engaging almost 2,000 REDD+ stakeholders. Togo also hosted a series of workshops on the development of a GRM for the implementation phase of the country's national REDD+ Strategy. Training material was also developed for more than 10,000 stakeholders (including women and youth) on climate change, sustainable forest management, agroecological practices, and the use of solar ovens and dryers.

## 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, RELs, 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 Country Participants over the past year in the design of their national REDD+ Strategies.

**Bhutan** advanced several policies and instruments linked to its national REDD+ Strategy, including its National Community Forest Management Strategy, a funding mobilization framework, a REDD+ benefit-sharing mechanism, local forest management plans, and its SESA, environmental and social management framework (ESMF), GRM, and safeguards information system (SIS) for REDD+.

**The Central African Republic** launched the development of its national REDD+ Strategy in April 2019. Management structures supporting the country's REDD+ process are being implemented, including the National REDD+ Committee, Technical Coordination Committee, and interprefectoral committees.

**Colombia** completed and presented its national REDD+ Strategy (*Estrategia Integral de Control de Deforestación y Gestión de los Bosques, EICDGB*) in July 2018. Throughout FY19, Colombia continued to refine various REDD+ Strategy components such as regional REDD+ implementation plans; REDD+ transparency and grievance redress mechanisms; strategic communications on REDD+ for audiences at national, sectoral, and interinstitutional levels; financial monitoring of international cooperation; and dialogue with ethnic and peasant communities to reduce deforestation and the degradation of ecosystems.

**Nigeria** has finalized a first draft of its REDD+ Strategy, including the definition of its REDD+ Strategy options. In order to expand the scope of the program, the country's national REDD+ Secretariat has also developed a modality for selecting three additional states to be mainstreamed into national REDD+ Readiness activities.

In **Sudan**, national REDD+ Strategy preparations in FY19 included conducting studies on land use and land tenure; drivers of deforestation and forest degradation, and measures to address them; strategic options for the REDD+ Strategy; and developing the country's SESA. The country also began preparing a REDD+ benefit-sharing mechanism and advanced its forest landscape restoration assessment, its national restoration strategy, and a policy for private sector engagement in reforestation initiatives.

## 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 NFMSs, FRLs and FRELs provide a baseline against which ERs can be measured, and subsequent results-based payments can be made (box 1).



### FCPF countries that have submitted FRELs to UNFCCC

2015 Colombia, Guyana and Mexico

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2016 Chile, Costa Rica, Ethiopia, Indonesia, Paraguay, Peru, Republic of Congo, and Vietnam

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2017 Cambodia, Côte d'Ivoire, Ghana, Honduras, Madagascar, Nepal, Papua New Guinea, Tanzania, and Uganda

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2018 DRC, Lao PDR, Madagascar\*, Mozambique, Nigeria, Panama, and Suriname

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2019 Argentina, Nicaragua, Nigeria\*

\* Resubmission of FREL to UNFCCC

#### 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**



#### FREL

A benchmark for emissions exclusively from deforestation and forest degradation

**REDD only**



This year, two FCPF countries (Argentina and Nicaragua) submitted their FRELs/FRLs to the United Nations Framework Convention on Climate Change (UNFCCC) for technical assessment. Chile, Indonesia, and Paraguay submitted REDD+ technical annexes to the UNFCCC. Meanwhile Panama, Mozambique, and the Democratic Republic of Congo (DRC), completed technical assessments of their FREL/FRL and are proceeding to prepare for the following phase.

Several other FCPF countries, including Bhutan, Burkina Faso, El Salvador, Fiji, Guatemala, Kenya, Liberia, and Sudan made considerable progress in developing their FRELs/FRLs and are expected to finalize them soon. This work includes the definition of institutional arrangements for MRV and the implementation of a satellite land monitoring system; terrestrial inventories such as NFIs; and a system to estimate GHG emissions and removals.

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

A key building block in REDD+ Readiness is setting up robust and transparent national forest monitoring systems (NFMSs). 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 a 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 stakeholder 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.

**Belize** advanced the development of its MRV and forest monitoring systems, including transforming all GHG tools to a geographic information system (GIS) system to enable enhanced visualization. Belize also held working

group sessions to increase capacities across several aspects of forest monitoring, including protocols for mapping and selection of sampling plots; identification of gaps in the forest inventory planning process; establishment of institutional arrangements for forest monitoring; and the development of field data collection methods for measurements in carbon pools.

**Cambodia** trained MRV technicians on the use of drones to improve the monitoring of protected areas and support biomass mapping. With support from the FCPF, SilvaCarbon, and the United States Agency for International Development (USAID), Cambodia's MRV team also developed emission factors for flooded forest and different types of mangrove forest. These emission factors will be used to update the country's FRL. Cambodia advanced the development of its SIS by conducting a series of consultations with key representatives from forest institutions, ministries relevant to REDD+ implementation, gender groups, local communities, and IP. The design of Cambodia's SIS is now ready for endorsement by the REDD+ Taskforce.

**El Salvador** began developing its SIS in FY19, which involved studies to identify priority areas (protected areas, wetlands, biosphere reserves); mapping key local actors involved in local governance platforms, prioritizing IP, rural women, and coffee and sugarcane agribusiness sectors; and developing biophysical descriptions of the conservation areas to be included in the SIS, as well as the complementary documents ESMF and SESA.

**Honduras** finalized the design of its forest information and monitoring management system, which will be one of the main components of the country's NFMS. Methodologies and protocols were also established for forest monitoring mapping and inventories, and for the reporting of emissions from deforestation. Moreover, Honduras standardized its information on land use and land-use change, resulting in a forest emissions matrix that will be presented for approval later in 2019.

**Madagascar** is currently conducting its second national forest inventory, which has been completed for the mangrove and spiny forest ecoregions. This will provide valuable data on the current status of forest resources including biodiversity, and carbon and timber products. Madagascar also launched its forest observation lab and conducted its first national land-use survey. Madagascar's SIS has been integrated into its information system on REDD+ Initiatives and Programs, which was finalized in December 2018.

**Mexico** advanced its national MRV system for REDD+ in FY19 through a series of activities, including the following: operationalizing a forest monitoring satellite system; generating maps for forest coverage, and fire and deforestation risks; establishing mitigation scenarios and methodological approaches; designing a strategy for GHG modeling in the forestry sector; and organizing several capacity building workshops and south-south exchanges.

**Vanuatu** has advanced the development of its NFMS by starting to inventory its national forest. This has involved designing sampling approaches, laying out sample plots, and conducting plot-wise measurement of carbon pools, using remote sensing, among other tools. Vanuatu has also advanced efforts to establish a system for monitoring REDD+ multiple benefits, which will be built into the country's NFMS.

## NON-CARBON BENEFITS

A wide range of positive outcomes that go beyond those associated with avoided carbon emissions and carbon sequestration may result from REDD+ activities. 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 Country Participants have advanced their efforts to capture the non-carbon benefits arising from their REDD+ activities. Some examples include the following:

In **Côte d’Ivoire**, REDD+ efforts include work to improve agricultural techniques, such as the promotion of agroforestry, strengthen the resilience of agricultural systems in the face of climate change, and ensure the diversification of income sources for livelihood improvements. By fostering zero-deforestation agriculture, Côte d’Ivoire’s national REDD+ Strategy also protects its national cultural heritage and biodiversity-rich sites in program areas.

In **the Dominican Republic**, national REDD+ Strategy continues to focus its consultations on conserving and improving local livelihoods through silvopastoral systems, agroforestry with coffee and cocoa, sustainable forest management, and reforestation of degraded land. The REDD+ Strategy is also expected to contribute to biodiversity conservation by improving the habitat of various flora and fauna species.

**Paraguay** has integrated key non-carbon benefits into its REDD+ work, aimed at promoting rural development and poverty reduction, and thereby indirectly reducing the pressure on forests. Paraguay is also working to enhance the valuation of environmental services provided by forests through the effective functioning of its environmental services law, which in turn aims to promote the conservation, protection, recovery, and sustainable development of biological diversity and natural resources in the country.

In **Peru**, land use and forestry mitigation measures and agriculture-focused nationally determined contributions (NDCs) include the identification and protection of benefits beyond carbon, such as biodiversity conservation, climate regulation, and livelihood and food security improvements for local communities (through agroforestry and nontimber forest products), and new income streams including ecotourism. Peru’s national REDD+ Strategy is helping to consolidate the management of state-level natural protected areas and regional conservation systems, as well as that of other land-use planning units.

In **Vietnam**, REDD+ work under its first large-scale ERP is introducing a new approach to jointly improve livelihoods and forest governance as some of the program’s non-carbon benefits. The program’s benefit-sharing plan prioritizes direct allocation of REDD+ payments to local communities and specifies that a share of REDD+ payments are to be directed to activities that improve local livelihoods. Vietnam’s innovative deforestation-free approach in its REDD+ Strategy also integrates biodiversity conservation with other REDD+ and sustainable landscape objectives.





## Root Causes of Deforestation



ILLEGAL WOOD HARVESTING



OVERGRAZING OF THE FOREST



FOREST FIRES



LAND CONVERSION (ENCROACHMENT AND RESETTLEMENT)



MINING/EXCAVATION



EXPANSION OF INVASIVE SPECIES

# The Terai Arc Landscape Emission Reductions Program



## MOVING FROM READINESS TO EMISSION REDUCTIONS PROGRAM IMPLEMENTATION

Building on three decades of successful community forestry programs, Nepal is one of the FCPF's most active Country Participants. The story of Nepal's REDD+ readiness and implementation advancements clearly illustrate how FCPF support can help a country move from Readiness to ERP implementation—the FCPF has helped Nepal set up the fundamental building blocks needed to implement its Readiness and ERPs. Nepal's ERP, based in 13 districts of the Terai Arc Landscape (TAL), aims to deliver forest conservation results and ERs at scale by addressing the pressures and threats to forests and supporting forest plantations across the program area.

### Why Nepal's Forests Matter

In Nepal, the main sources of local income are agriculture and breeding and caring for farm animals, which are also among the main drivers of deforestation and land degradation in the country. Although Nepal's forest landscape had declined to just 29 percent by 1994, forest cover had increased again to 45 percent by 2016, making Nepal an exception to the global trend of deforestation in developing countries.

While community forestry has greatly reduced forest degradation over the past three decades, protection-focused forest management has failed to meet the country's demand for timber and reduced employment in the sector. The government's new forest policy aims to change this by transitioning to sustainable forest management, which is estimated to generate up to \$530 million in annual rents and government revenue.







### **Progress on Readiness**

Nepal's REDD+ Readiness efforts have helped update several of the country's operational and land-use plans, which now incorporate sustainable harvesting, ERs, carbon enhancement, and safeguard-related provisions. The country has also improved its forest policy and management systems, and developed a benefit-sharing plan, which allows it to engage in and benefit from performance-based payments from verified ERs.

### **Supporting Readiness**

Between 2011 and 2017, the FCPF granted Nepal \$8.6 million to support the country's REDD+ Readiness efforts. With these grants, the government of Nepal was able to enhance its capacity to implement efforts to reduce deforestation and forest degradation

### **Mainstreaming Gender**

FCPF support has been central in Nepal's efforts to mainstream gender considerations into the ERP activities. A local CSO, WOCAN (Women Organizing for Change in Agriculture and Natural Resource Management) is working with REDD+ experts in Nepal to ensure that gender aspects are fully mainstreamed into its ERP.

### **Designing a Forest Policy and Forest Sector Strategy**

In Nepal, FCPF funding has supported the development of the country's 2015 Forest Policy, the 2016 Forest Sector Strategy, and the amendment of the previous forest act to incorporate carbon services as a recognized ecosystem service. The 2015 Forest Policy not only widens the scope for community-based forest management in Nepal, but also includes provisions for payments for environmental services (PES) and recognizes the need for private sector investment in forestry.

### **Developing an Emission Reductions Program**

Support from the FCPF's Readiness and Carbon Funds has enabled the development of Nepal's ERP. The latter includes a road map for the implementation in the ERP districts of an agroforestry program that aims to encourage farmers to grow tree species along with agricultural products, which will help Nepal to achieve its ERP targets.

# The Carbon Fund

Over the past year, the FCPF Carbon Fund signed its first three Emission Reductions Payment Agreements—with the Democratic Republic of Congo, Ghana, and Mozambique—unlocking \$155 million in performance-based payments for the successful implementation of jurisdictional emission reductions programs. It also accepted two new emission reductions programs (Côte d'Ivoire and Indonesia) into its portfolio, bringing the total number to 13.

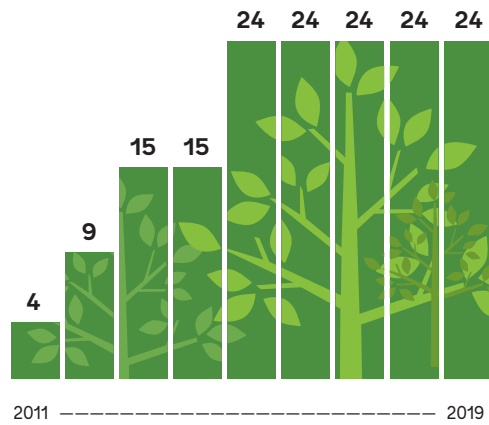


## MILESTONES

### ER Program Idea Notes Submitted

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

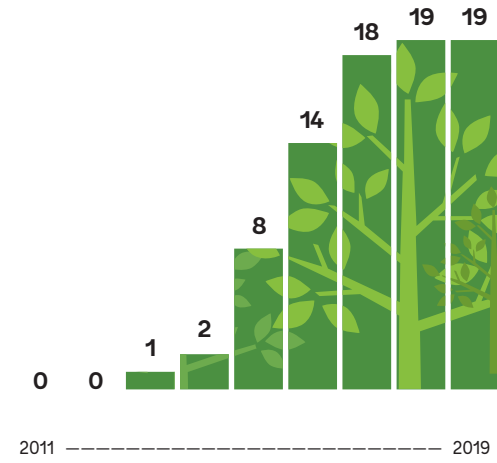
No new Early Idea Notes were presented in FY19.



### Letters of Intent Signed

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 based on exclusivity for a certain period.

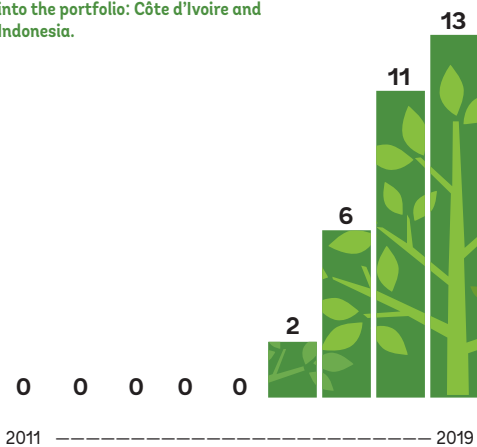
No new LOIs were signed in FY19.



### ER Programs Accepted into Portfolio

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.

Two additional ERPDs were selected into the portfolio: Côte d'Ivoire and Indonesia.



### ERPAs Signed

The ERPA is an agreement signed between the Participants and the World Bank (acting as trustee of the FCPF Carbon Fund) for the sale, transfer of, and payment for ERs generated from the ER Program.

Three countries signed ERPAs in FY19: DRC, Ghana, and Mozambique.

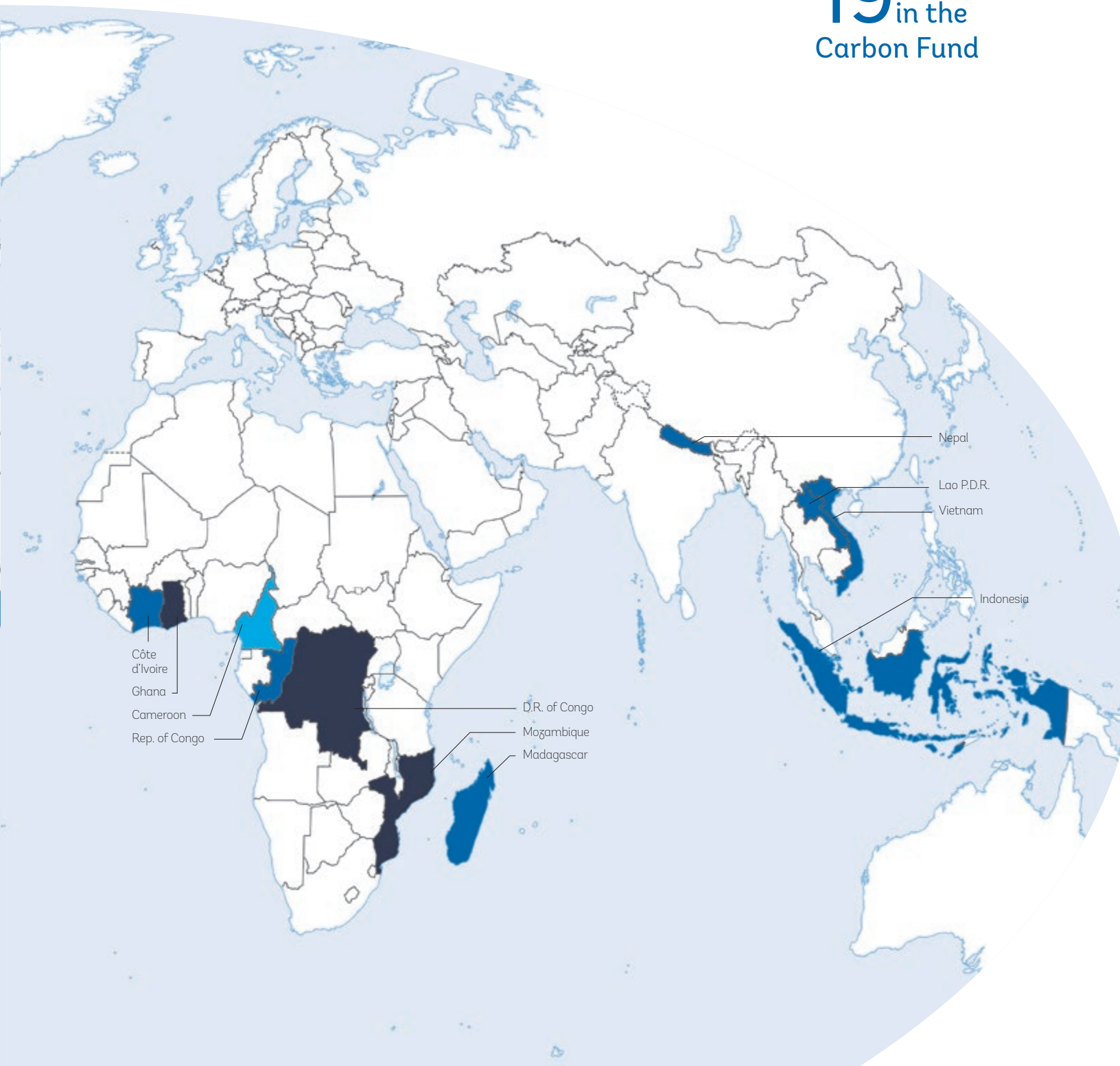


The Carbon Fund includes programs in 19 countries. The map illustrates the furthest milestone toward developing a large-scale REDD+ initiative that a country has achieved as of June 30, 2019.

- 3 ERPAs Signed
- 10 In Carbon Fund Portfolio
- 6 In Carbon Fund Pipeline



# 19 Countries in the Carbon Fund



IBRD 44719 | OCTOBER 2019

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.



# Carbon Fund 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 Programs (ERPs) 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


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.


-  **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 MtCO<sub>2</sub>e
-  **Status:** ERPD under development





## Chile


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.

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

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

 **Program area:** 13.2 million ha


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

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





## Costa Rica


Costa Rica's ERP supports the country's national REDD+ Strategy and its broader ambition 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 as well as other key national programs for sustainable forest management, fire management, and landscape restoration. The program will also strengthen the governance of national protected areas, which cover 25 percent of the country's territory. Marked by a strong social component, the program seeks to increase the participation of all stakeholders, with a special focus on IP, and address the drivers of deforestation and forest degradation.

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

 **Location:** National

 **Program area:** 5.1 million ha


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


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




## Cote d'Ivoire


Côte d'Ivoire's ERP combines political commitment and private sector initiatives in one subnational region to promote zero-deforestation agriculture, agroforestry, agricultural intensification, and capacity building for protected area management and forest monitoring. The ERP seeks to implement a model for economic development that improves the population's living conditions while reducing environmental risks. It has also developed strong partnerships, including with World Cocoa Foundation members (some of the world's largest cocoa companies) that have committed to participate in Côte d'Ivoire's ERP by financing investments upfront.

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

 **Location:** Five regions in the county's South-West area (Cavally, Nawa, San Pédro, Guémon, Gboklè)

 **Program area:** 4.6 million ha


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

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



## Democratic Republic of Congo


The DRC has selected the Mai-Ndombe Province, a hot spot of deforestation in the country, to pilot results-based payments for REDD+ at scale. The direct drivers of deforestation and degradation in the province mirror those at the national level and include slash-and burn agriculture, fuelwood production, uncontrolled bush fires, artisanal logging, and industrial logging. Existing REDD+ investments underlying the Mai-Ndombe ERP combine different sources of funding, such as the Forest Investment Program, the Central African Forest Initiative, and the Global Environment Facility. The ERPA will allow the DRC to secure long-term public and private finance to provide alternatives to deforestation and reward efforts to mitigate climate change, reduce poverty, and manage natural resources sustainably.

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

 **Location:** Mai-Ndombe Province

 **Program area:** 12.3 million ha

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






 **Status:** ERPA signed





## Dominican Republic






The Dominican Republic's ERP is a national-level initiative that is focused on reducing forest emissions and enhancing removals to help local communities and areas important for water supply and biodiversity. The program aims to strengthen institutional frameworks and policies, as well as civil society and government programs that aim to sustainably manage the expansion of the country's agricultural frontier into forest areas. The ERP also aims to promote broader and sustainable natural resource management that can contribute to the growth of small- and medium-sized forest enterprises, and the conservation of forests.

-  **Program name:** Emission Reductions Program of the Dominican Republic:
-  **Location:** The entire country
-  **Program area:** 4.8 million ha
-  **Program ER LOI volume:** 7.5 MtCO<sub>2</sub>e
-  **Status:** Discussing commercial terms of ERPA with the World Bank



## Fiji

Fiji's ERP takes an integrated approach to ERs 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.






-  **Program name:** Emission Reductions Program of Fiji
-  **Location:** 11 provinces, including the islands of Viti Levu, Vanua Levu, and Taveunii
-  **Program area:** 1.7 million ha
-  **Program ER LOI volume:** 3.6 MtCO<sub>2</sub>e
-  **Status:** Pre-negotiation of ERPA between the Fiji government and the World Bank



## Ghana

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 deforestation and land degradation. 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

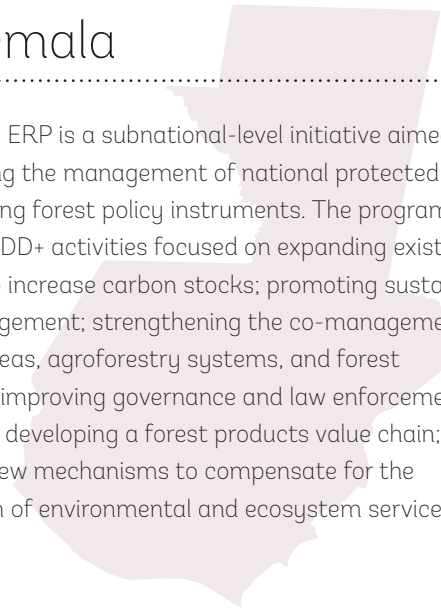







-  **Program name:** Ghana Cocoa Forest REDD+ Programme
-  **Location:** Six hotspot intervention areas in the southern third of the country
-  **Program area:** 5.9 million ha
-  **Program ER volume:** 10 MtCo<sub>2e</sub>
-  **Status:** ERPA signed



## Guatemala

Guatemala's ERP is a subnational-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; developing a forest products value chain; and promoting new mechanisms to compensate for the conservation of environmental and ecosystem services.








-  **Program name:** Guatemala National Program for the Reduction and Removal of Emissions
-  **Location:** 92 percent of the national territory
-  **Program area:** 10 million ha
-  **Program ER LOI volume:** 10.5 MtCo<sub>2e</sub>
-  **Status:** Discussing commercial terms of ERPA with the World Bank



## Indonesia






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 promote sustainable forest management 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.

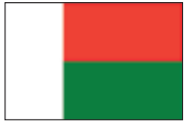
-  **Program name:** East Kalimantan Jurisdictional Emission Reductions Program
-  **Location:** East Kalimantan province
-  **Program area:** 12.7 million ha
-  **Program ER LOI volume:** 22 MtCo<sub>2e</sub>
-  **Status:** Discussing commercial terms of ERPA with the World Bank



## Lao PDR


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, PES, sustainable forest management certification, and forest restoration and afforestation.


-  **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 MtCo<sub>2e</sub>
-  **Status:** Discussing commercial terms of ERPA with the World Bank





## Madagascar


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 that addresses the direct and indirect causes of deforestation and degradation within the country's primary watersheds and reinforces conservation and community forest management.

 **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 MtCo<sub>2</sub>e


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




## Mexico


Mexico's ERP 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 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.

 **Program name:** Emission Reductions Initiative

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

 **Program area:** 8.3 million ha


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


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




## Mozambique

The Zambézia Integrated Landscape Management Program, an ambitious, cross-cutting initiative to promote sustainable rural development in one of Mozambique's poorest and most populous provinces, is the first of its kind in the country. The project area hosts lush forests, fertile soils, river systems, and an extensive coastline. 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 consumption; and strengthen the management of protected areas.

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

 **Location:** Nine districts of Zambézia Province, in Central-Northern Mozambique

 **Program area:** 5.3 million ha


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


 **Status:** ERPA signed





## Nepal


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.

 **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 MtCo<sub>2</sub>e

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



## Nicaragua

Nicaragua's ERP is the principal component of the country's National REDD+ Strategy, which 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 improved institutional and legal conditions to reduce emissions, achieve more sustainable land use, and enhance food security and biodiversity conservation.



**Program name:** Emission Reductions Program to Combat Climate Change and Poverty in the Caribbean Coast



**Location:** Northern and Southern autonomous Caribbean coast regions: the Alto Wankay y Bocay Special Zone; and the Bosawás and Indo Maíz biological reserves



**Program area:** 7 million ha



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



**Status:** ER Program Document under development



## Peru

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.



**Program name:** Reducing Emissions from San Martín and Ucayali in the Peruvian Amazon



**Location:** San Martín and Ucayali Regions



**Program area:** 15.6 million ha



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



**Status:** Discussions on ERPA commercial terms expected to start soon



## Republic of Congo

The Republic of Congo's ERP aims to address both direct and underlying drivers of deforestation and forest degradation in the Sangha and Likouala Departments. The program will be among the first in Africa to test REDD+ at scale. ER activities include engaging forest concessionaires to reduce impact logging and protect forests. The program aims to reduce emissions from deforestation in palm oil and mining concessions by avoiding the conversion of forests with high conservation value and adopting reduced impact mining techniques. The program will also support livelihood improvements through smallholder cocoa production, agroforestry systems, and smallholder outgrower schemes, and provide PES for forest protection. Finally, the program includes measures to improve the management of existing protected areas, among others, through the creation of alternative income-generating activities for communities.



**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 MtCo<sub>2</sub>e



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



## Vietnam

Vietnam's ERP aims to increase forest cover and quality and improve forest management and protection through forest sector investments and policy enhancement in agricultural practices. The program supports large-scale integrated forest and land use, addresses the connection between agriculture commodity production and deforestation, supports poverty reduction, and applies innovative financing mechanisms to pay for forest ecosystem services. An innovative adaptive collaborative management approach engages local communities and ethnic minorities in state forest management to ensure their full participation and commitment to the program and its benefits.



**Program name:** Vietnam's North Central Region Emission Reductions Program



**Location:** Six provinces in Vietnam's North-Central Region



**Program area:** 5 million hectares



**Program ER LOI volume:** 10.3 MtCo<sub>2</sub>e



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





## 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 Indigenous Peoples and Southern Civil Society Organizations, as well as other strategic outreach done in partnership with international organizations to raise the engagement of women and the private sector in REDD+.

The following are some examples of progress made through these initiatives over the past year.

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

The FCPF Capacity Building Program for Forest-Dependent Indigenous Peoples and Southern Civil Society Organizations (CBP) works with IP, other forest-dependent communities, and southern 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 and figure 1).

In **Africa**, CBP-recipient organizations, MPIDO and PACJA, continued to successfully implement capacity-building projects in

Cameroon, Côte d'Ivoire, Ethiopia, Liberia, Madagascar, Mozambique, Nigeria, the Republic of Congo, Sudan, Togo, and Uganda. Additional subprojects are being implemented in Burkina Faso, the Central African Republic, and Gabon. In the Congo Basin, the CBP supported the subregional network representing the IP network, REPALEAC, in developing a strategic framework to guide IP engagement in the subregion. Subsequent activities include the definition of national development plans and engagement strategies for the IP in each country of the subregion (Gabon, DRC, the Central African Republic, Congo, and Cameroon). All these efforts across 14 countries in Africa have directly helped 57,324 beneficiaries so far, 48 percent of whom are women.

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 Nepal, Fiji, and Vietnam, research done on customary land tenure has helped to inform benefit-sharing mechanisms for REDD+ implementation and the assessment of land and resource tenure for their respective ERPDs. Additional activities planned include a study on gender in Fiji, regional research on land tenure and forest policy, and a regional workshop on carbon accounting for IPs. All these efforts across 10 countries in Asia and the Pacific have directly helped 7,611 beneficiaries so far, 43 percent of whom are women.

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, the Dominican Republic, and Suriname reaching more than 4,700 beneficiaries, of whom, 47 percent were women. So far, 10 subprojects have supported a range of activities, including 12 national and regional-level REDD+ knowledge exchange workshops for IP; REDD+ training and certification programs for more than 30 IP leaders, technicians, and

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

Since 2008, the CBP has helped educate nearly 70,000 men, women and youth about REDD+ across Africa, Asia and the Pacific and Latin America and the Caribbean.

**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 IP and southern CSOs working with the FCPF Readiness Fund.

**Phase 2                    July 2016 – June 2018**

With approximately \$3 million in funding, Phase 2 supported six regional organizations, one for indigenous peoples (IPs) 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.

**Phase 3                    July 2018 – December 2020**

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 and one additional organization (REPALEAC, financed through COMIFAC) in Francophone Africa. Processing of the additional funding allocated to each of the seven regional organizations was completed in 2018.

For this phase of the program, FCPF Carbon Fund countries prioritized scaling up of existing support and the initiation of new activities. The next program to support inclusion of IP and local communities in FCPF Emission Reductions Programs will be discussed by the Fund Management Unit with the Participants Committee (PC) at the end of 2019.

**FIGURE 1. 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	



negotiators; and the development and dissemination of guidance tools related to REDD+ safeguards.

## 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 to 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. Work has continued to improve technical knowledge, strengthen institutional capacity, and create tangible benefits to support implementation at local and national levels.

**Costa Rica** worked on mainstreaming gender into its national REDD+ Strategy. The country also undertook a gender analysis and developed an action plan for its rural, agriculture, and forest sectors.

**Lao PDR** conducted a gender analysis that provides baseline information on the different social, economic, and political conditions that women face, and identifies potential opportunities and benefits from REDD+ interventions. This analysis supports the country's work to integrate gender into its REDD+ Program and will be complemented by a road map of suggested activities. Lao PDR is also integrating gender dimensions into the country's work to empower ethnic minority youth in indigenous product value chains.

**Madagascar** has developed a REDD+ Gender Analysis and Action Plan. The outputs from this activity will support integration of gender into regional strategies and develop concrete actions for the increased involvement of women in the country.

**Mexico** expanded its gender-related work by exploring approaches linked to behavioral change and shifts in social norms and addressing inequalities. The country also continued its work in developing a gender-informed low-carbon rural development strategy.

**Nepal** hosted an inception workshop to socialize its gender action plan and mainstream gender analysis in the country's ERP area.

At the international level, the FCPF hosted and supported gender and REDD+ learning sessions, conferences, and workshops throughout the year, including gender-related discussions at FCPF's Knowledge Day during Participants Committee (PC) meetings in March, and the Weilburg II conference in November on social inclusion in REDD+. The FCPF also supported the research for PROFOR's 2019 report examining the types of gender inequalities that exist in forest landscapes and the actions countries are taking to address these gaps.

Moving forward, FCPF's gender work will continue to focus on identifying concrete lessons learned from gender-responsive activities and plans from implementation across FCPF Country Participants and beyond. Outputs will include concrete analytical pieces and knowledge products (gender analyses, action plans, road maps, global and regional workshops and knowledge exchanges, and targeted country-level activities) to maximize benefits for women and increase their empowerment in forest landscape jurisdictions.

The FCPF will also continue to provide support to governments and local stakeholders to improve their knowledge and build their capacity through knowledge-sharing events. Workshops will focus on gender mainstreaming in global ERPs and increasing the discourse among indigenous women.

Focus also remains on developing strategies, plans, and specific targeted interventions and analytical work to support gender mainstreaming in REDD+ implementation and ERPs and benefit-sharing plans, based on previous work and leveraging of existing project activities. In particular, work on inclusion of behavioral diagnostics in gender analysis/assessment will be developed and analytical work will focus on customary land tenure.

## 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+.

Over the past year, the FCPF has hosted and supported several events, workshops, and knowledge exchanges to advance the engagement of the private sector in forest landscape programs. At the FCPF's Knowledge Day in October 2018, lessons learned from the World Cocoa Foundation's Cocoa and Forests Initiative were shared, providing insights on how to replicate its success in other sectors.

In March 2019, the FCPF in partnership with the International Emission Trading Association hosted a global workshop on how to unlock private sector finance for sustainable landscape management. REDD+ Country Participants along with financial institutions, carbon trading entities, commodity supply chain companies, and NGOs gathered to discuss how REDD+, carbon trading, and sustainable commodity supply chain initiatives can be integrated and scaled up. The event highlighted the critical role governments play in unlocking private sector investments.

In other strategic partnerships, the FCPF continued to work with the Tropical Forest Alliance, via their "commodity-first" approach,

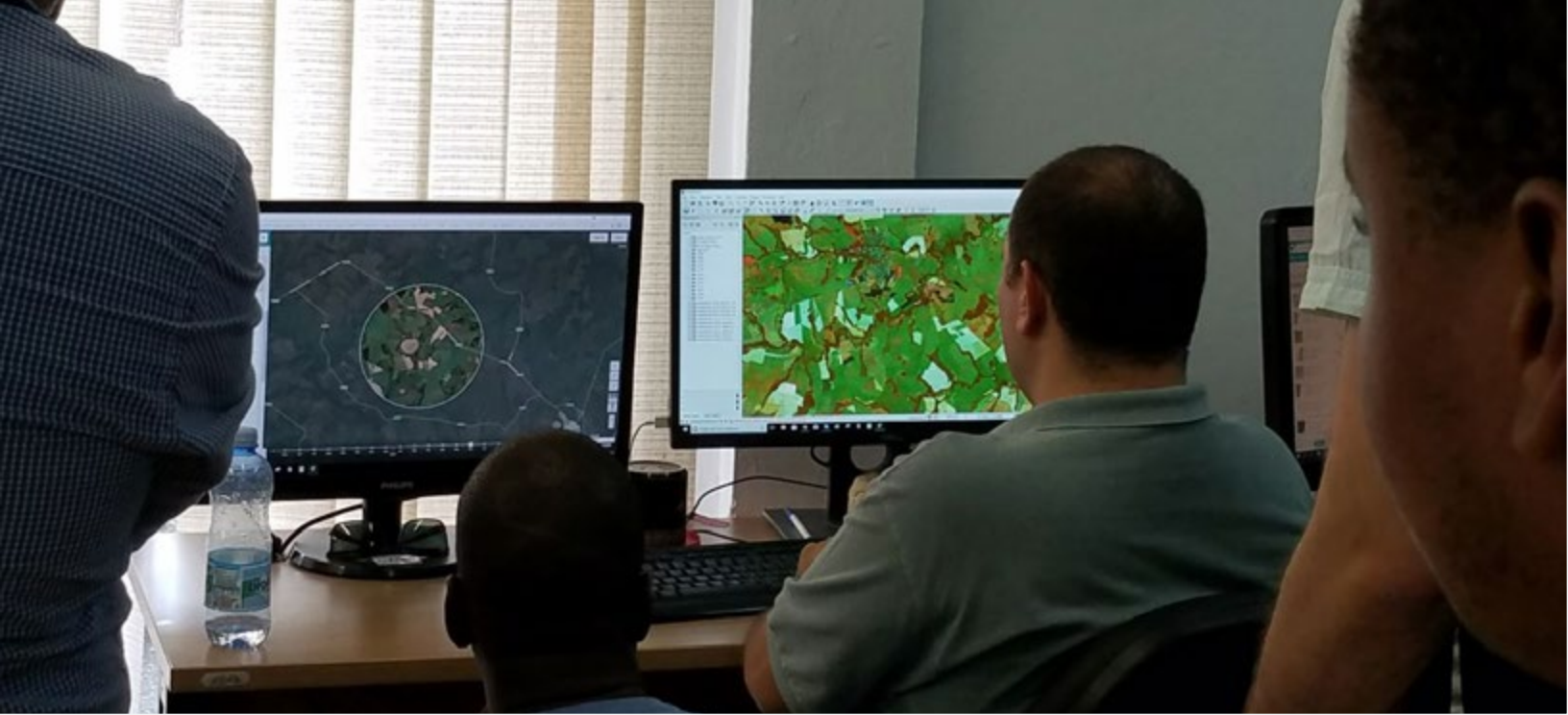


and the World Business Council for Sustainable Development, via their Soft Commodities Forum, to take advantage of synergies in overlapping jurisdictions.

The FCPF has also developed a programmatic approach to assess gaps and develop strategies for overcoming barriers that hinder private sector engagement in selected jurisdictions. The approach focuses on increasing private sector engagement, as well as the number of zero deforestation pledges, in commercial agriculture sectors (that is, cocoa, livestock, rubber, nuts, and spices) and smart mining value chains. So far, targeted partners in the implementation of the FCPF's Programmatic Approach include the Cocoa & Forest Initiative, Global Roundtables for Sustainable Beef and Natural Rubber, and the Sustainable Vanilla and Nut Initiatives.

Private sector engagement is also scaling up within the FCPF's own governance structure. Over the past year, the FCPF has advanced the process to add a second private sector observer position to the Carbon Fund. Carbon Fund Participants are expected to select and approve this observer in early FY20.

Moving forward, the FCPF will continue to develop tools for private sector engagement across a variety of sectors, including an MRV system for carbon and commodities that is being tested in Côte d'Ivoire and Ghana in the cocoa sector. The FCPF will also move ahead with implementation of its programmatic approach, and plans to deliver a range of analytical work, workshops, south-south knowledge exchanges, and technical assistance in the coming fiscal year.



## TECHNICAL CAPACITY BUILDING

The FCPF's support to countries focuses on creating tools for 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+ that is suited to their unique context and needs.

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

MRV systems are necessary to track implementation and performance of REDD+ activities, and for the disbursement of results-based financing from the FCPF Carbon Fund.

During FY19, the FCPF continued its financial and technical support to countries that are operationalizing their MRV systems. In coordination with the Global Forest Observations Initiative (GFOI), a number of country needs assessments (CNAs) were launched in 25 countries to identify gaps in MRV implementation. These included regional multicountry workshops for Anglophone Africa, South East Asia, and Latin America and the Caribbean countries, and country workshops in Fiji and Mozambique.

As a follow-up to these workshops, the FCPF worked with the Food and Agriculture Organization (FAO), SilvaCarbon, and the GFOI to help countries realign their MRV plans and prepare work packages seeking additional external support, where needed. So far, 18 countries have prepared work packages that will be supported by the World Bank's MRV Support Program (box 3).

Other MRV knowledge-sharing activities in FY19 included the FCPF's Knowledge Day in October 2018, with a global session on using new technology for better MRV systems. Experts shared insights on how countries can best leverage and implement emerging technologies to enhance their forest monitoring capabilities.

On the margins of the GFOI plenary in April 2019, the FCPF also supported a south-south knowledge exchange in Mozambique with MRV experts from the Republic of Congo, Côte d'Ivoire and Madagascar, as well as experts from the European Space Agency and the World Wide Fund for Nature (WWF) US. Mozambique's MRV team presented its progress in the establishment of a reference level and national forest monitoring system, and gave a demonstration of its mapping tools, including a national grid established to

### **BOX 3. THE WORLD BANK'S MRV SUPPORT PROGRAM**

With funding from the FCPF, the World Bank's Land Use Climate Funds MRV Support Program assists country-specific actions in REDD+ frontrunner countries to address gaps in the operationalization of MRV systems. The program also supports global enabling actions designed to help all REDD+ countries.

obtain forest cover data, and of the country's data-sharing system and geoportal.

A technical mission to Mexico in October 2018 brought together MRV experts from 16 Latin-American countries to increase capacities on open source tools and collaborative platforms to support national GHG inventories in the agriculture, forestry, and other land use (AFOLU) sector. This global workshop was co-organized by the FCPF, Mexico's National Forestry Commission (CONAFOR), SilvaCarbon, the Mexican Agency for International Development Cooperation (AMEXCID), USAID, and the United States Forest Service (USFS).

The FCPF has also been working to enhance the verification component of MRV programs, through the development of standards for conducting ER verification under the Carbon Fund. These verification guidelines cover aspects related to the eligibility of verification entities (competence, conflict of interest, etc.) as well as the verification process itself, and are expected to be approved in FY20.

#### **Transaction Registries**

An emissions trading registry is an online data management system with capabilities to record, serialize, issue, transfer, and track the ER 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 to avoid "double counting," a potential risk of ER units used more than once to comply with mitigation targets.

Over the past year, the FCPF has developed a centralized transaction registry that meets the criteria and requirements of both the FCPF Carbon Fund and the BioCarbon Fund Initiative for Sustainable Forest Landscapes (ISFL), other carbon funds with the World Bank as trustee, as well as the requirements of CORSIA under ICAO.

This central transaction registry will provide a user-friendly software solution to register and issue ER units, mitigate the risk of double counting, and allow users to run quick and reliable queries through a single sign-on web portal. The Facility Management Team (FMT) aims to operationalize the centralized registry in October 2019.

#### **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" private sector investment so that more resources flow to sustainable forestry and land use.

The FCPF's Knowledge Day in October 2018 featured a global session on leveraging and scaling up financing for ERPs. Participants shared how their countries aligned different public and private financing sources at the national and international levels to develop pathways for increased investment for sustainable management of forest resources.

In February 2019, the FMT presented the results of its comprehensive analysis of ERP financing. This global analysis identifies sources and uses of funds and potential financing gaps, as well as exploring cash flow and portfolio investments. The analysis underscores the important role that FCPF results-based payments for ERs play in catalyzing public and private investment. The results of the analysis are expected to be published and disseminated by the end of 2019.

## **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 final price is subject to change at the time of ERPA negotiations.

### **Cost Assessment Tool**

For the past three 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 funding, and results-based financing 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. By the end of FY19, workshops on the legal and commercial content of a future ERPA and the related ERPA negotiation process had been held in Chile, Costa Rica, Côte d'Ivoire, DRC, Ghana, Indonesia, Lao PDR, Madagascar, Mexico, Mozambique, Nepal, the Republic of Congo, and Vietnam.

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 gave 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 24th UNFCCC Climate Change Conference (COP24) in Katowice, Poland, focused on side events that promoted a wide range of forest and climate-smart approaches to land use. The FCPF, the Forest Investment Program, and the UN-REDD Programme jointly presented an event marking the 10-year anniversary of REDD+. At the event, Laura Tuck, the World Bank's Vice President for Sustainable Development, highlighted the Bank's Forest Action Plan and underscored the important role forests play in mitigating climate change impacts. She also reaffirmed the World Bank's commitment to redouble efforts on the forest agenda.

## **BioCarbon Fund Initiative for Sustainable Forest Landscapes**

Throughout the last fiscal year, the FCPF and the World Bank's BioCarbon Fund Initiative for Sustainable Forest Landscapes (ISFL) collaborated on several tools and events to support REDD+ and larger-scale ERPs. In July

2019, the FCPF and the ISFL released a joint guidance note on developing benefit-sharing plans for ERPs. The note clarifies concepts and definitions related to benefit sharing and provides countries with recommendations and information to consider when developing their benefit-sharing plans. Being complementary funds whose work overlaps in many countries, the FCPF and the ISFL also collaborated on national-level technical capacity-building support in FY19, including ER carbon accounting and MRV. ISFL also provided support for a well-attended workshop in March 2019 on private sector engagement and for the ongoing development of an emission reductions transaction registry.

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

The FCPF Carbon Fund continued to explore the potential for the FCPF to serve as a program under ICAO's CORSIA. In FY19, FCPF Carbon Fund Participants expressed their support for the FCPF to move further in the

process and submit an application to become a potential source of carbon credits from CORSIA.

### **UN-REDD Programme**

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 shared 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 COP24 in Poland, the FCPF and UN-REDD Programme, along with the Forest Investment Program (FIP), cohosted an event celebrating the 10-year anniversary of REDD+ efforts, where all partners working on REDD+ were lauded for their support of over 70 countries. In FY19, the FCPF and UN-REDD Programme also continued their long-standing engagement in each other's governance meetings, with UN-REDD representatives attending 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. In FY19, the FCPF collaborated with PROFOR on a gender analysis working paper entitled "Taking Action on Gender Gaps in Forest Landscapes." This tool is helping FCPF Country Participants to design REDD+ Readiness and large-scale ERPs that ensure women are partners in the planning, operation, and deployment of climate finance.

### **Forest Investment Program**

In FY19, the FIP collaborated with the FCPF at the Global Landscapes Forum in Bonn, Germany, on an event focused on the sustainable management of production landscapes. The interactive session explored how sustainable approaches to managing production landscapes show promising results for communities, ecosystems, and economic growth in several countries. Case studies from Ghana, Lao PDR, and Zambia highlighted how investment coordination across government agencies, consistent policies, technical capacity building, project financing, and private sector collaboration are key ingredients for success on the ground.

### **The International Finance Corporation**

The FCPF and IFC continued to advance their collaboration in IFC's Climate Bond for Forests to attract private sector investment. This program can be leveraged by FCPF ERPs in support of REDD+ efforts. FCPF Carbon Fund Participants welcomed the IFC's innovative approach to engage the private sector in forest conservation and to provide additional funding to support private sector REDD+ activities.

### **Tropical Forest Alliance 2020**

In FY19, collaboration deepened between FCPF and ISFL ERPs and TFA2020's commodity-first approach to identifying landscapes for private sector engagement. The FCPF is working to link up TFA2020's efforts to identify commodity-driven deforestation hotspots with the goals of FCPF Country Participants' ERPs to shift to more sustainable, climate-smart land use while reducing emissions from deforestation and land degradation.

## PARTICIPATION IN INTERNATIONAL FORA



**COP24 · KATOWICE 2018**  
UNITED NATIONS CLIMATE CHANGE CONFERENCE

COP  
DECEMBER 2018



TFA2020 Implementation Dialogue  
MARCH 2019



**CLIMATE WEEK**  
Accra, Ghana 18-22 March 2019

Africa Climate Week  
MARCH 2019



World Bank Land + Poverty  
Conference  
MARCH 2019



United Nations Permanent Forum  
on Indigenous Issues

UN Permanent Forum on  
Indigenous Issues  
APRIL 2019



Global Forest Observations Initiative

GFOI Plenary Summit  
APRIL 2019



Global Forest Watch Summit  
JUNE 2019



**Global  
Landscapes  
Forum**

Global Landscapes Forum  
JUNE 2019

# Communications and Knowledge-Sharing

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

## OUTREACH



8 South-South Knowledge Exchanges



1,200 Newsletter Subscribers



11 Stories Produced



2,900 FCPF Facebook Page Followers

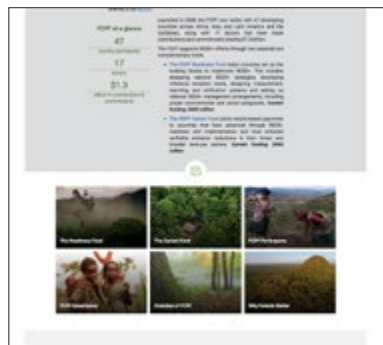


37 Knowledge Seminars

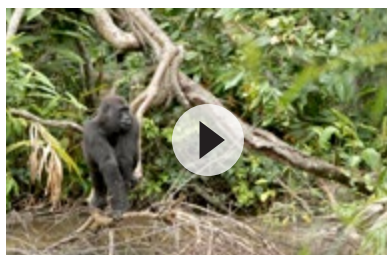


113,000 WBG Climate Twitter Followers

## NEW FCPF WEBSITE



## VIDEOS



The Next Decade for Forests and the Forest Carbon Partnership Facility



Mozambique's Zambezia Integrated Landscapes Management Program Mozambique



The Cross-Sectoral REDD+ Process in Madagascar

## SOUTH-SOUTH KNOWLEDGE EXCHANGES

### Madagascar-Burkina Faso REDD+ Exchange

**When:** September 2018

**Where:** Antananarivo, Madagascar

**Who:** 31 government and civil society participants from Burkina Faso and Madagascar

**What:** This exchange provided a forum for Madagascar to share experiences that could inform Burkina Faso's REDD+ implementation. Expert participants delved into a wide range of REDD+ activities, including national strategy development, setting up jurisdictional ERPs, and developing MRV tools and approaches.

### Asia-Pacific Exchange on National Forest Monitoring Systems

**When:** September 2018

**Where:** Siem Reap, Cambodia

**Who:** REDD+ experts from Cambodia, Lao PDR, Nepal, Papua New Guinea, and Vietnam

**What:** Country participants learned how to use GFOI guidance materials, as well as the REDD+ Compass Framework to self-assess their needs in operationalizing NFMSs for REDD+ MRV. Participants also learned how to integrate non-carbon objectives into NFMSs, including NDCs under the Paris Agreement.

### Inter-Regional Exchange on Building Large-Scale Emission Reductions Programs

**When:** October 2018

**Where:** San José, Costa Rica

**Who:** 30 participants from 10 countries (Costa Rica, the Dominican Republic, Fiji, Guatemala, Liberia, Mexico, Nepal, Nicaragua, Uruguay, and Vietnam), including experts from ministries of finance and environment, forestry, as well as CSOs

**What:** Participants of this exchange shared experiences and gained insights on community forestry, PES, forest cover and carbon monitoring, and ERPA negotiations.

### FCPF Knowledge Day at PA11/PC26

**When:** October 2018

**Where:** Washington, D.C., USA

**Who:** 100+ participants from 40 countries, including members of government and representatives from civil society, IP organizations, and the private sector

**What:** Consisting of six panel discussions and a knowledge café featuring 20 roundtable knowledge sessions, this event covered a wide range of REDD+-related topics, including building inclusive approaches to sustainable forest management, designing effective benefit-sharing plans, financing of ERPs, developing new technology for MRV, and engaging the private sector in forest landscape programs.

### Latin America Exchange on Greenhouse Gas Inventories

**When:** October 2018

**Where:** Guadalajara, Mexico

**Who:** 60 participants from 16 Latin-American countries (Argentina, Belize, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay), as well as donor representatives from Norway, FAO, the United Kingdom, and USAID

**What:** Organized by Mexico's CONAFOR, the exchange explored open-source tools and collaborative platforms to support national GHG inventories in the AFOLU sector. Countries shared approaches to AFOLU MRV systems.



### Africa Exchange on National Forest Monitoring Systems

**When:** October 2018

**Where:** Addis Ababa, Ethiopia

**Who:** 60 participants from six African countries (Ethiopia, Ghana, Liberia, Nigeria, Uganda, and Zambia)

**What:** During this exchange, countries shared their needs assessments on MRV for REDD+ and explored effective techniques to operationalize their NFMSs for REDD+ MRV. Outcomes from the exchange also provided inputs for harmonized work planning between GFOI partners.

### Weilberg II Conference on Social Inclusion in REDD+

**When:** November 2018

**Where:** Weilberg, Germany

**Who:** 70 participants, including forest-dependent IP, as well as representatives from the FCPF and donor countries, CSOs, and FCPF Delivery Partners

**What:** Jointly organized by the German Corporation for International Cooperation (GIZ) and the FCPF, the conference brought

participants together to share knowledge and experiences on preparing and operationalizing socially inclusive and environmentally sustainable REDD+ efforts. Topics included land tenure assessments, benefit-sharing arrangements, GRMs, and social and environmental risk management as well as cross-cutting issues such as stakeholder engagement, gender, and poverty reduction.

### Africa-Asia Pacific Exchange on ERP Development

**When:** April 2019

**Where:** Da Nang, Vietnam

**Who:** 22 participants from Indonesia, Lao PDR, Mozambique, and Vietnam, representing a broad set of national and subnational institutions, including ministries of finance, environment, and agriculture

**What:** The exchange enhanced participants' operational and technical knowledge on specific aspects of ERP development and implementation, such as benefit-sharing mechanisms, community forestry, MRV, as well as how to move from an ERPD to an ERPA.

# Issues and Challenges

Over the course of last year, the FMT identified new challenges emerging in countries' Readiness and ER Program efforts, in addition to ongoing challenges related to this work. The FMT will continue 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.

The FCPF's portfolio tracking tool is allowing more detailed monitoring of deadlines, disbursements, and risks at both the fund- and country-level. With a well-managed disbursement process, the coming year 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.

The FCPF is also investigating other sources of liquidity that could potentially purchase ERs from countries in the future. An example of this is the Facility's engagement with the UN's global airline industry's body (ICAO), which is looking for carbon offsets for airlines under its CORSIA.

## GETTING FROM ERPD APPROVAL TO ERPA SIGNATURE

With the DRC, Mozambique, and Ghana ERPAs signed, it is anticipated that the finalization and signing of ERPAs with other Carbon Fund countries in the portfolio will move more quickly in the coming fiscal year. However, certain issues still pose challenges for some countries. These include the need to innovate complex processes, methodologies, and approaches associated with ERPA negotiations, while navigating operational and

institutional realities, including elections, changes in governments, and lack of capacity and data.

For example, designing effective benefit-sharing plans can take time, particularly in low-capacity countries and sometimes can result in a delay in ERPA signature, even if gaps in expectations on commercial terms of a potential ERPA have been addressed. In addition to the multiple stakeholder consultations required to develop and finalize a benefit-sharing plan, it must also undergo a thorough and wide-ranging review by the World Bank and Carbon Fund Participants. Similarly, the Program Entity has to submit evidence to demonstrate their ability to transfer Title to ERs generated from the ER program. While there is a Carbon Fund guidance on how countries can meet this requirement, the context varies between countries, hence, preparation and consultation internally in country may take time.

Experience from countries that have signed ERPAs has been helpful in the effort to move these important pieces more quickly. With the FCPF Carbon Fund scheduled to terminate in December 2025, countries that have been selected into the Carbon Fund portfolio are aware that it is desirable to sign ERPAs by December 2019 in order to have five years of reporting periods to maximize benefits from the ERPA.

# FY19 Financial Report

The Facility's 2019 fiscal year (FY19) runs from July 1, 2018, through June 30, 2019. Committed funds to the FCPF Readiness Fund and Carbon Fund at the end of FY19 totaled almost \$1.3 billion, with close to \$400 million committed to the Readiness Fund and close to \$880 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 year through signed ERPA's.

Fund balances at the end of FY19 totaled \$982 million, made up of \$140 million in the Readiness Fund and \$842 million in the Carbon Fund, with cash balances totaling \$722 million—\$140 million in the Readiness Fund and almost \$582 million in the Carbon Fund (tables 1 and 7).

The value of grant allocations to FCPF Country Participants at the end of FY19 stood at \$314 million (table 5), while signed grant agreements represented firm commitments of \$311 million. Grant disbursements from the Readiness Fund—through the World Bank and other DPs—totaled approximately \$200 million at the end of FY19 (table 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 FY19. The Readiness Fund balance at the end of FY19 was \$140 million.

Total donor contributions received through the end of FY19 amounted to \$399 million. Investment income of \$50.7 million raised the total receipts through the end of FY19 to almost \$450 million. Total disbursements through the end of FY19 were \$309 million and consisted of \$79 million in cash disbursements, \$162 million in grants to country participants, \$4.7 million to IP/CSO groups, and \$62.7 million to DPs for Readiness Preparation Grants to countries.

Total disbursements on a cash basis during FY19 amounted to \$52 million, made up of cash expenditures of \$8.9 million, grant disbursements of \$33.5 million to country participants, IP/CSO Capacity Building Program Grant Disbursements of \$2 million, and disbursements to DPs for grants of \$7.6 million (table 1).



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

Description	Total	FY19	FY18	FY17	FY16	FY15	FY14	FY13	FY12	FY11	FY10	FY09
<b>Beginning Balance</b>		<b>159,278</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	399,138	13,402	59,735	2,370		27,014	54,004	30,009	31,538	94,880	32,290	53,895
Investment Income	48,695	19,952	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>449,856</b>	<b>33,354</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	79,619	8,920	9,915	7,134	7,909	6,914	9,373	8,752	5,383	6,421	5,402	3,497
Grant Disbursements*	162,317	33,520	39,038	29,940	25,419	16,379	8,173	4,923	2,884	1,082	959	
IP/CSO Grant Disbursements	4,739	2,076	1,831	832								
Disbursements to DPs for Grants	62,715	7,650	19,665	5,000	3,800	3,800	11,400	11,400				
<b>Total Disbursements</b>	<b>309,390</b>	<b>52,166</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>140,466</b>	<b>140,466</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>-</b>											
<b>Fund Balance</b>	<b>140,466</b>											

Note: FY19 = 7/1/2018 – 6/30/2019; CF = Carbon Fund; CSO = Civil Society Organization; DP = Delivery Partner; IP = Indigenous Peoples

## FUNDING SOURCES

### Donor Contributions

Table 2 presents the committed contributions to the Readiness Fund at the end of FY19. During FY19 there were additional contributions of \$13.4 million, which represents \$12.3 million from Norway and \$1.1 million from the European Commission. These raised total contributions at the end of FY19 to \$399 million. All committed contributions to the Readiness Fund have now been fully paid—and there are no outstanding contributions remaining.

### 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 (earned on the Readiness and Carbon Fund cash balances) through the end of FY19 was \$50.7 million.

## FUNDING USES

### Cash Disbursements

Cash disbursements represent all non-grant disbursements and amounted to \$79.6 million from the opening of the fund to the end of FY19. Table 3 shows annual expenditures by activity, while table 4 compares the approved budget with actual expenditures by activity for FY19.

Total cash disbursements for support to country participants over the lifetime of the fund (through the end of FY19) represent almost 70 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 \$61.5 million plus the gross grant disbursements of \$230 million (of which \$4.7 million was for IP/CSO Capacity Building; refer to table 1) totaled \$291.5 million. These country-focused disbursements represent almost 94 percent of total disbursements of \$309.4 million (table 1).

Administrative and secretariat costs—which include the cost of all Participants Committee (PC) and Participants Assembly (PA) meetings, travel costs for country participants and some observers—over the lifetime of the fund (through the end of FY19) amounted to about \$17.4 million (net of shared secretariat costs) and represent just 5.6 percent of total disbursements of \$309.4 million, while administrative costs alone (\$3.7 million) represent approximately 1 percent of total disbursements (tables 1 and 3).

The FY19 budget for the Readiness Fund, net of shared costs, of \$10.1 million (which includes the FY19 estimated budget for the additional Bank-Executed activities as approved at the PC26/PA11 in October 2018) compares to total Readiness Fund expenditures for the year of \$8.9 million (table 4). The fiscal year therefore closed with spending at 89 percent of budget and an underspend of \$1.1 million.

Costs for country implementation support totaled \$3.5 million, slightly higher than 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.

**TABLE 2. FCPF READINESS FUND DONOR CONTRIBUTIONS AS OF END OF FY19 (\$, THOUSANDS)**

Participant Name	Total	Outstanding	FY19	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	5,173		1,121					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	113,696		12,281	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>399,138</b>		<b>13,402</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>

Note: FY19 = 7/1/2018 – 6/30/2019.

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

Activity	% of Total	Total	FY19	FY18	FY17	FY16	FY15	FY14	FY13	FY12	FY11	FY10	FY09
Country Implementation Support	36%	31,687	3,555	5,419	3,145	4,275	2,676	3,730	3,213	1,701	1,904	1,660	409
Country Advisory Services	18%	16,158	1,804	1,953	1,584	1,632	1,881	2,342	1,750	1,073	545	793	801
REDD Methodology Support	16%	13,678	823	1,082	1,209	843	1,071	1,796	1,842	999	1,921	1,266	827
<b>Subtotal Support to REDD Countries</b>	<b>70%</b>	<b>61,523</b>	<b>6,182</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%	3,364	253	184	87	253	480	751	1,089	267			
FCPF Secretariat	22%	18,886	2,638	2,140	2,118	1,434	1,299	1,515	1,690	2,056	1,685	1,321	989
Readiness Trust Fund Administration	4%	3,712	332	265	162	269	327	397	404	356	366	362	471
<b>Subtotal Readiness Fund (including Carbon Fund Shared Costs)</b>		<b>87,485</b>	<b>9,404</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		(8,593)	(1,211)	(1,128)	(1,172)	(797)	(821)	(1,159)	(1,236)	(1,069)			
<b>Additional BETF</b>	<b>1%</b>	<b>727</b>	<b>727</b>										
<b>Total Readiness Fund</b>	<b>100%</b>	<b>79,619</b>	<b>8,920</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>

Note: CSO = Civil Society Organizations; IP = Indigenous Peoples; BETF = Bank-Executed Trust Fund

Expenses for country advisory services were about \$1.8 million, or 126 percent of the \$1.4 million originally budgeted for FY19. The team carried out substantial work supporting countries in their submission of MTRs, unlocking additional grant funds of up to \$5 million each for work on Readiness. 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.

With the budget for REDD+ Methodology Support activities set at \$0.7 million for FY19 and total expenditures of \$0.8 million, spending represents 111 percent of the FY19 plan.

FCPF Secretariat expenses were \$2.6 million, or about 121 percent of the activity budget of \$2.2 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 higher spend are the costs of the *Weilburg Conference II on Social Inclusion in REDD+ Processes*, held in November 2018, and the lessons learned based on the review of the SESA-ESMF approach to REDD+, both of which were carried over from FY18 to FY19, but not incorporated into the FY19 budget.

Expenditures on Readiness Trust Fund administration costs represented 95 percent of the budget. These administrative costs reflect the work of all World Bank staff involved in fund management, accounting, specific legal operations related to the facility as a whole, and other services required by the Readiness Fund Trustee, such as making arrangements for the M&E framework for the FCPF.

**TABLE 4: FCPF READINESS FUND CASH DISBURSEMENTS FY19 (\$, THOUSANDS)**

Activity	Budget	Actual Expense	Variance	Expense Rate (%)
Country Implementation Support	3,195	3,555	(360)	111
Country Advisory Services	1,434	1,804	(370)	126
REDD Methodology Support	739	823	(84)	111
Subtotal Support to REDD Countries	5,368	6,182	(814)	115
IP and CSO Capacity Building Program	300	253	47	84
FCPF Secretariat	2,184	2,638	(454)	121
Readiness Trust Fund Administration	348	332	17	95
Total Readiness Fund (including Carbon Fund Shared Costs)	8,200	9,404	(1,205)	115
Less Carbon Fund Shared Costs	(1,023)	(1,211)	188	118
<b>Subtotal Readiness Fund</b>	<b>7,177</b>	<b>8,193</b>	<b>(1,016)</b>	<b>114</b>
<b>Additional BETF</b>	<b>2,888</b>	<b>727</b>	<b>2,161</b>	<b>25</b>
<b>Total Readiness Fund</b>	<b>10,065</b>	<b>8,920</b>	<b>1,145</b>	<b>89</b>

Note: FY19 = 7/1/2018 – 6/30/2019; CSO = Civil Society Organizations; FCPF = Forest Carbon Partnership Facility; IP = Indigenous Peoples.



FY19 expenditures also include \$727,000 of the additional Bank-executed activities, as approved at the PC26/PA11 held in October 2018.

### 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 apply 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 could be unrestrained in its decisions regarding the annual approval of shared costs.

Shared costs transferred to the Carbon Fund for FY19 amounted to \$1.2 million, that is, slightly above the budget (table 4) due to higher than expected expenditures in the Readiness Fund, as noted earlier. Shared costs over the lifetime of the facility (through the end of FY19) stood at \$8.6 million (table 3) and are therefore on track to remain under the lifetime cap of \$12 million.

### Grant Disbursements

An important aspect of the Readiness Fund is that it makes grants 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 of up to \$5 million. These grant amounts are only registered as disbursements in World Bank financial statements after the country participant has completed its reimbursement from the grant resources. Signed formulation, Readiness preparation, and additional funding (of up to \$5 million) of grant agreements represent firm commitments of about \$311 million.

Grant disbursements from the Readiness Fund at the end of FY19 stood at \$200 million, which includes \$162 million disbursed through the World Bank and \$38 million through DPs. Details of the grant disbursements are provided in table 5.

**TABLE 5: FCPF READINESS FUND GRANT DISBURSEMENTS THROUGH THE WORLD BANK AND OTHER DELIVERY PARTNERS (\$, THOUSANDS)**

World Bank By Region/Country	Allocation	% of total	Signed Grant	Total	FY19	FY18	FY17	FY16	FY15	FY14	FY13	FY12	FY11	FY10
<b>Africa</b>														
Burkina Faso	6,900	67%	3,800	2,542	950	1,084	263	245						
Cameroon	8,793	43%	8,793	3,792	366	1,352	510	516	476	379	134	3	55	
CAR	3,800	29%	3,800	1,110	259	851								
Cote d'Ivoire	8,800	55%	8,800	4,808	1,270	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		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	95%	8,782	8,351	2,334	1,298	1,572	1,689	682	289	305		107	75
Madagascar	8,800	57%	8,800	5,025	725	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	43%	8,740	3,799	1,101	1,106	1,092	500						
Republic of Congo	8,033	100%	8,033	8,031	61	1,966	1,885	1,582	1,244	481	237	381	108	87
Sudan	8,800	69%	8,800	6,094	3,074	1,560	906	554						
Togo	6,730	52%	6,730	3,466	515	1,360	970	277	344					
Uganda	7,549	79%	7,549	5,971	1,093	1,679	1,055	644	1,334			(14)	140	40
<b>Africa Sub-Total</b>	<b>117,824</b>	<b>72%</b>	<b>114,724</b>	<b>83,134</b>	<b>11,749</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	45%	5,800	2,621	1,462	419	453	287						
Indonesia	8,594	66%	8,594	5,711	1,269	640	359	279	167	1,233	1,247	518		
Lao PDR	8,347	60%	8,347	5,000	1,285	1,344	1,234	658	305				123	50
Thailand	3,800	33%	3,800	1,265	734	32	300				163	37		
Vanuatu	6,228	42%	6,228	2,626	709	961	467	177	186		106	21		
Vietnam	8,800	78%	8,800	6,831	1,773	428	1,990	1,055	1,084	501				
<b>East Asia &amp; Pacific Sub-Total</b>	<b>41,569</b>	<b>58%</b>	<b>41,569</b>	<b>24,055</b>	<b>7,231</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	21%	3,800	800	450	350								
Belize	3,800	26%	3,800	996	581	415								
Chile	8,800	64%	8,800	5,589	1,268	1,285	1,463	1,274	300					
Colombia	8,730	45%	8,730	3,900	650	2,183	467	400				66	134	
Costa Rica	8,758	66%	8,758	5,813	1,247	803	585	732	1,431	479	375		22	139
Dominican Republic	6,000	51%	6,000	3,077	1,398	1,144	54	480						
El Salvador	6,300	67%	6,300	4,230	650	1,718	1,161	509		42	98	52		
Mexico	8,800	91%	8,800	7,995	3,195	2,559	557	1,019	665					
Nicaragua	8,800	73%	8,800	6,459	2,059	1,275	1,100	1,016	431	378	77	123		
Uruguay	3,800	46%	3,800	1,754	960	294	500							
<b>Lat Amer &amp; Car Sub-Total</b>	<b>67,588</b>	<b>60%</b>	<b>67,588</b>	<b>40,613</b>	<b>12,458</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	72%	8,600	6,175	699	3,487	980	372	637					
Nepal	8,233	61%	8,233	5,002	1,289	80	400	327	1,414	792		500	109	91
Pakistan	7,814	43%	7,814	3,336	92	2,312	481	451						
<b>South Asia Sub-Total</b>	<b>24,647</b>	<b>59%</b>	<b>24,647</b>	<b>14,513</b>	<b>2,081</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>World Bank Total</b>	<b>251,628</b>	<b>65%</b>	<b>248,528</b>	<b>162,317</b>	<b>33,520</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.

continues next page



**TABLE 5: CONTINUED**

Other than World Bank by Country	Allocation	% Total Distrib	Signed grant	Disbursed
<b>UNDP</b>				
Cambodia I & II	8,800	61%	8,800	5,363
Suriname	6,450	65%	6,450	4,174
Honduras I & II	6,065	75%	6,065	4,525
PNG I & II	8,800	76%	8,800	6,669
Panama	3,800	100%	3,800	3,799
Paraguay	3,800	34%	3,800	1,287
Kenya	3,600	7%	3,600	252
<b>UNDP Subtotal</b>	<b>41,315</b>	<b>63%</b>	<b>41,315</b>	<b>26,069</b>
<b>IDB</b>				
Guatemala	8,800	66%	8,800	5,836
Guyana	3,800	63%	3,800	2,403
Peru	8,800	41%	8,800	3,597
<b>IDB Subtotal</b>	<b>21,400</b>	<b>55%</b>	<b>21,400</b>	<b>11,836</b>
<b>Other than World Bank Total</b>	<b>62,715</b>	<b>60%</b>	<b>62,715</b>	<b>37,905</b>
<b>Grand Total</b>	<b>314,343</b>		<b>311,243</b>	<b>200,223</b>

Note: UNDP = United Nations Development Programme; PNG = Papua New Guinea; IDB = Inter-American Development Bank

## 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 that the World Bank has entered into 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.

Table 6 provides a complete picture of the planned sources and uses of funds over the lifetime of the fund. This 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.

Total committed funding sources (including investment income) to the Readiness Fund as of June 30, 2019, amounted to \$449.9 million (table 6). This level of funding is therefore adequate to meet the planned uses of funds of \$431.1 million. As of the end of FY19, the Readiness Fund had \$18.7 million of unallocated funds, largely attributable to the investment income earned on fund balances in both the Readiness Fund and the Carbon Fund, all of which is credited to the Readiness Fund.

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

Description	Subtotals	Totals
<b>Sources of Funds</b>		
Committed Funding	399.1	
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)	0.0	
Investment income to date	50.7	
<b>Total Available Funding</b>		<b>449.9</b>
<b>Uses of Funds</b>		
<b>Grant Allocations</b>		
<b>To REDD+ Country Participants</b>		
Signed grants to REDD Countries (commitments)	311.2	
Allocations to REDD Countries (not yet signed)	3.1	
<b>Total Allocation to Country Participants</b>		<b>314.3</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>322.3</b>
<b>Administrative, Operations, and Country Support costs over lifetime of fund</b>		
FY09-19 Actual costs	79.3	
FY20-21 Projected costs	28.5	
Reserve for Delivery Partner capacity for dispute resolution	1.0	
<b>Total Administrative, Operations, and Country Support costs over lifetime of fund</b>		<b>108.8</b>
<b>Total Uses of Funds</b>		<b>431.1</b>
<b>Estimated Reserve: Total Available Funding less Total Uses</b>		<b>18.7</b>

Note: IP = Indigenous Peoples; CSO = Civil Society Organization.

# The Carbon Fund

## FUND BALANCE

Table 7 shows the summary financial statement for the Carbon Fund from its opening through the end of FY19. The Carbon Fund at the end of June 2019 had a balance of \$842 million and a cash balance of \$582 million. The outstanding balances on promissory notes and the outstanding contributions from Germany, Norway, and the United Kingdom account for the difference of \$260 million. Total donor contributions received through the end of FY19 amounted to \$627.7 million, while total disbursements over the same period totaled \$36 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 FY19 were \$84.9 million, made up of donor contributions from Germany and Norway, of \$57.3 and \$27.6 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, 2019. In terms of cash, as noted earlier, the Carbon Fund received \$84.9 million in donor contributions over the last fiscal year. This brought total cash contributions through the end of FY19 to \$627.7 million, leaving \$251 million in outstanding contributions—\$56.9

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

Description	Total	FY19	FY18	FY17	FY16	FY15	FY14	FY13	FY12	FY11	FY10	FY09
<b>Beginning Balance</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>	
Donor Contributions	627,709	84,883	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>627,709</b>	<b>84,883</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	36,063	7,777	7,126	6,619	5,432	2,846	2,058	2,117	1,539	366	183	
ER Payments												
<b>Total Disbursements</b>	<b>36,063</b>	<b>7,777</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>581,988</b>	<b>581,987</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	250,614											
<b>Fund Balance</b>	<b>842,259</b>											

Note: FY19 = 7/1/2018 – 6/30/2019; ER = Emission Reduction; RF = Readiness Fund.

million from Germany, \$28.8 million from Norway, and \$164.9 million from the United Kingdom.

## FUNDING USES

Cash disbursements from the opening of the fund through the end of FY19 totaled \$36 million. Table 9 shows annual expenditures by activity, while table 10 compares the approved budget with actual expenditures by activity for FY19.

Total cash disbursements from the opening of the fund through the end of FY19 amounted to \$36 million and consist of \$5.8 million in administrative costs (which include all meetings and financial management), \$2.0 million for TAP work, \$8.1 million for technical support by the FMT to directly support countries, \$533,000 for work on private sector engagement, \$11 million in program development costs, \$8.6 million of shared costs, and \$100,000 on registries (table 9).

## FUND ADMINISTRATION, TAP, COUNTRY ADVISORY SERVICES, AND PRIVATE SECTOR

The Carbon Fund's total expenditures of \$7.8 million in FY19 are lower than the total budget of \$8.4 million. The 2019 fiscal year therefore closed with spending at 93 percent of the budget (table 10).

The \$2.3 million budget for country advisory services was marginally overspent, as the FMT provided support to 18 countries for ERPD development and/or implementation support to programs. FY19 spending was 106 percent of the budget.

## ERPA COSTS – DEVELOPMENT OF ERPS

Once Letters of Intent (Lols) are signed, ERPD development funds of \$650,000 per country flow. The \$2.9 million budget was based on estimated spending during FY19 on account of the allocations of \$650,000 made to programs entering the Carbon Fund pipeline and signing an Lol.

Currently, all 18 countries in the pipeline of the Carbon Fund have signed Lols, thus releasing the \$650,000 of ERPD development funds for each program. The total budget for development of program documents is therefore \$11.7 million. Of this total, \$10.1 million had been spent from the opening of the fund to the end of FY19. Of the \$2.9 million budgeted for FY19, \$2.3 million was spent, representing underspending of \$574,000.

## 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 \$1.2 million is slightly above budget, due to the Readiness Fund's spending.

## 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 ERPA terms of 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

**TABLE 8. FCPF CARBON FUND DONOR CONTRIBUTIONS AS OF END OF FY19 (\$, THOUSANDS)**

Participant Name	Total	Outstanding*	FY19	FY18	FY17	FY16	FY15	FY14	FY13	FY12	FY11	FY10	FY09
Australia	18,392									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	322,236	56,915	57,265	29,616	54,771	13,329	32,108	27,280	6,556	15,443	21,125	3,819	4,009
Norway	298,689	28,768	27,618	12,640		58,352			161,310				10,000
Switzerland	10,796									10,796			
The Nature Conservancy	5,000												5,000
United Kingdom	182,871	164,931									17,940		
United States of America	18,500				4,500				4,000		10,000		
<b>Committed Funding</b>	<b>878,323</b>	<b>250,614</b>	<b>84,883</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: FY19 = 7/1/2018 - 6/30/2019.

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

Activity	Total	FY19	FY18	FY17	FY16	FY15	FY14	FY13	FY12	FY11	FY10
Carbon Fund Administration	5,809	864	696	657	555	741	626	652	470	366	183
Carbon Fund TAP	1,974	533	463	514	440	23					
Carbon Fund Country Advisory Services	8,058	2,396	2,331	1,691	1,290	350					
Additional Activity on Private Sector Engagement	533	371	162								
Additional Activity on Registries	100	100									
ERPA Costs - Development of ER Programs	10,996	2,301	2,347	2,585	2,351	910	273	229			
Program Development - general	907				235	170	273	229			
Program Development - ER-PDs	10,089	2,301	2,347	2,585	2,116	740					
Shared Costs	8,593	1,211	1,128	1,172	797	821	1,159	1,236	1,069		
<b>Total Carbon Fund</b>	<b>36,063</b>	<b>7,777</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>

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

**TABLE 10. FCPF CARBON FUND CASH DISBURSEMENTS FY19 (\$, THOUSANDS)**

Activity	Budget	Actual Expense	Variance	Burn Rate %
Carbon Fund Administration	855	864	(9)	101
Carbon Fund TAP	554	533	21	96
Carbon Fund Country Advisory Services	2,253	2,396	(143)	106
Additional Activity on Private Sector Engagement	500	371	129	74
Additional Activity on Registries	300	100	200	33
ERPA Costs - Development of ER Programs	2,875	2,301	574	80
Shared Costs	1,023	1,211	(188)	118
<b>Total Carbon Fund</b>	<b>8,360</b>	<b>7,777</b>	<b>583</b>	<b>93</b>

Note: FY19 = 7/1/2018 - 6/30/2019; ER = Emission Reductions; ERPA = Emission Reductions Payment Agreement; TAP = Technical Advisory Panel.

**TABLE 11. CARBON FUND SOURCES AND USES FY19 (\$, MILLIONS)**

Description	Current Situation
<b>Sources (\$m)</b>	<b>878.3</b>
<b>Number of Lots (#)</b>	<b>19</b>
Number of ER Programs (#)	16
<b>Uses</b>	
<b>Costs over Fund Lifetime</b>	
Fixed Costs (FY10 to FY26)	22.7
ER Program Costs	41.5
<b>Total Costs</b>	<b>64.2</b>
<b>Available for Purchase of ERs</b>	<b>814.1</b>
<b>Average ER Program</b>	<b>50.9</b>

Note: ER = Emission Reductions.

obligations that the World Bank has entered into as Trustee. The long-term financial plan presented at CF20 in Washington in July 2019 (now updated with the latest source figures in table 11) indicates that around \$814 million would be available for the purchase of ERs.

## 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 Monitoring and Evaluation (M&E) Framework was endorsed by the Evaluation Oversight Committee on behalf of the PC (see Cochairs’ summary from PC25), who had given it the responsibility at PC24. While tentative targets and milestones have been included, these will 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 • Actuals
  - Milestone year for Readiness Fund
  - Milestone year for Carbon Fund
- FY11 • Baseline year for Carbon Fund
- FY08 • Baseline year for Readiness Fund



Result	Indicator	Baseline FY11	Milestone			Target FY26	Actual FY19
			FY19	FY21	FY23		
<b>IMPACT 1:</b> Reduced emissions from deforestation and forest degradation	<b>I.1.A:</b> Number of tons of CO <sub>2</sub> e emission reductions and removals through CF ER programs (tCO <sub>2</sub> e)	0	Nil	14 million	47 million	170 million	0
	<b>I.1.B:</b> Number of tons of CO <sub>2</sub> e emission reductions and removals through REDD+ interventions in all FCPF-supported countries (tCO <sub>2</sub> e)	0	(No targets (indicator reported on annually))				565.4 million <sup>a</sup>
	<b>I.1.C:</b> Total forest area re/afforested or restored through CF-supported interventions (ha)	0	—			18.5 million	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	—			7.7 million	0

Result	Indicator	Baseline FY08	Milestone FY19	Target FY21	Actual FY19	
<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	5	
<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	24	
	<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)			\$1.54 billion (public: \$1.4 billion, private: \$99 million, grants: \$986 million, Loans: \$510 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 FY19
<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	No	Yes	Yes	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	46	46 <sup>d</sup>
	<b>1.2.b:</b> Number of Readiness Preparation Grant agreements signed	0	45	45	44
	<b>1.2.c:</b> Value of grant allocations, before signing	\$0	\$309 million	\$309 million	\$313.1 million
	<b>1.2.d:</b> Value of signed grants	\$0	\$304 million	\$309 million	\$310 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	38
	<b>1.3.b:</b> Number of countries that have completed R-PP Component 1: Organize and consult	0	30	37	28 <sup>e</sup>
	<b>1.3.c:</b> Number of countries that have completed R-PP Component 2: Prepare the REDD+ Strategy	0	16	30	23 <sup>f</sup>
	<b>1.3.d:</b> Number of countries that have completed R-PP Component 3: Develop a National FREL	0	33	40	38 <sup>g</sup>
	<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	31 <sup>h</sup>
	<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: \$252 million (95% of signed grants)	Via WB: \$162 million (65% of signed grants)
Via DPs: \$0 (0% of signed grants) (FY08)		Via DPs: \$30 million (60% of signed grants) (FY19)	Via DPs: \$63 million (95% of signed grants) (FY21)	Via DPs: \$37.9 million (60% of signed grants)	



Result	Indicator	Baseline FY11	Milestone			Target FY26	Actual FY19
			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 CO <sub>2</sub> e emission reductions and removals committed through signed ERPAs (tCO <sub>2</sub> e)	0	50 million	170 million	170 million	170 million <sup>l</sup>	31 million
	<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 FY19
<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>l</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 (FY21)	— (to be completed in FY21)	CF registry approach endorsed & implemented (FY21)	Transaction Registry under development
<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	24	24	24	24 <sup>k</sup>
	<b>2.2.b:</b> Number of ER-PINs presented by countries to the CF	0 (FY11)	20		20	20	20 <sup>l</sup>
	<b>2.2.c:</b> Number of countries invited into the CF pipeline	0 (FY11)	19	19	19	19	19 <sup>m</sup>
	<b>2.2.d:</b> Number of countries signing a CF Letter of Intent	0 (FY11)	19	19	19	19	19 <sup>n</sup>
	<b>2.2.e:</b> Number of ERPDs presented by countries to the CF	0 (FY08)	16	16	16	16 (FY21)	13
	<b>2.2.f:</b> Number of countries accepted into CF portfolio	0 (FY08)	14	16	16	16 (FY21)	13
	<b>2.2.g:</b> Number of countries that have signed an ERPA with the CF	0 (FY08)	5	16	16	16 (FY21)	3
<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	0	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)			—	100% (FY26)	0
	<b>2.4.c:</b> Actual ERs purchased by CF as % of originally committed ERs (as per ERPA)	— (FY11)	—	9%	29%	60% (FY26)	—

Result	Indicator	Baseline FY08/FY11	Milestone			Target FY21/FY26	Actual FY19
			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)	69,681 (of which (32,721 female) 48,652 CSO 21,029 IP)
	<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)	—	50	60	70	75	79
<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)	19
	<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	—	44 (FY21)	44
<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)	18
	<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	44	—	44 (FY21)	42

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 Peoples; NFMS = national forest monitoring system; R-PP = Readiness Preparation Proposal; S-S = South-South; SIS = safeguards information system; tCO<sub>2e</sub> = (metric) tons of carbon dioxide equivalent.

- Data source taken from Biennial Update Reports (BURs) for non-Annex I countries. Country GHG profiles on UNFCCC website and ClimateActionTracker, etc.
- ERPDs are not yet completed for the CF.

c. Minor discrepancies in some reporting templates mean that totals do not sum, and that some templates incorrectly identified type of funds. Thus, disaggregation should be taken as indicative/estimated.

d. Last R-PP (for Gabon) was endorsed in July 2017.

e. The number of countries that have an average rating of at least 4/green (significant progress) in the country progress report is 28. To obtain this weighted score, each subcomponent was assigned points (1 to 5) and the average was taken.

f. The number of countries that have an average rating of at least 4/green (significant progress) in the country progress report is 23. To obtain this weighted score, each subcomponent was assigned points (1 to 5) and the average was taken.

Result	Indicator	Baseline FY08/FY11	Milestone			Target FY21/FY26	Actual FY19
			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	No targets (indicator reported on annually)					4.62 <sup>a</sup>
<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	29 news stories/ blogs 60 knowledge seminars 26 other products
			30 knowledge seminars	40 knowledge seminars	50 knowledge seminars	60 knowledge seminars	
			8 other products	12 other products	15 other products	20 other products	
	<b>4.1.b:</b> Number of unique and returning visitors to FCPF website	0	No targets, but traffic data reported annually				100%+ increase in unique visitors and unique visits
<b>4.1.c:</b> Extent to which FCPF learning and evidence influences ongoing FCPF implementation	No targets (qualitative progress measured through evaluation)						
<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	13
	<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)	613 (of which 180 female 46 CSO 28 IP <sup>b</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)	—	50	60	70	75	94
<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	No targets					4.10 <sup>a</sup>
	<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)					

- g. The number of countries that have an average rating of at least 3/yellow (progressing well, further development required) in the country progress report is 38. To obtain this weighted score, each subcomponent was assigned points (1 to 5) and the average was taken.
- h. The number of countries that have an average rating of at least 3/yellow (progressing well, further development required) in the country progress report is 31. To obtain this weighted score, each subcomponent was assigned points (1 to 5) and the average was taken.
- i. All ERPA's will be signed by FY21; hence, no change in the number of tons.
- j. All delivered except the ERPA business process.
- k. Last "Early Ideas" presented at CF12.
- l. Guyana produced an ER-PIN but no further action was taken; last ER-PIN presented at CF14.

- m. The last country entered the pipeline at CF11.
- n. Last Lol was signed at CF16.
- o. The average score of a survey on FCPF strengths, weaknesses, and contributions to REDD+ of each FCPF country calculated from the country progress report is 4.62. To obtain this average score, each answer to a question was assigned points (from 1 as "completely agree" to 5 as "completely disagree") and the average was taken.
- p. Disaggregated figures were not reported in FY18. Thus, disaggregated figures reported this year and going forward will be cumulative from FY19 onwards.
- q. 4.10 is the average score of a survey on the usefulness and application of FCPF knowledge products of each FCPF country calculated from the Country Progress Report. To obtain this average score, each answer to a question was assigned points (1 as Completely agree to 5 as Completely disagree) and the average was taken.



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