

Cooperation between FCPF and UN-REDD Programme on REDD Readiness

*Jointly prepared by the
FCPF Facility Management Team and UN-REDD Programme*

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1. Introduction

This note deals with the proposed cooperation between the Facility Management Team (FMT) of the Forest Carbon Partnership Facility (FCPF) and the UN-REDD Collaborative Programme of the Food and Agriculture Organization (FAO), the United Nations Development Programme (UNDP) and United Nations Environment Programme (UNEP) on REDD (UN-REDD Programme).

This notes builds on the UN-REDD Programme papers titled "Coordination Paper - Annotated Outline" and "Options for FCPF Coordination with UN-REDD" of July 8, 2008, and on the FCPF FMT's response of September 5, 2008 titled "Coordination between FCPF and UN-REDD on REDD Readiness". Staff of the FCPF FMT and UN-REDD Programme met on September 18, 2008 in Washington to discuss cooperation and agreed to produce this joint note.

This note is being submitted to the FCPF Participants Committee in advance of its meeting of October 21-22, 2008 in Washington, DC. The FCPF Participants Committee will be requested to provide feedback on the proposals contained in the note during the session on the status of UN-REDD and UNFCCC Secretariat (on October 22 at 14:45). It will also be considered by the soon-to-be-established Policy Board of the UN-REDD Programme.

2. Rationale for Cooperation

It is in the interest of developing countries embarking on programs designed to build their readiness for reducing emissions from deforestation and degradation (REDD) that international initiatives designed to support such programs, e.g., the FCPF and UN-REDD Programme, adopt similar approaches to problem solving, articulate their financial support so as to cover all the needs but avoid duplication, and organize themselves in a way that maximizes country engagement and minimizes transaction costs.

Specifically, cooperation between the UN-REDD Programme and FCPF makes sense if it results in REDD readiness programs that: (i) achieve a larger scale; (ii) are executed more quickly, (iii) are of a better quality than uncoordinated initiatives; (iv) follow consistent approaches; and/or (v) are driven by REDD country needs. Scale would be achieved by the fact of there being more money available for common needs. Speed would be possible as the two initiatives may be able to engage countries with different lead-up times. Likewise, quality would rise as a result of countries being able to access the best readiness support structures and benefit from the combined support of the FCPF and UN-REDD Programmes. Consistent approaches will provide assurance for subsequent transactions, such as through the FCPF Carbon Fund Participants Committee. Both the Bank and the UN Agencies endorse the principles of country ownership set out in the Accra Agenda for Action, agreed at the 3rd High Level Forum on Aid Effectiveness held

in Ghana, 2-4 September 2008. Closer cooperation on REDD readiness support is very much in-line with the Accra Agenda for Action.

The cooperation between the FCPF and the UN-REDD Programme must be responsive to the needs of REDD countries as reflected through transparent and vetted governance structures such as the Participants Committee. The cooperation must also remain flexible enough to be adaptable to any post-2012 climate regime. Respect for the UNFCCC negotiation process is therefore paramount and no action should prejudice the negotiation outcomes.

A cooperative agreement between the UN-REDD Programme and the FCPF should be based on the comparative advantages of each initiative. It is important, therefore, firstly to analyze the needs and various fields of readiness activities for the foreseeable future, secondly to determine which agency(ies) might be best positioned to contribute to them, and thirdly to envisage how the cooperation between the UN-REDD Programme and the FCPF should be structured.

3. Areas of Cooperation at the Global Level

Table 1 suggests a way for the FCPF and the UN-REDD Programme to work together on global REDD readiness issues that is based on comparative advantages in five main areas. A number of responsibilities would be exercised jointly. Even when one initiative takes the lead, it would strive to plan the activity with the other initiative. Moreover, it goes without saying that many other actors are and will be involved in funding and delivering REDD readiness services and may be in a better position than either the FCPF or the UN-REDD Programme to address certain issues. A high degree of coordination between the FCPF, the UN-REDD Programme and other initiatives is assumed and welcomed.

The far right column in Table 1 is meant to reflect the involvement of these other initiatives. However, Table 1 is not designed to capture all the activities undertaken by other partners and focuses instead on the comparative advantages between the FCPF and the UN-REDD Programme, so that column is left empty at this stage.

Table 1 does not attempt to represent how REDD readiness needs might be met in any given country in particular. A particular country may well organize its readiness activities in a different way than suggested in Table 1, which only depicts how the FCPF and the UN-REDD Programme may be able to cooperate at the global level. Principles for such national engagement are set out in Section 4 below.

More explanations on the contents of Table 1 are given after the table.

Table 1: Lead Responsibilities in REDD Readiness at the Global Level *

	FCPF	Joint FCPF & UN-REDD Programme	UN-REDD Programme	
1- Methods and Approaches			Monitoring, assessment, reporting and verification - MARV (including forest inventories, biomass and carbon accounting, remote sensing, national registries for REDD, etc.)	
2- Capacity Building			MARV	
		General readiness (governance, payment structures, co-benefits, participatory engagement)		
			National negotiators	
		Forest-dependent peoples		
		South-South technology and knowledge transfer		
3- Knowledge Management		Lessons from past experience in the sustainable management of forests		
		General lessons learned from REDD readiness program implementation going forward		
		Awareness raising		
4- Analytical Work			Forest degradation	
		Reference case setting		
	Economic analysis for REDD strategies			
		National legal and institutional frameworks for REDD, including rights to participate in REDD, use of REDD revenues, delivery mechanisms		

	FCPF	Joint FCPF & UN-REDD Programme	UN-REDD Programme	
		(emission reductions and payments)		
	Regional approach to REDD readiness			
		Financial structures for REDD		
			Biodiversity and livelihood benefits	
5- Readiness Needs Assessment	Template preparation (Readiness Plan Idea Note and Readiness Plan)	National REDD Strategy preparation (templates, processes)	National UN-REDD Joint Programme preparation (templates, processes)	

* For each item, the two initiatives would strive to execute the planning phase together

i- Methods and Approaches

Monitoring/Assessment/Reporting/Verification (MARV): An agreement on the minimum standards for monitoring, assessment, reporting and verification protocols is a key tenet of a future agreement on the treatment of REDD under the UNFCCC. Without agreement, standards and methods will proliferate, with ensuing loss of efficiency and loss of value for REDD countries. The UN-REDD Programme has already started exercising the lead responsibility with the organization of an international workshop on the topic on September 16-17, 2008 in Washington, DC. The scope of this component would cover the following areas: forest inventories, biomass and carbon accounting, and remote sensing, for which there is already considerable experience, even though using different standards, approaches and tools. In addition, an MARV system would require that countries put in place national registries for REDD, which involve the capacity to track and report on emission reductions starting from where they are generated and following them up to the point they are acquired by an external party.

ii- Capacity Building

MARV: A series of capacity building events on MARV but also other thematic areas critical to REDD and targeted at country specialists, Indigenous Peoples and the private sector, will be needed to create the social capital prior and in parallel to the country-driven Readiness activities. South-South technology and knowledge transfer will be supported where possible.

General readiness: Beyond the rather technical aspects of MARV, significant capacity needs to be built in such areas of governance, payment structures, co-benefits, and participatory engagement, given the importance of these topics for REDD (REDD cannot succeed if it ignores the fundamental issues affecting the forest sector).

National negotiators: The joint UNEP-UNDP program on training for UNFCCC negotiators would be enhanced to cover REDD.

Forest-dependent peoples: Forest-dependent peoples are among the main stakeholders who will need special attention throughout the REDD readiness process. The FCPF FMT proposes to continue the special relationship with the UNPFII and to continue giving support to regional

workshops and capacity building seminars. The UN-REDD Programme will also provide capacity building support for indigenous peoples.

iii- Knowledge Management

Lessons from past experience in the sustainable management of forests: At least two decades of attempts at sustainable forest management should be reviewed and analyzed. In particular knowledge about what has worked and not worked in developing countries should be synthesized in order to inform the current debates on REDD. It may be possible to build performance-based payments on the successful experiences of the past.

Lessons from REDD readiness program implementation: The creation of a common knowledge-sharing platform can become one of the most valuable tools for REDD countries when approaching the readiness stage as it will multiply the impact of the individual initiatives going forward. The UNFCCC REDD platform and the UN-REDD Programme's and the FCPF websites would be linked so as to develop and make accessible such knowledge as it becomes available.

iv - Analytical Work

More prior knowledge is needed in a range of fields, which would facilitate the operationalization of REDD readiness programs. The FCPF and UN-REDD Programme will cooperate with other initiatives to break new ground on the topics below. Research papers could be commissioned and technical workshops could be conducted for the different issues that have not been settled yet, and are not being handled adequately by others. Results from analytical work should be evaluated jointly by relying on each institution's analytical capacity, but also by involving ad hoc Technical Advisory Panels under the FCPF, similar bodies under the UN-REDD Programme, governments and other stakeholders. Every issue needs special treatment and should have its own schedule, clear responsibilities and budget.

Forest degradation: How to measure and monitor changes in carbon stocks due to forest degradation is still the subject of considerable debate. Before capacity can be built in this area, more analytical work is probably necessary.

Reference case setting: Whether the reference scenario for emission from deforestation and forest degradation should be based on past data exclusively or also take into account the future is controversial. Analysis on the implications of the two approaches and how they may be implemented in specific situations would be very helpful to inform the deliberations of the UNFCCC.

Economic analysis for REDD strategy: Countries should know how much it may cost them to implement REDD programs. Poor data are available on the opportunity, implementation and transaction costs of REDD. Further work is needed on efficient methods to estimate these costs.

National legal and institutional frameworks for REDD: Multi-country studies could be undertaken to shed light on the legal and institutional choices that countries may have to make to implement REDD, focusing on fundamental questions such as the rights related to participation in REDD transactions, the use of REDD revenues, and the delivery mechanisms for REDD (e.g., the aggregation and transfer of emission reductions, and the receipt and channeling of payments for emission reductions.).

Regional approach: The potential of developing regional approaches to REDD readiness in the Congo Basin, Mekong Basin and Meso-American corridor, for example, should be explored. These regions may have enough commonality to treat elements of reference case setting, REDD

strategies and MRV on a regional basis to complement national approaches. Regional approaches will need further preparation and may require specific financial resources.

Financial structures for REDD: How REDD should be financed is an important question. Should REDD countries count on traditional investment finance and, if so, from which sources? Are there other financing sources that are needed to cover upfront costs? How would these sources co-mingle with carbon finance? What are the roles of the public and private sectors? How do we ensure equitable sharing of the revenues and benefits?

Biodiversity and livelihood benefits: REDD is central to the climate change discussions and provide a tool to mitigate climate change. However, ensuring that REDD also creates additional benefits for biodiversity and society is likely to make REDD more sustainable. Additional work should be carried out on the potential synergies and trade-offs between REDD and biodiversity and livelihood benefits, based on real country situations. The cost implications of providing 'REDD++' should also be examined.

v - Readiness Needs Assessment

Template preparation (Readiness Plan Idea Note and Readiness Plan): The FCPF FMT created a Readiness Plan Idea Note (R-PIN) template that has enabled initial country submissions, which diagnose problems and propose solutions to REDD. Additional work is being jointly carried out by the FCPF FMT and UN-REDD Programme to produce a standard Readiness Plan (R-Plan) template, through which countries will explain how they intend to build their readiness for REDD, while putting timelines and budget numbers on the process. The R-Plan template will likely undergo improvements after it is tested and used by the first few REDD countries. It is envisaged that the R-Plan template will be the subject of discussion and training sessions with REDD countries. This will be an opportunity for engagement with the UN-REDD Programme with the aim of agreeing a standardized R-Plan approach. Resources will also be needed to translate the template from English into French and Spanish.

National REDD Strategy preparation (templates, processes)

National UN-REDD Joint Programme preparation (templates, processes)

4. Principles of Cooperation at the National Level

At the level of a specific country, the UN-REDD Programme and the FCPF will organize themselves in the most sensible way possible under the leadership of the national authorities and develop a program that is tailor made to each country's needs and specifies the roles, responsibilities and financial contributions of each. The division of activities at the global level above provides an indication of the respective areas in which UN-REDD and FCPF will intervene at the national level, but the role of the two may vary in accordance with the needs of each country and comparative advantages specific to each country. In countries where both the UN-Programme and the FCPF operate, the principles or modalities for collaboration would include:

- **One national REDD programme:** Both the FCPF and the UN-REDD Programme contribute to the development of one national REDD programme, along with other donors and stakeholders. At the country level this means promoting the development of one reference scenario, one REDD strategy. and one monitoring system. Support will be provided by the FCPF or UN-REDD Programme or both for this to take place if needed.

- **Joint missions:** The UN-REDD Programme and FCPF will undertake joint missions in the countries where both are active. These joint missions will ensure coordination from the outset and the development of a cohesive national REDD programme to which both can contribute.
- **National coordination mechanism:** There will be an agreed national counterpart in each country which will act as the primary counterpart for all initiatives, including the UN-REDD Programme and FCPF. The UN-REDD Programme and the FCPF will coordinate through existing national coordination mechanisms where they exist. The REDD programme will build on existing donor coordination processes where these include both the UN and the World Bank.
- **Shared REDD readiness process:** The UN-REDD Programme and the FCPF will work together to develop templates for national REDD plans, programs and policies. This would ensure countries follow similar processes regardless of the involvement of FCPF or UN-REDD. UN-REDD will help with the review of R-PINs and R-Plans in shared countries and the FCPF will be invited to review the plans for other countries which will be based on the R-Plan format unless the country has an alternative template it wishes to follow.
- **Joint planning workshops:** UN-REDD and FCPF will strive to hold joint planning workshops in all the countries where both will be engaged. The aim of the first of these workshops would be to help countries with the development of their respective national REDD strategies, including the roles for FCPF and UN-REDD if any.

5. Practical Arrangements

After considerable discussion, the FCPF FMT and UN-REDD Programme make the following proposal for consideration by the FCPF Participants Committee to put into practice the cooperation at the global level, as outlined in Section 3 above, and initiate country-level cooperation as outlined in Section 4 above:

5.1 The World Bank and the UN-REDD Programme would sign an administrative agreement, such as a Memorandum of Understanding, on cooperation on REDD readiness. The two initiatives believe that an administrative agreement of this sort is sufficient to ensure meaningful cooperation. This agreement would spell out the specific arrangements to be put in place to conduct cooperation between the FCPF and the UN-REDD Programme.

5.2 The UN-REDD Programme and the FCPF will strive to hold one week of coordinated/joint meetings from February 2009 onwards (tentatively twice a year). Invitations to the FCPF Participants Committee meeting and the UN Policy Board would be sent out jointly or in a coordinated manner and costs will be shared as appropriate. The week of meetings could, for example, include the FCPF PC meeting on days 1-2, a joint session on day 3 to consider the global issues set out in Table 1 above, as well as address issues related to common REDD countries, and the UN-REDD Policy Board meeting on days 4-5.

5.3 The UN-REDD Programme would acquire observer status, as per an amendment to Section 11.7 of the FCPF Charter, which would confer the right to the UN-REDD Programme to participate in the meetings of the FCPF Participants Assembly and Participants Committee and have full access to the information generated in this context.

5.4 The FCPF would have reciprocal status on the UN-REDD Programme Policy Board and take a place as an observer on the Board.