Forest Carbon Partnership Facility

3. Update on Multiple Delivery Partner Arrangement

Tenth Meeting of the Participants Committee (PC10)

Berlin, Germany

October 18-19, 2011

Common Approach (1)

- Common Approach approved at PC9
  - Available in English, French and Spanish at http://www.forestcarbonpartnership.org/fcp/node/310
- Outreach
  - Frequently Asked Questions in English, French and Spanish
  - CBD workshop (Cape Town, September , 2011)
  - Dialogue with Indigenous Peoples (Kuna Yala, Panama, September 27-29, 2011)
  - UNFCCC Expert Group (Panama, October 8-9, 2011)
  - More to come in coming months

Common Approach (2)

- Access to Information
  - Annex 3 to Common Approach: Guidance on Access to Information: is being fine-tuned to reflect all the correct Delivery Partners' documents and processes in use
- Accountability
  - Cost associated with the use of DP's accountability mechanism + cost coverage covered in PC9 Resolution
  - FMT was asked to prepare proposal in consultation with DPs → FMT Note 2011-11

Requests Received from Pilot Countries

- Central African Republic
  - October 10, 2011 letter from Minister Naoueyama requesting to work with UNDP as Delivery Partner (DP)
- Guatemala
  - June 16, 2011 letter from Minister Ferrate requesting to work with IDB
- Honduras
  - October 18, 2011 verbal request from Minister Cuellar to work with UNDP
- Suriname
  - October 17, 2011 email from Mr. Goedschalk, Executive Director of Climate Compatible Development Agency to work with IDB or UNDP
- Next steps:
  - PC Resolution approving these 4 countries
  - 1 more slot to be filled, as authorized by PC9

Applications by Candidate Delivery Partners

- ADB
  - Confirmed intention to make final submission for review
- FAO
  - Made final submission, including independent analysis, for review
    - Independent analysis was positive
  - Two requests to PC & observers to review
  - Conference call held on October 11, 2011 to review
    - Group was not fully representative
    - Accountability mechanism: question about independence
  - Next step to be determined by Contact Group

Transfer Agreements

- IDB
  - Negotiations completed
  - PC agreement needed on costs of accountability
  - Next step: IDB Board approval of the Transfer Agreement (December 2011)
- UNDP
  - Negotiations initiated
  - Concrete options for accountability mechanism under review by Management

Costs of Accountability (1)

- REDD+ is challenging, which requires risk-taking on the part of the countries & DPs
- DPs have, or are establishing, accountability mechanisms, which may receive claims in the context of FCPF readiness activities, for alleged breach of the DP policies
- These claims will generate costs for DPs, which will need to be covered
- This is an important factor in the Transfer Agreement negotiations
- Preparation of the FMT Note 2011-11
  - Internal World Bank discussion: Carbon Finance Risk Management Committee, Regions and Management
  - Discussions with other DPs, mostly IDB

Costs of Accountability (2)

- Cost-sharing to balance incentives:
  - Support DPs as part of the cost associated with REDD+ readiness → coverage by the Readiness Fund
  - Incentivize DPs to provide best support to and oversight of Readiness activities by REDD Country Participants → coverage by the DP

Costs of Accountability (3)

- Description of accountability mechanisms:
  - WB Inspection Panel
  - IDB Independent Consultation and Investigation Mechanism
- Review of costs of accountability at WB and IDB
- Proposal (see next slide)

Costs of Accountability (4)

- Set aside a "Provision" at Readiness Fund level
  - 5% of current Fund capitalization, i.e., $11.5 million
- Cost sharing:
  - Readiness Fund would cover costs up to a "Case Cap"
    - First Case Cap (e.g., $500,000)
    - Subsequent Case Cap (e.g., $250,000)
  - Readiness Fund and DP would share costs (e.g., 50-50%) above Case Cap up to a "Maximum" (e.g., $1,000,000)
  - Above the Maximum, DP funds the costs alone
- Payment modalities
  - Reimbursement of the DP by the Readiness Fund on the basis of documented eligible costs
- Use of the Provision among DPs
  - To be finalized and PC to be informed

Costs of Accountability (5)

- Next steps
  - Discussion in plenary today
  - Contact Group
  - PC10 Resolution
  - Fine-tuning of proposals by DPs, in agreement with Trustee
  - Clearance by DP Management
  - If necessary, additional PC Resolution
    - PC11?
    - Virtual?

Frequently Asked Questions

http://www.forestcarbonpartnership.org/fcp/sites/forestcarbonpartnership.org/files/Documents/PD - Windows Internet Explorer

http://www.forestcarbonpartnership.org/fcp/sites/forestcarbonpartnership.org/files/Documents/PDF/Sep2011/Co

WB: People Directory provider

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FREQUENTLY ASKED QUESTIONS

COMMON APPROACH TO ENVIRONMENTAL AND SOCIAL SAFEGUARDS FOR MULTIPLE DELIVERY PARTNERS

1. What is the Common Approach?

The "*Common Approach to Environmental and Social Safeguards for Multiple Delivery Partners*" (hereafter, the "Common Approach") is the product of a Task Force on Environmental and Social Standards for the FCPF Readiness Fund, which was established by the FCPF Participants Committee. The Common Approach was developed recently, with its formal approval coming as part of the FCPF's 9th Participants Committee meeting in Oslo, Norway in June 2011.

2. What does the Common Approach do?

The Common Approach is designed to provide the World Bank (WB) and other FCPF Delivery Partners of the Readiness Preparation grant agreement in each country where the DP is the lead. This will be specified in legally binding Transfer Agreements between the WB, as Trustee of the FCPF Readiness Fund, and the respective DPs.

5. As of when is the Common Approach effective?

The Common Approach, formally approved in June 2011, becomes effective as soon as the World Bank and a DP sign a Transfer Agreement in relation to the countries where that DP is in the lead. Currently, Transfer Agreements are being negotiated between the WB and the IADB, on one hand, and the WB and UNDP, on the other, in relation to a total of five

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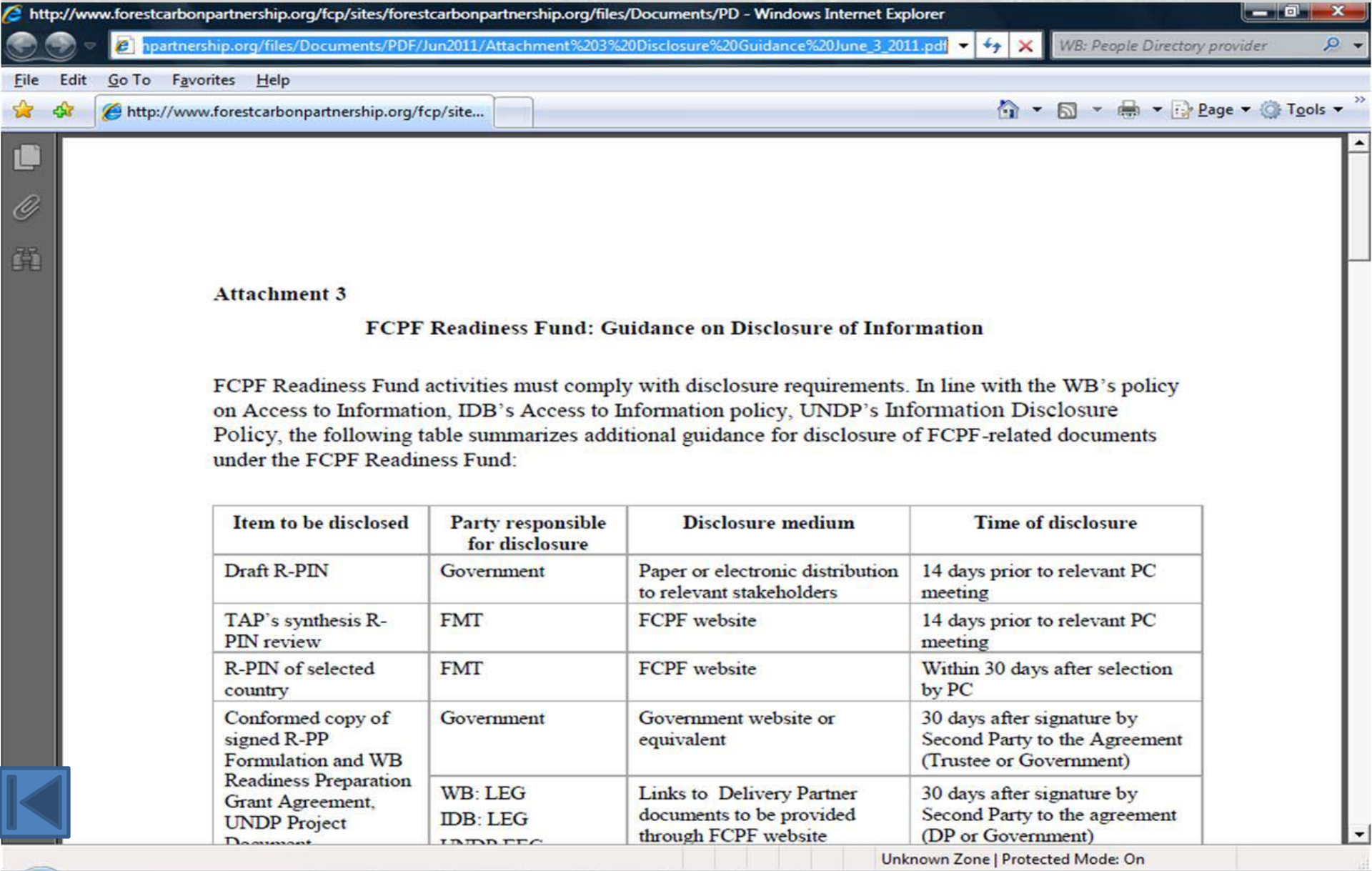
Common Approach Annex 3: Access to Information



Attachment 3

FCPF Readiness Fund: Guidance on Disclosure of Information

FCPF Readiness Fund activities must comply with disclosure requirements. In line with the WB's policy on Access to Information, IDB's Access to Information policy, UNDP's Information Disclosure Policy, the following table summarizes additional guidance for disclosure of FCPF-related documents under the FCPF Readiness Fund:

Item to be disclosed	Party responsible for disclosure	Disclosure medium	Time of disclosure
Draft R-PIN	Government	Paper or electronic distribution to relevant stakeholders	14 days prior to relevant PC meeting
TAP's synthesis R-PIN review	FMT	FCPF website	14 days prior to relevant PC meeting
R-PIN of selected country	FMT	FCPF website	Within 30 days after selection by PC
Conformed copy of signed R-PP Formulation and WB Readiness Preparation Grant Agreement, UNDP Project	Government	Government website or equivalent	30 days after signature by Second Party to the Agreement (Trustee or Government)
	WB: LEG IDB: LEG	Links to Delivery Partner documents to be provided through FCPF website	30 days after signature by Second Party to the agreement (DP or Government)

THANK YOU!

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