

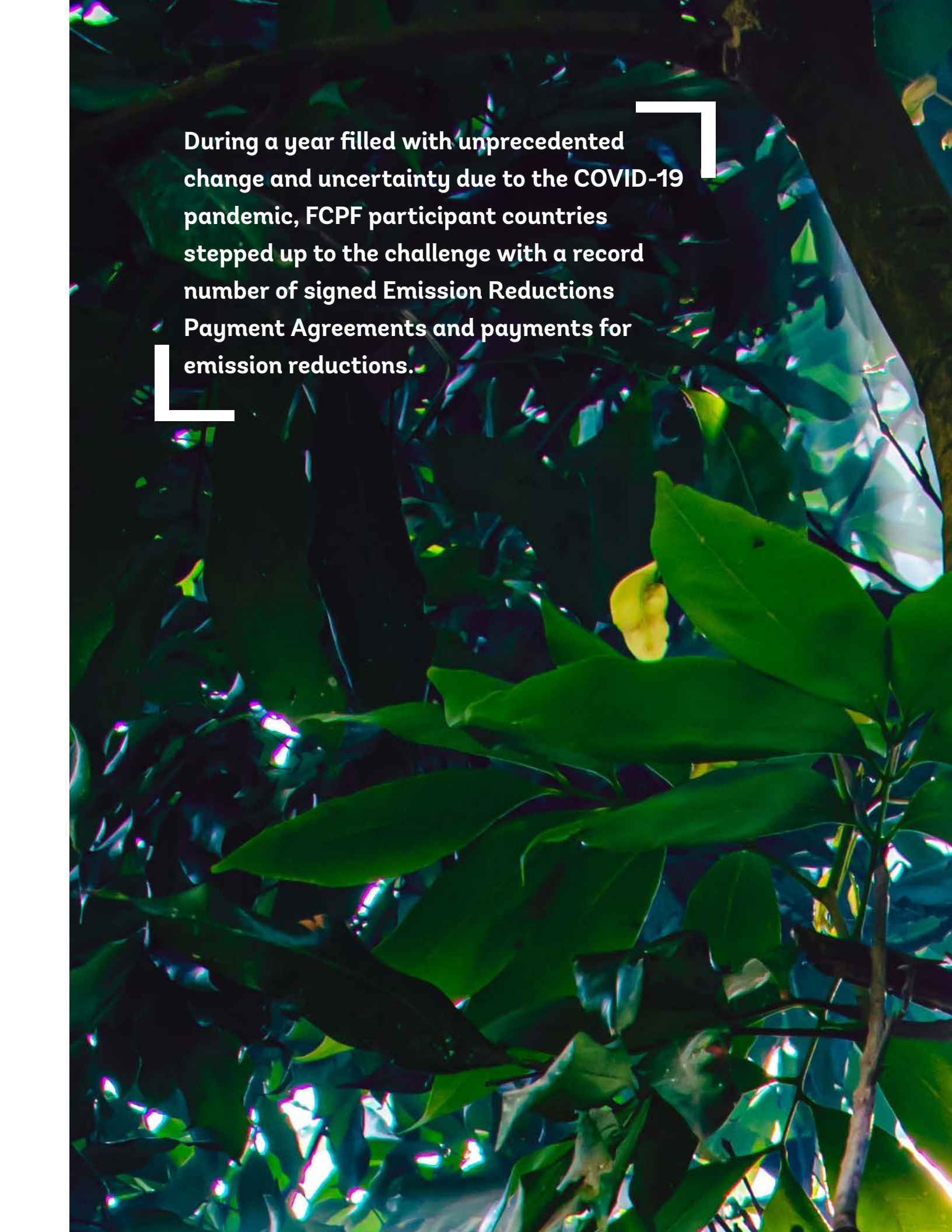


**FOREST
CARBON
PARTNERSHIP
FACILITY**



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CARBON
PARTNERSHIP
FACILITY**

2021 ANNUAL REPORT

A background image of a tree with green leaves and a white bird perched on a branch. The text is overlaid on the left side of the image.

During a year filled with unprecedented change and uncertainty due to the COVID-19 pandemic, FCPF participant countries stepped up to the challenge with a record number of signed Emission Reductions Payment Agreements and payments for emission reductions.



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ABBREVIATIONS AND ACRONYMS

Bank	World Bank	ISFL	Initiative for Sustainable Forest Landscapes (of the BioCarbon Fund)
BioCF	BioCarbon Fund	Lao PDR	Lao People's Democratic Republic
CATS	Carbon Assets Tracking System	LOI	Letter of Intent
CBP	Capacity Building Program for Forest-Dependent Indigenous Peoples and Southern Civil Society Organizations	MF	Methodological Framework
CDP	formerly the Carbon Disclosure Project	MPIDO	Mainyoto Pastoralists Integrated Development Organization
CF	Carbon Fund	MRV	measurement, reporting, and verification
CIF	Climate Investment Fund	NFMS	national forest monitoring system
COP	Conference of the Parties (to the UNFCCC)	PA	Participants Assembly
CORSIA	Carbon Offsetting and Reduction Scheme for International Aviation	PC	Participants Committee
CSO	civil society organization	PROFOR	Program on Forests
DGM	Dedicated Grant Mechanism (of the Climate Investment Fund)	REDD	Reducing Emissions from Deforestation and Forest Degradation
DRC	Democratic Republic of Congo	REDD+	REDD plus conservation of forest carbon stocks, sustainable management of forests, and enhancement of forest carbon stocks
ER	emission reductions	REPALEAC	Network of Indigenous Peoples and Local Communities for the Sustainable Management of Central African Forest Ecosystems
ERPA	Emission Reductions Payment Agreement	R-PP	Readiness Preparation Proposal
ERP	Emission Reductions Program Document	SIS	safeguards information system
ER-PIN	Emission Reductions Program Idea Note	tCO_{2e}	(metric) tons of carbon dioxide equivalent
FAO	Food and Agriculture Organization (of the UN)	UNFCCC	United Nations Framework Convention on Climate Change
FCPF	Forest Carbon Partnership Facility	UN-REDD	United Nations Collaborative Programme on Reducing Emissions from Deforestation and Forest Degradation in Developing Countries
FMT	Facility Management Team (of the FCPF)		
FREL	forest reference emission level		
FRL	forest reference level		
FY21	fiscal year 2021: July 1, 2020 – June 30, 2021		
ha	hectare		
ICAO	International Civil Aviation Organization		
IFC	International Finance Corporation (of the World Bank Group)		
IP	Indigenous Peoples		

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



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.

FOREWORD

During a year filled with unprecedented change and uncertainty because of the COVID-19 pandemic, some things, thankfully, did not waver.

Human resilience was ever present, shining through in myriad ways across the globe. The urgency to protect the natural world endured. And all the reasons why forests are critical to stabilize climate change remained relevant, and arguably more important than ever.

We know that forests provide up to 37 percent of emission reductions to limit the worst effects of climate change. They host 80 percent of the world's terrestrial biodiversity. They support livelihoods and ensure food security for millions of people, particularly in developing countries, and deliver more than \$2 trillion per year in economic benefits.

Yet we also know that deforestation and forest degradation continue to contribute about 12 percent of the world's greenhouse gas emissions. And the impacts of climate change and natural resource degradation disproportionately affect the poor and most vulnerable.

It's time for this to change, and the participant countries of the Forest Carbon Partnership Facility (FCPF) are stepping up to the challenge.

Over the past year, a record 10 countries signed Emission Reductions Payment Agreements with the FCPF Carbon Fund. Now, a total of 14 signed payment agreements have unlocked \$670 million in results-based payments for forest-related emission reductions. These reductions are expected to total 145 million tons of carbon dioxide by 2025—equivalent to taking nearly 32 million cars off the road for a year.

These results-based payments are no longer just commitments. Mozambique is the first Carbon Fund country to receive a payment for independently



verified emission reductions across the six districts covered by the Zambézia Integrated Landscape Management Program (ZILMP). This is a significant milestone for Mozambique, the FCPF, and for REDD+ as this is the first-ever payment for jurisdictional REDD+ certified emission reductions in the world.

And in the FCPF Readiness Fund—which is set to wrap up in December 2022—more countries over the past year put their final REDD+ building blocks in place. These efforts are opening up opportunities for them to develop their own large-scale, win-win emission reductions (ER) programs that help mitigate climate change while creating new streams of benefits from sustainable forest management.

After years of working on REDD+ readiness and developing ER programs, the exciting part is, this is just the beginning. The FCPF's pioneering work will be complemented and carried forward by the World Bank's new umbrella trust fund, the Climate Emissions Reduction Facility (CERF), which, through its Natural Climate Solutions pillar, will provide results-based climate finance for large-scale jurisdictional forest programs.

As more countries begin implementing these programs, as results-based payments continue to catalyze more private and public sector investment in climate finance, and as Indigenous Peoples and civil society organizations, including women and youth, engage more in forest-sector decision making, we are on track to chart a new, more sustainable path for forest management and climate change mitigation at scale.

We must all remember that forests are critical in reaching the Paris Agreement goals. Without the contribution of forests, there is minimal chance of success in meeting the goal of limiting warming to well under 2 degrees Celsius compared with preindustrial levels.

As we rebuild after the severe health and economic impacts of the COVID-19 pandemic, we must seize this once-in-a-generation opportunity to put forests at the center of a greener, more resilient, and inclusive future.



Simon Whitehouse

November 2021

EXECUTIVE SUMMARY

A record 10 new Emission Reductions Payment Agreements signed with the FCPF Carbon Fund; Mozambique becomes first country in the world to receive payments from the transaction of jurisdictional REDD+ certified emission reductions.

Over the past year, the FCPF Carbon Fund signed milestone Emission Reductions Payment Agreements (ERPAs) with the Republic of Congo, Costa Rica, Côte d'Ivoire, the Dominican Republic, Fiji, Indonesia, Lao PDR, Madagascar, Nepal, and Vietnam. Including previously signed ERPAs with Chile, the Democratic Republic of Congo, Ghana, and Mozambique, the total value of signed payment agreements now totals \$670 million.

The next important step after ERPA signings is to begin making payments against verified and certified emission reductions. In fiscal year 2021 (FY21), Mozambique became the first country to submit to the FCPF an official monitoring report, which showed significant carbon emission reductions from deforestation. Independent accredited verification of this monitoring report wrapped up in May, and the FCPF Carbon Fund made its first payments against certified emission reductions in early FY22. The payment of \$6.4 million to Mozambique was for reductions of almost 1.3 million tons of CO₂e emissions. Several more verifications and payments to other countries in the FCPF Carbon Fund portfolio are expected in the next fiscal year.

The **FCPF's Readiness Fund** has now signed a total of 45 preparation grants to assist countries in scaling up their REDD+ efforts. Readiness Fund grant allocations total \$314 million. In FY21, the FCPF also endorsed Readiness Packages from Guyana and Vanuatu, and allocated additional readiness funding to Burkina Faso. 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 Fund and the Carbon Fund, the FCPF advanced important **technical capacity-building** tools over the past year despite ongoing COVID-19 related challenges. The FCPF continued to support the World Bank Land Use Climate Funds MRV Support Program, which has delivered \$5 million in assistance to countries' measurement, reporting, and verification (MRV) and carbon accounting systems.

In FY21, the FCPF also collaborated with the Global Forest Observations Initiative (GFOI) to launch OpenMRV, a new global knowledge platform on forest MRV. Working with 150 MRV experts, the FCPF also conducted an assessment in FY21 of innovative technologies, including space technologies, and their readiness for remote sensing-based estimation of forest carbon stocks.

The FCPF and BioCarbon Fund Initiative for Sustainable Forest Landscapes (ISFL) continued to improve their jointly developed Carbon Assets Tracking System (CATS) that is used by both funds for the issuance and transfer of emission reductions. The first phase of the CATS project officially concluded in May and the platform is now fully operational.





In the area of **stakeholder engagement**, phase 3 of the FCPF's long-standing Capacity Building Program for Forest-Dependent Peoples and Southern Civil Society Organizations (CBP) wrapped up in FY21 in the Africa, Asia-Pacific, and Latin America and the Caribbean regions. To date, the program has allocated \$15 million, and already has 86 capacity-building projects across Africa, Asia-Pacific, and Latin America and the Caribbean. The program's final consolidation phase, set to conclude in December 2022, will disburse funding at the national level in Carbon Fund countries to deploy country-specific capacity-building activities and support regional-level cooperation of civil society organizations on REDD+ and climate change overall.

In the area of **women's engagement in REDD+**, the FCPF partnered with the international nongovernmental organization Women Organizing for Change in Agriculture and Natural Resource Management (WOCAN) to develop an innovative training course focused on how to make REDD+ forest and climate programs more gender inclusive. The FCPF also undertook several reviews in FY21 to identify opportunities for gender empowerment and inclusion, including studies on women's rights to land tenure and access to financing in Carbon Fund countries.

To deepen **collaboration with the private sector in REDD+**, the FCPF continued to develop resources and trainings, particularly in the cocoa, livestock, mining, cashew, and vanilla sectors. In January, the FCPF supported the launch of a 10-month Cocoa and Forest Knowledge Exchange Program, which is bringing together leading cocoa producers from Africa and Latin America throughout 2021 to share best practices, improve the sustainability of their production, and reduce deforestation.

In March, the FCPF and ISFL co-hosted a global private sector workshop focused on partnering with the private sector to drive natural climate solutions. This three-day event brought together 900 thought leaders, government representatives, and members of the private sector to explore topics covering climate finance, enabling conditions, and sustainable supply chains.

With ongoing uncertainty about global travel in the coming year, the FCPF will continue to work with stakeholders to ensure that countries in the Readiness Fund finish putting in place the remaining building blocks needed to participate in jurisdictional landscape emission reductions (ER) programs. The FCPF will also continue to support countries in the Carbon Fund that are moving beyond their signed ERPAs to implement ER programs and benefit from results-based payments.

With the first formal verifications and payments taking place, a trusted, high-quality framework for REDD+ emission reductions at a jurisdictional scale is now in place. Moving forward, this framework can be replicated, improved, and used in future results-based payments at a jurisdictional scale to supply the fast-evolving market with this type of credit.

HOW THE FCPF OPERATES

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

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

The overall goal of the FCPF is to pilot results-based payments to countries that have advanced through REDD+ readiness and implementation and achieved verified emission reductions in their forest sector (see Strategic Objectives). In addition to emission reductions, the facility 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—with funding in excess of \$1.3 billion between them to achieve its strategic objectives. Both 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 FCPF funds are known as REDD+ Country Participants.

47

DEVELOPING COUNTRIES

The FCPF works with 47 developing countries across Africa, Asia-Pacific, and Latin America and the Caribbean.

STRATEGIC OBJECTIVES

To assist countries in their REDD+ efforts by providing them with financial and technical assistance in building their capacity to benefit from possible future systems of positive incentives for REDD+.

To pilot a performance-based payment system for REDD+ activities, with a view to ensuring equitable benefit sharing and promoting future large-scale positive incentives for REDD+.

Within the approach to REDD+, to test ways to sustain or enhance livelihoods of local communities and to conserve biodiversity.

To disseminate broadly the knowledge gained in the development of the facility and the implementation of Readiness Preparation Proposals and emission reductions (ER) programs.

IMPACTS

REDUCED EMISSIONS

from deforestation and forest degradation



SUSTAINED OR ENHANCED BIODIVERSITY and LIVELIHOODS

for forest-dependent men and women



OUTCOMES

OVERARCHING OUTCOME:

Improved governance and transparency for sustainable forest resource management (including REDD+ interventions) within participant countries

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



The Carbon Fund 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 Readiness Preparation Proposals and Grant Agreements

Standards and preparations in place for high-quality ER programs discussed and endorsed by Carbon Fund participants and/or Participants Committee

Countries have entered the Carbon Fund portfolio

Private sector engages with the Carbon Fund

Countries progress adequately on implementation of their ER programs

Enhanced capacity of Indigenous Peoples and civil society organizations 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+

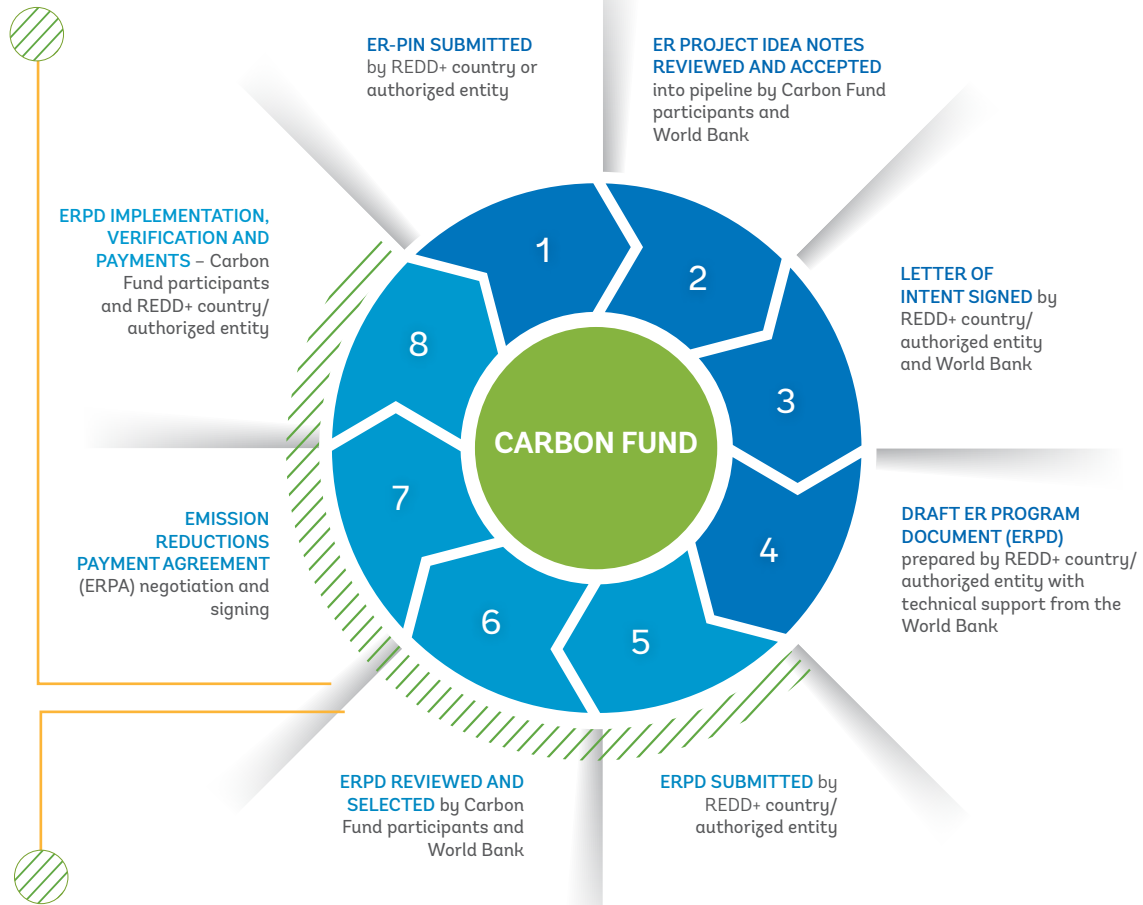


Carbon Fund

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

WORLD BANK DUE DILIGENCE

Program appraisal and safeguards assessment (includes assessment of associated economic, technical, institutional, financial issues and risks, and social and environmental safeguards)



ER PROGRAM DUE DILIGENCE

Includes assessing technical (e.g., reference emission levels, MRV) and programmatic elements (e.g., subnational arrangements, benefit sharing) in accordance with the Carbon Fund Methodological Framework



WHO IS THE FCPF?

REDD+ COUNTRY PARTICIPANTS



DONORS



European Commission



Australia



Canada



Denmark



Finland



France



Germany



Italy



Japan



Netherlands



Norway



Spain



Switzerland



United Kingdom



United States of America

DELIVERY PARTNERS



OBSERVERS

(official & unofficial)



Indigenous Peoples



Civil Society Organizations



International Organizations



Women's Groups



Private Sector



FCPF BY THE NUMBERS

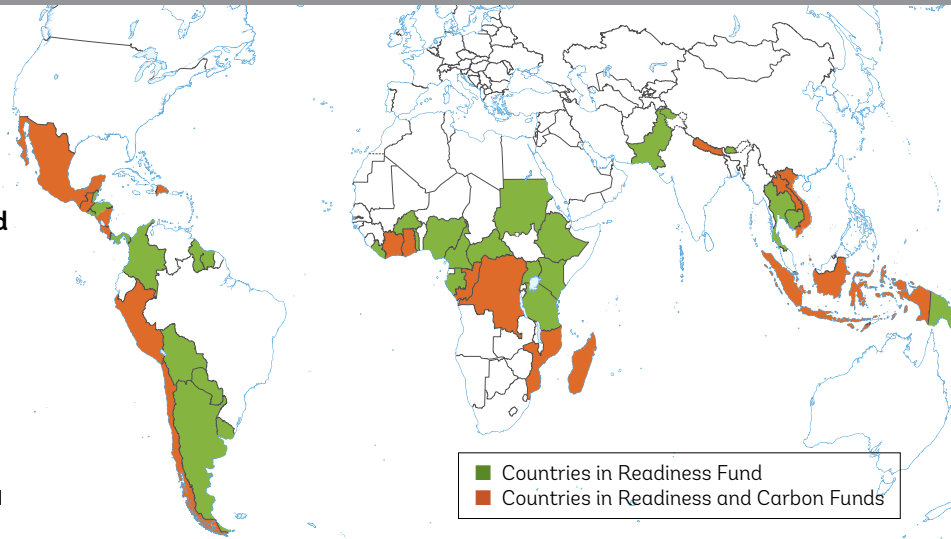
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Countries in
Readiness Fund

15

Countries in
Carbon Fund

as of June 30, 2021



Readiness Fund

\$468m

in Readiness Fund



\$314m

Grants Allocated



\$272m

Funding Disbursed



47

Readiness Proposals



43

Midterm Progress Reports



45

Readiness Preparation Grant
Agreements Signed



26

Readiness Packages Endorsed



Carbon Fund

\$874m

in Carbon Fund



\$670m

Total ER Payment Agreement Value



15

Programs in the Portfolio



1

Program Advancing to
ER Payment Agreement



14

ER Payment Agreements
Signed



110m

Hectares in Combined
Program Areas





Capacity Building Program

\$15m

in Grants



47

FCPF Participant Countries Reached



86

Subprojects



850

Regional and National Knowledge Projects



Communications and Knowledge

120k+

People Reached on Social Media



19

Feature Stories/Blogs



8

Knowledge Seminars



7

Knowledge Products



THE READINESS FUND

The Readiness Fund supports tropical and subtropical developing countries in preparing themselves to participate in a large-scale system of positive incentives for REDD+.



Throughout the past year, REDD+ country participants have continued to make important advancements in their 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+.

BUILDING AN ENABLING ENVIRONMENT FOR REDD+

FCPF Readiness Grants make important contributions to nationally driven policy reforms that support 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.

Chile advanced several elements of its National Strategy for Climate Change and Vegetation Resources (ENCCRV) in FY21, including consultation of the country's updated benefit-sharing plan that will guide results-based payments from Chile's emission reductions program. Progress also included a communications strategy, an environmental education program, and a platform to integrate the MRV, co-benefits, safeguards and parcel monitoring systems, which helps to coordinate the country's REDD+ readiness activities. In addition, the country expanded its FREL to include additional regions for future REDD+ activities.

In the **Lao People's Democratic Republic** (Lao PDR), the Ministry of Agriculture and Forestry approved the country's national REDD+ strategy in FY21, marking an important milestone in

meeting global REDD+ readiness requirements and eligibility for results-based payments. The country's Forest Strategy 2030 is in an advanced stage of formulation and has incorporated key targets and programs from the national REDD+ strategy.

Mozambique approved a new forest policy and its implementation strategy, and launched a comprehensive revision of the country's forest law. A preliminary revised forest law document has been developed and stakeholder engagement process started. The new legal instruments foresee the development of a new, more inclusive forest concession models, and recognize the need for integrated planning, improved and climate sensitive forest management practices, and the strengthening of forest governance.

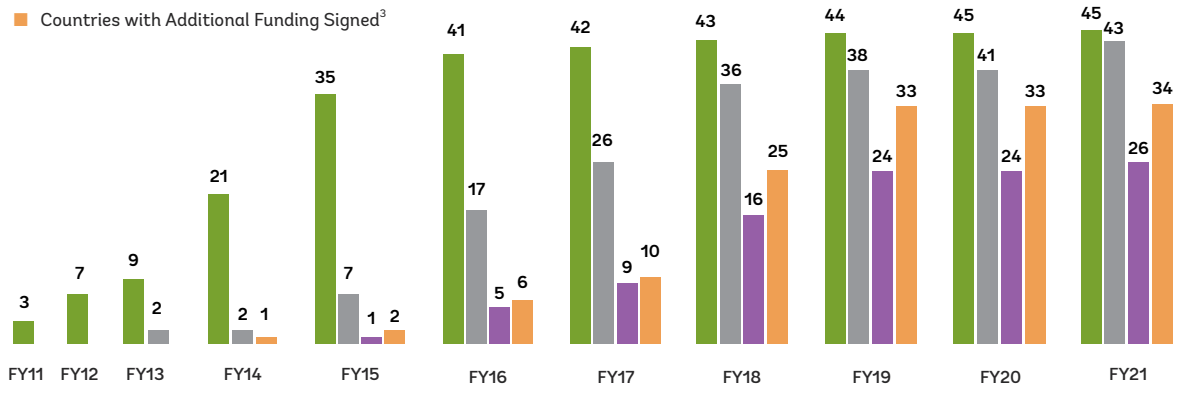
Nigeria has set up state-level REDD+ secretariats in Plateau, Edo, Ogun, and Kaduna. They will also oversee REDD+ pilot activities of local governments, nongovernmental organizations, civil society, academia, the private sector, local communities, and traditional authorities working in the field of environment, forestry, and natural resource management.

Suriname continued to reinforce its REDD+ feedback and grievance redress mechanism (FGRM) in FY21. This included advancing plans to integrate the mechanism into the National Environmental Authority. In accordance with the Framework Environmental Law adopted in 2020, the National Environmental Authority will be responsible for the operationalization of the mechanism.



MILESTONES

- Readiness Preparation Grant Agreements Signed
- Midterm Reports Submitted¹
- Readiness Packages Endorsed²
- Countries with Additional Funding Signed³



¹Two new Midterm Reports submitted in FY21: Paraguay, Thailand.

²Two new Readiness Packages endorsed in FY21: Guyana, Vanuatu.

³One new country signed for additional funding in FY21: Burkina Faso.

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 (R-PP).

Midterm Reports Submitted

A midterm report provides an update on progress made in the implementation of the R-PP.

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.

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.



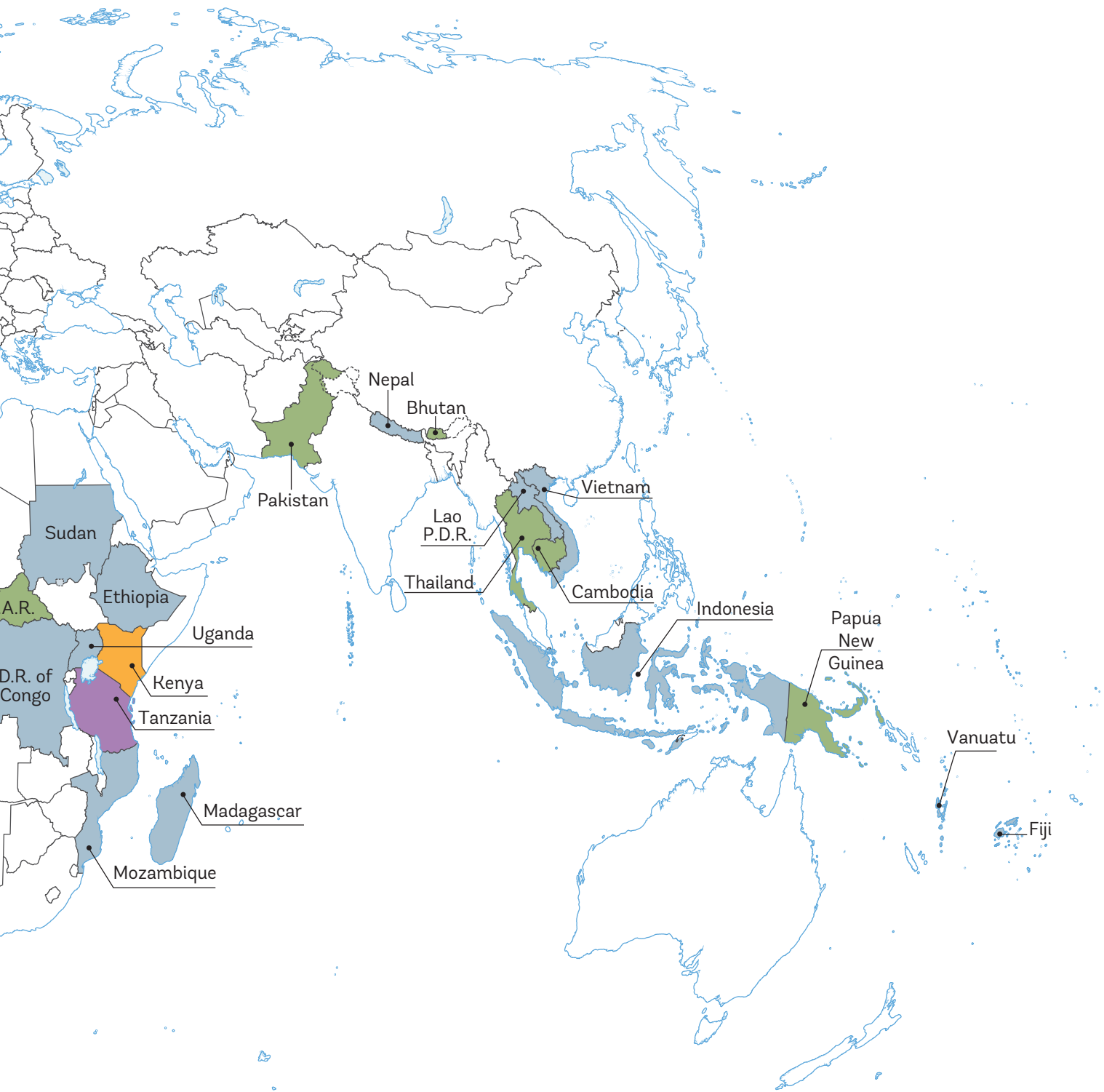
47 Countries in the Readiness Fund

47 REDD+ country participants have been selected into the FCPF and have signed Participation Agreements. The map illustrates the furthest milestone toward readiness completion that each country had achieved as of June 30, 2021.



READINESS FUND MILESTONE

- 26 READINESS PACKAGES ENDORSED BY PARTICIPANTS COMMITTEE
- 17 MID-TERM PROGRESS REPORTS ASSESSED BY PARTICIPANTS COMMITTEE
- 2 READINESS PREPARATION GRANT SIGNED
- 2 PARTICIPATION AGREEMENT SIGNED



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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.

CONSULTATION, PARTICIPATION, AND OUTREACH

Catalyzed by REDD+ efforts, the expansion and protection of tribal land rights can be one of the most cost-effective ways to protect forests and sequester carbon. Indigenous Peoples and local communities, including women and youth, are most closely connected to forests and, with the right knowledge and tools, are the ones uniquely placed to manage forests sustainably now and for generations to come.

Since the FCPF's launch, broad stakeholder engagement has been at the heart of the facility's REDD+ support to countries.

Civil society, Indigenous Peoples, forest-dependent communities, women's groups, and nongovernmental organizations have come to play a central role in REDD+ readiness and implementation and have gained more access to forest and land-use planning than ever before.

The following examples showcase consultation and outreach work that happened in the past year in countries at various stages of the readiness process.

Belize completed ethno-mapping in four southern communities that will feed into the country's land tenure assessment process. This ethno-mapping has helped define the uses and areas of lands being used by various groups, including the southern Maya of Belize. To advance the country's



REDD+ strategy, stakeholder consultation workshops throughout FY21 engaged with more than 400 Indigenous and community members to raise awareness and deepen their engagement with REDD+.

Costa Rica completed several stakeholder training activities in FY21, including two virtual workshops with the Kábata Kónana women for the creation of a Gender Equality in Productive Units award. The country also completed consultations with various groups, including the Indigenous Bribri-Cabécar de Talamanca Network, on the development of a Territorial Environmental and Forestry Plan.

Kenya conducted a study in FY21 that explored ways of enhancing the participation of marginalized and forest-dependent communities

in the development and implementation of REDD+ in Kenya. The study looked at how Indigenous knowledge in forest governance can be incorporated in the management of forests resources. Kenya also conducted consultations with more than 1,200 community members from Mau Forest to discuss rights-based forest conservation and management.

Suriname engaged with the Tribal Peoples platform KAMPOS and the Indigenous Peoples platform VIDS to develop protocols for securing the free, prior, and informed consent (FPIC) of Indigenous tribal peoples. The project aims to strengthen the involvement of Indigenous Peoples in national environment processes.



NATIONAL REDD+ STRATEGIES

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

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

Fiji continued its work to finalize the country's national REDD+ strategy, including the development of a safeguards information system and national forest inventory. The country also advanced a review of its 2010 REDD+ policy, which will support Fiji's REDD+ strategy.

Pakistan conducted a study in FY21 on the development of participatory forest management plans and subnational REDD+ action plans as part of its national REDD+ strategy implementation. These participatory plans are expected to prioritize province-specific drivers of deforestation and forest degradation in the context of local socioeconomic settings and propose actions to address them.

Sudan implemented a series of activities in FY21 to advance its national REDD+ strategy, including studies on forest landscapes restoration, mainstreaming REDD+ in national development policies and legislation, deforestation effects of mining, gender mainstreaming and consultations, and private sector engagement in reforestation initiatives.

Vanuatu's draft national REDD+ strategy has been prepared based on consultations with various national agencies and communities on different islands. The strategy is expected to be finalized and presented at a national workshop involving diverse stakeholders, and launched by the government in December 2021.



FOREST REFERENCE EMISSION LEVELS

Setting forest reference levels (FRLs) or forest reference emission levels (FRELs), or both, is one of the first steps countries need to take to benefit from REDD+. As a key component of national forest monitoring systems, FRLs and FRELs provide a baseline against which emission reductions can be measured and subsequent results-based payments can be made (Box 1).

FCPF countries that have submitted FRELs to UNFCCC



2015	Colombia, Guyana, Mexico
2016	Chile, Costa Rica, Ethiopia, Indonesia, Paraguay, Peru, Republic of Congo, Vietnam
2017	Cambodia, Côte d'Ivoire, Ghana, Honduras, Madagascar, Nepal, Papua New Guinea, Tanzania, Uganda
2018	Democratic Republic of Congo, Lao PDR, Madagascar,* Mozambique, Nigeria, Panama, Suriname
2019	Argentina, Nicaragua, Nigeria*
2020	Belize, Bhutan, Burkina Faso, Colombia,* Dominican Republic, Honduras,* Kenya, Liberia, Mexico,* Pakistan, Sudan, Togo
2021	El Salvador, Gabon, Ghana,* Peru,* Suriname, Thailand

* Resubmission of FREL to UNFCCC

BOX 1. FRL vs FREL

The UNFCCC does not explicitly differentiate between an FRL and an FREL. A common understanding is as follows:

FRL

A benchmark for emissions from deforestation and forest degradation and removals from sustainable management of forests and enhancement of forest carbon stocks

For all REDD+ activities

VS

FREL

A benchmark for emissions exclusively from deforestation and forest degradation

REDD+ only



This year, six FCPF countries submitted their FRELs/FRLs to the United Nations Framework Convention on Climate Change (UNFCCC) for technical assessment.

Belize, Bhutan, Burkina Faso, the Dominican Republic, Honduras, Kenya, Liberia, Pakistan, and Sudan completed technical assessments of their FRELs/FRLs and are preparing for the next phase.

Vietnam and Honduras submitted REDD+ technical annexes to the UNFCCC in FY21.

Several other FCPF countries, including Fiji and Guatemala, continue to progress in developing their FRELs/FRLs and are expected to finalize them soon.

NATIONAL FOREST MONITORING AND SAFEGUARDS INFORMATION SYSTEMS

A key building block in REDD+ readiness is setting up a robust and transparent national forest monitoring system (NFMS). The FCPF supports countries in the design of monitoring systems 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 the development of a safeguards information system (SIS) for providing publicly available information on how safeguards are being addressed and respected in 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 safeguards information systems.

Belize continued work on its already operational NFMS with the establishment of 23 destructive sample plots in grasslands in FY21. The country aims to finalize its methodology for destructive agricultural sample plots in FY22, adding to the broader landscape network in Belize with the aim of intensifying agricultural production.

Cambodia's NFMS road map for REDD+ implementation has been developed based on a capacity gap assessment on the current and future requirements of the MRV technical team. In FY21, the country hosted a technical workshop on planning Cambodia's NFMS, which brought together close to 50 participants from a wide range of national and international organizations, including the National Council for Sustainable Development, the General Directorates of Environmental Knowledge and Information System, the Forestry Administration, the Fisheries Administration WWF, WCS, Conservation International, and the Food and Agriculture Organization (FAO).

Kenya's draft NFMS is a product of several multi-institutional and multistakeholder efforts over the past seven years. The NFMS, which underwent technical review in FY21, uses a combination of remote sensing and ground-based forest carbon inventory approaches for estimating anthropogenic forest-related greenhouse gas emissions by sources and removals by sinks, forest carbon stocks, and forest area changes. The NFMS will also provide relevant information to the country's SIS when set up.

Pakistan launched its NFMS in FY21 with high-level support from the country's adviser to the prime minister on climate change. To further strengthen forest monitoring capacities, the sub-national forestry departments have been equipped with modern forest inventory and GIS equipment. Pakistan is also putting in place remote sensing drones to collect high-quality geospatial data for real-time forest monitoring of forest restoration activities.



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 advanced their efforts to capture the non-carbon benefits arising from their REDD+ activities.

Costa Rica carried out an analysis in FY21 to evaluate the convergence of multiple non-carbon benefits potentially generated by the policy actions included in the country's national REDD+ strategy. The primary non-carbon benefits identified in the analysis included natural scenic beauty for tourism purposes, biodiversity conservation, support to communities vulnerable to water stress, socioeconomic improvement potential, soil erosion control, and potential for governance improvement.

Guatemala is developing incentives around REDD+ non-carbon benefits through several activities, including promoting access of women's groups and organizations to green financing, to improve their livelihoods through agricultural entrepreneurship; establishing a diversification program (native species or ecotypes) as an adaptive and climate-risk management strategy, aimed at women, men, Indigenous Peoples, and youth; strengthening local agri-food chains with an integrated approach to sustainability, inclusion, and climate action; and implementing native seed and grain banks, with the aim of improving food security in the region.

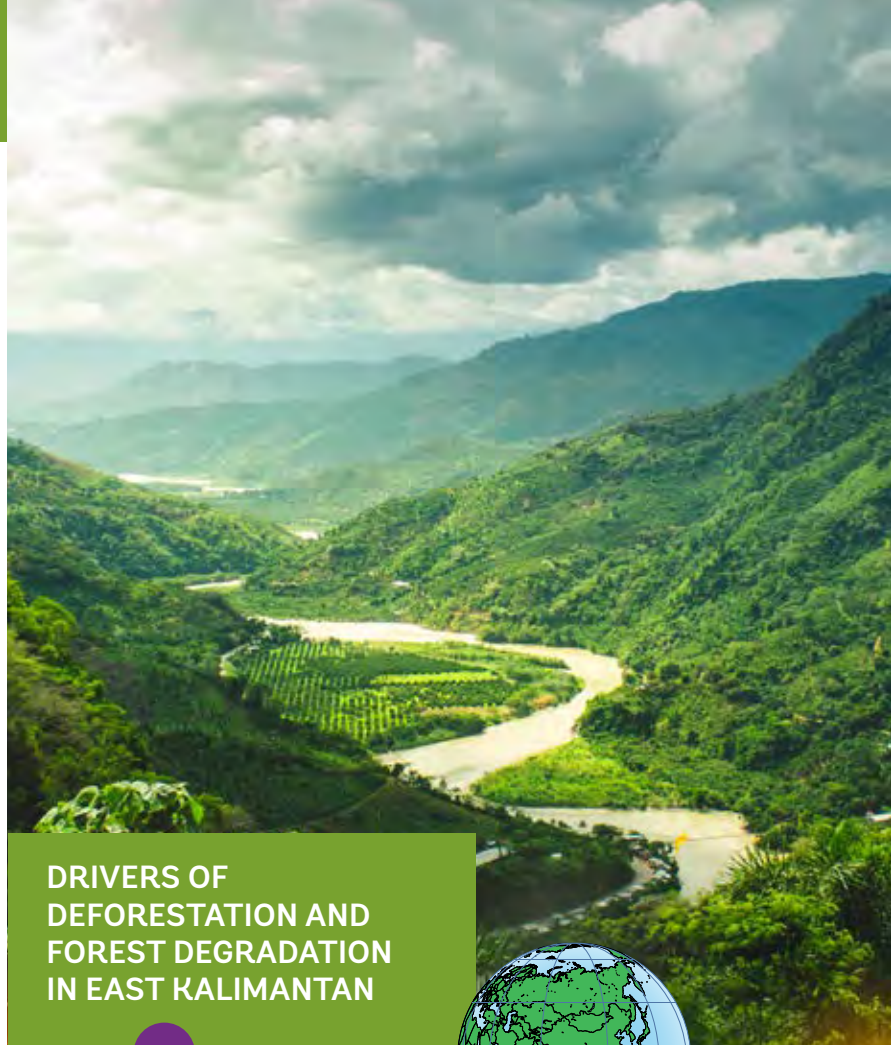
Sudan's REDD+ strategy is supporting biodiversity conservation by addressing livelihood improvement for local people through the exploitation of non-wood forest products. The country's REDD+ unit is working with wildlife authorities to increase the awareness around national parks and sharing the benefits of REDD+.

Vanuatu's study on REDD+ strategy options identified several activities to enhance the livelihoods of local communities, including the management of protected areas and non-timber forest products by community members, as well as integrating agroforestry systems with agriculture and horticulture activities. These kinds of income-generating schemes will be integrated into Vanuatu's national REDD+ strategy.

Indonesia's Emission Reductions Program

MOVING FROM READINESS TO EMISSION REDUCTIONS PROGRAM IMPLEMENTATION

Since 2009, the FCPF has been working with Indonesia to set up the fundamental building blocks needed to advance the country's REDD+ readiness and develop its large-scale emission reductions (ER) program. This is Indonesia's first jurisdictional-level ER program, which is providing an example for other subnational governments in the country, including the ER program in Jambi Province. The story of Indonesia's REDD+ readiness and implementation advancements clearly illustrates how a country can partner with the FCPF to move from readiness to ER program implementation.



DRIVERS OF DEFORESTATION AND FOREST DEGRADATION IN EAST KALIMANTAN



Expansion of oil palm plantations



Timber plantations



Mining

“Indonesia’s ER program has built positive momentum and provides an opportunity to take action collectively—across governments, civil society organizations, communities, and businesses. While the work on the ground will take place in one province, the results will help us as a country to meet our goals to reduce deforestation and degradation, address the impacts of climate change, and set Indonesia on a path of green development.”

—Bambang Hendroyono, Secretary General, Ministry of Environment and Forestry, Indonesia



WHY INDONESIA'S FORESTS MATTER


About 10 percent of the world's tropical forests grow in Indonesia, and some of the most important forest cover in Indonesia lies in East Kalimantan Province. This province has 6.5 million hectares of tropical forests, which are home to globally significant biodiversity and support numerous indigenous and other local communities. More than 10 percent of East Kalimantan's remaining forest cover was lost over the past decade, in part because of the expansion of oil palm and timber plantations.

Progress on REDD+ Readiness

Since 2012, Indonesia's REDD+ readiness activities have focused on the development of important building blocks, including the establishment of a national strategy, forest reference emission levels, and systems for national forest monitoring and safeguards information. An analytical framework and broad public consultation strengthened efforts to understand the underlying drivers of deforestation and degradation in and outside of forest jurisdictions.

Supporting Readiness

Between 2012 and 2020, the FCPF granted Indonesia \$8.6 million to support its REDD+ readiness efforts. These grants helped Indonesia in the preparation of its REDD+ strategy through a participatory and inclusive process and provided relevant technical and policy advice.



Strong National and Provincial Targets

At the national level, Indonesia has committed to cutting up to 41 percent of its greenhouse gas emissions with international support by 2030, as well as accelerating sustainable development in its national development plan. Indonesia's ER program with the FCPF Carbon Fund is providing unprecedented support to achieve the country's ambitious climate targets.

Provincially, Indonesia's ER program 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.

Indonesia's Emission Reductions Program

Support from the FCPF's Readiness and Carbon Funds has facilitated the development of Indonesia's ER program in East Kalimantan. The program is designed to help lower rates of deforestation and forest degradation across 12.7 million hectares of land rich in tropical rainforests and biodiversity. The program is also supporting sustainable forest management through improving forest licensing, strengthening forest management capacity, and promoting community-based planning.

To kick off implementation of the ER program, Indonesia and the FCPF Carbon Fund signed a landmark Emission Reductions Payment Agreement (ERPA) in November 2020, unlocking up to \$110 million for Indonesia's efforts to lower carbon emissions from deforestation and forest degradation. With this agreement in place, Indonesia will receive results-based payments for reducing 22 million tons of carbon emissions in the province of East Kalimantan between 2020 and 2025.

Benefit Sharing

Indonesia has developed an inclusive benefit-sharing plan for its ER program that is designed to reach a diverse group of beneficiaries, including four levels of government, the private sector, and local communities that are often located in remote villages and may not have official titles to their land. The eligibility criteria for beneficiaries ensure all relevant contributors to emission reductions receive benefits from the program. Benefits from Indonesia's ER program will be allocated for reduced emissions during the ERPA term, as well as on the past sustainable practices by local communities who have managed their forests sustainably for decades.

THE CARBON FUND

Over the past year, the **FCPF Carbon Fund** signed milestone Emission Reductions Payment Agreements (ERPAs) with Costa Rica, Côte d'Ivoire, the Dominican Republic, Fiji, Indonesia, Lao PDR, Madagascar, Nepal, Republic of Congo, and Vietnam. Including previously signed ERPAs with Chile, the Democratic Republic of Congo, Ghana, and Mozambique, the total value of signed payment agreements now totals \$670 million.



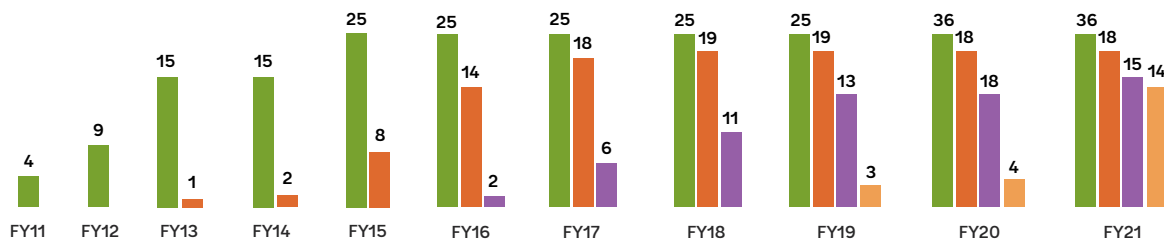
\$670m

in performance-based payments for the successful implementation of jurisdictional emission reductions (ER) programs across 14 Carbon Fund participant countries.



MILESTONES

- ER Program Idea Notes Submitted
- Letters of Intent Signed
- ER Programs Accepted into Portfolio
- ERPAs Signed¹



¹ 10 countries signed ERPAs in FY21: Republic of Congo, Costa Rica, Côte d'Ivoire, the Dominican Republic, Fiji, Indonesia, Lao PDR, Madagascar, Nepal, and Vietnam.

ER Program Idea Notes Submitted

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

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.

ER Programs Accepted into Portfolio

The Emission Reductions Program Document (ERPD) presents the technical and organizational aspects of the ER program and the ER program measures in accordance with the Carbon Fund Methodological Framework.

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.

15 Countries in the Carbon Fund

The Carbon Fund includes programs in 15 countries. The map illustrates the furthest milestone toward developing a large-scale REDD+ initiative that a country has achieved as of June 30, 2021.



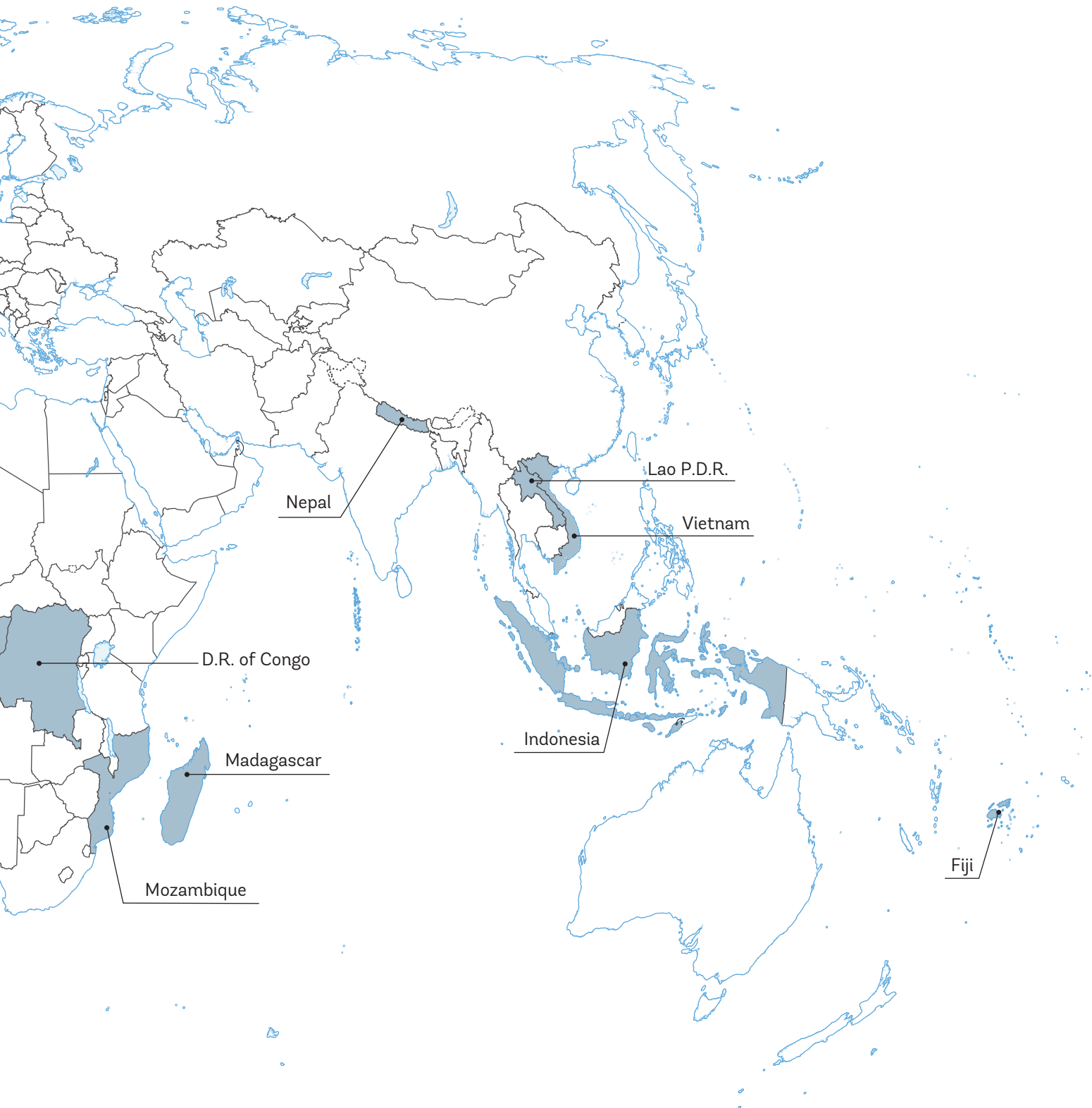
CARBON FUND MILESTONE

14 ERPAs SIGNED

- Chile: \$26m
- Costa Rica: \$60m
- Côte d'Ivoire: \$50m
- DRC: \$55m
- Dominican Republic: \$25m
- Fiji: \$12.5m
- Ghana: \$50m
- Indonesia: \$110m
- Lao PDR: \$42m
- Madagascar: \$50m
- Mozambique: \$50m
- Nepal: \$45m
- Republic of Congo: \$41.8m
- Vietnam: \$51.5m

(The values shown alongside country names are the ERPA contract values.)

1 IN CARBON FUND PORTFOLIO



IBRB 45279 | SEPTEMBER 2021

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 15 diverse and ambitious emission reductions programs take a jurisdictional-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.





Chile




The ER program in Chile is supporting and strengthening the country's National Strategy for Climate Change and Vegetation Resources (ENCCRV), which aims to decrease the forest-related social, environmental, and economic vulnerability generated by climate change, desertification, land degradation, and loss of vegetation resources. The program is helping Chile address its main drivers of deforestation through strategic activities such as preventive forest fire management and postfire restoration, sustainable forest management, forest and livestock management models, and sustainable use of vegetation resources, complemented with reforestation of priority areas with native species.

 **Program name:** Chile's Emission Reductions Program

 **Program location:** 6 of the 16 administrative regions in the country

 **Program area:** 15.3 million ha

 **ERPA terms:** Up to \$26 million for reductions of 5.2 MtCO_{2e}








Costa Rica




The ER program supports Costa Rica’s national REDD+ strategy and its broader ambition to achieve a low-carbon economy in a resilient environment. The program is helping to expand the country’s payment for environmental services program and contributing to other key national programs for sustainable forest management, fire management, landscape restoration, and the National Decarbonization Plan. The program is also strengthening the governance of national protected areas, which cover 26 percent of the country’s territory. Marked by a strong social component, the program is working to increase the participation of all stakeholders to address the drivers of deforestation and forest degradation, including Indigenous Peoples and private landowners, enabling emission reductions from an additional 20 percent of the program’s forest area.

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

 **Program location:**
National

 **Program area:**
3.2 million ha


 **ERPA terms:** Up to \$60 million for reductions of 12.0 MtCO_{2e}





Côte d’Ivoire




Côte d’Ivoire’s ER program 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 ER program is implementing a model for economic development that improves the population’s living conditions while ending deforestation and forest degradation, and reducing carbon emissions. It is also developing strong partnerships, including with World Cocoa Foundation members (some of the world’s largest cocoa companies) who have committed to participate in Côte d’Ivoire’s ER program by financing investments up front.

 **Program name:**
Côte d’Ivoire Emission Reductions Program in the Taï National Park Area

 **Program location:** 5 regions in the county’s southwest area (Cavally, Nawa, San Pédro, Guémon, Gboklè)

 **Program area:**
4.6 million ha


 **ERPA terms:** Up to \$50 million for reductions of 10 MtCO_{2e}



Democratic Republic of Congo



The Democratic Republic of Congo (DRC) has selected 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 ER program combine different sources of funding, such as the Central African Forest Initiative and the Global Environment Facility. The DRC's ER Program is helping the country 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
-  **Program location:** Mai-Ndombe Province
-  **Program area:** 12.3 million ha
-  **ERPA terms:** Up to \$55 million for reductions of 11 MtCO₂e



Dominican Republic



The Dominican Republic's ER program is a national-level initiative focused on reducing forest emissions and enhancing removals to help local communities and areas important for agricultural production, water supply, and biodiversity. The ER program is strengthening institutional frameworks and policies, as well as civil society and government programs that promote sustainable agroforestry and silvopastoral systems with the aim to improve production on existing plots and stop the expansion of the country's agricultural frontier into forest areas. The program also promotes broader, integrated, and sustainable natural resource management through a mix of conservation, restoration, and sustainable production, including for forest products, coffee, and cacao.

-  **Program name:** Emission Reductions Program of the Dominican Republic
-  **Program location:** National
-  **Program area:** 4.8 million ha
-  **ERPA terms:** Up to \$25 million for reductions of 5 MtCO₂e



Fiji



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

-  **Program name:** Emission Reductions Program of Fiji
-  **Program location:** 11 provinces, including the islands of Viti Levu, Vanua Levu, and Taveunii
-  **Program area:** 1.7 million ha
-  **ERPA terms:** Up to \$12.5 million for reductions of 2.5 MtCO₂e



Ghana



Ghana’s ER program is an ambitious and unique initiative in Africa—and a global first in the cocoa sector—that is supporting the production of sustainable, climate-smart cocoa beans while reducing emissions from deforestation and forest degradation. The program addresses landscape management with a focus on sustainable cocoa farming, forest protection, community-based landscape governance, and multistakeholder collaboration; it also promotes other tree crops and agroforestry within the cocoa-forest hot spot intervention areas.



Program name: Ghana Cocoa Forest REDD+ Programme



Program location: 6 hot spot intervention areas in the high forest zone



Program area: 5.9 million ha



ERPA terms: Up to \$50 million for reductions of 10 MtCO₂e



Guatemala



Guatemala’s ER program is a subnational-level initiative aimed at strengthening the management of national protected areas and reinforcing forest policy instruments. The program is implementing 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



Program location: 92 percent of the national territory



Program area: 10 million ha



ERPA terms: Signed in early FY22; up to \$52.5m for reductions of 10.5 MtCO₂e



Indonesia



Indonesia’s ER program 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. It is designed to promote sustainable forest management through activities that include improving forest licensing, strengthening forest management capacity, and promoting community-based planning. The program also focuses 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. This is Indonesia’s first jurisdictional-level ER program, which is providing an example for other subnational governments in the country.



Program name: East Kalimantan Jurisdictional Emission Reductions Program



Program location: East Kalimantan Province



Program area: 12.7 million ha




ERPA terms: Up to \$110 million for reductions of 22 MtCO₂e




Lao PDR




Lao PDR's ER program is addressing the drivers and underlying causes of deforestation and forest degradation through provincial-level activities in six northern provinces. Working across key land-use sectors, the program is providing a strong, strategic, and scalable foundation to promote sustainable agriculture practices, forest management, conservation, and rehabilitation. The program's programmatic approach combines priority policy actions; improvements in forest management practices and measures to reduce pressure from the agriculture sector, including through integrated spatial planning; and sustainable livelihood development. The program's benefit-sharing arrangements encourage the participation of local communities, ethnic minority groups, and other stakeholders, and provide incentives for greener and more resilient landscape management.

 **Program name:** Northern Lao Governance, Forest Landscapes and Livelihood Program

 **Program location:** 6 northern provinces, covering more than a third of the country

 **Program area:** 8 million ha


 **ERPA terms:** Up to \$42 million for reductions of 8.4 MtCO₂e





Madagascar




Madagascar's ER program builds on 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. The program follows a landscape approach that addresses the direct and indirect causes of deforestation and degradation including important watersheds. The program also reinforces conservation and community forest management and builds on forest-friendly agroforestry value chains, such as vanilla. The program includes a number of protected areas, reinforcing their important place in the landscapes. The government of Madagascar is finalizing the final steps to ensure effective and secure transfer of funds to beneficiaries.

 **Program name:** Atiala Atsinanana Emission Reductions Program

 **Program location:** Madagascar's eastern humid forest ecoregion

 **Program area:** 6.9 million ha

 **ERPA terms:** Up to \$50 million for reductions of 10 MtCO₂e




Mozambique





The Mozambique Becomes the First FCPF Country to Receive Results-Based Payments

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 ER program 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:** Zambézia Integrated Landscape Management Program

 **Program location:** 9 districts of Zambézia Province, in central-northern Mozambique

 **Program area:** 5.3 million ha

 **ERPA terms:** Up to \$50 million for reductions of 10 MtCO₂e



Nepal

Building on almost two decades of Nepal's successful community-based forest management program, the country's ER program is delivering forest conservation results and emission reductions at scale by addressing the pressures and threats to forests across the program area. The program's interventions include improving the management practices on existing community forests building on traditional and customary practices; localizing forest governance through the transfer of national forests to community and collaborative forest user groups; expanding private sector forestry through improved access to extension services and finance; expanding access to alternative energy with biogas and improved cookstoves; scaling up pro-poor leasehold forestry; improving integrated land use planning to reduce forest conversion associated with advancing infrastructure development; and strengthening the management of protected areas.



Program name:

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



Program location:

5 provinces and 13 districts of Nepal's Terai Arc Landscape



Program area:

2.2 million ha



ERPA terms: Up to \$45

million for reductions of 9 MtCO₂e



Republic of Congo

The Republic of Congo's ER program is addressing both direct and underlying drivers of deforestation and forest degradation in the Sangha and Likouala Departments. The program is among the first in Africa to test REDD+ at scale. Program activities include engaging forest concession holders to reduce the impact of their logging operations and set aside conservation areas. The program is also working 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 supports livelihood improvements through smallholder cocoa production, agroforestry systems, and smallholder outgrower schemes, and provides payments for environmental services 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



Program location:

Sangha and Likouala Departments



Program area:

12.4 million ha



ERPA terms: Up to \$41.8

million for reductions of 8.4 MtCO₂e



Vietnam



Vietnam's ER program is working 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



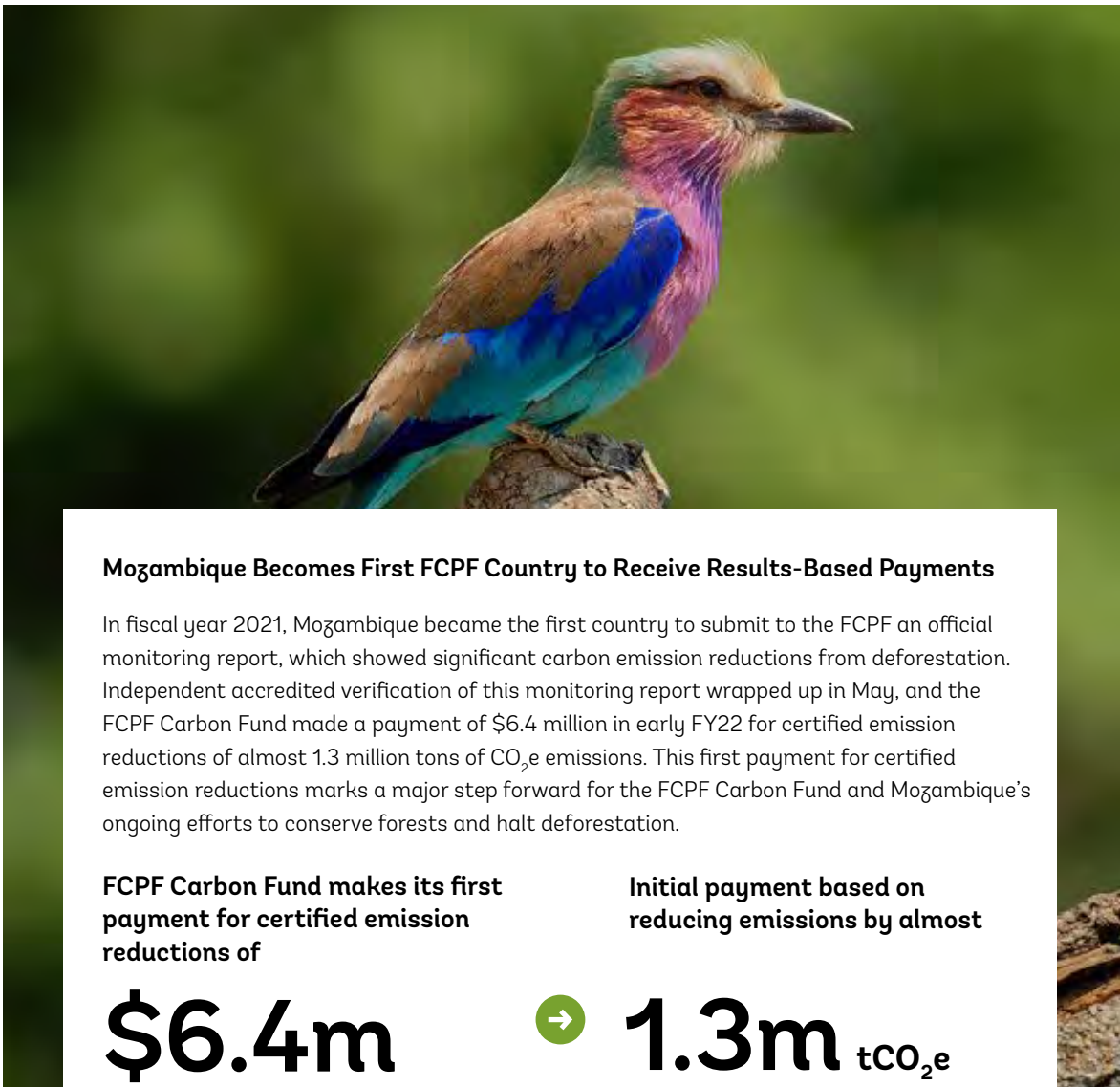
Program location:
6 provinces in Vietnam's North Central Region



Program area:
Over 5 million ha



ERPA terms: Up to \$51.5 million for reductions of 10.3 MtCO₂e



Mozambique Becomes First FCPF Country to Receive Results-Based Payments

In fiscal year 2021, Mozambique became the first country to submit to the FCPF an official monitoring report, which showed significant carbon emission reductions from deforestation. Independent accredited verification of this monitoring report wrapped up in May, and the FCPF Carbon Fund made a payment of \$6.4 million in early FY22 for certified emission reductions of almost 1.3 million tons of CO₂e emissions. This first payment for certified emission reductions marks a major step forward for the FCPF Carbon Fund and Mozambique's ongoing efforts to conserve forests and halt deforestation.

FCPF Carbon Fund makes its first payment for certified emission reductions of

\$6.4m



Initial payment based on reducing emissions by almost

1.3m tCO₂e

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 ER programs. These initiatives include technical capacity building on topics ranging from monitoring, reporting, and verification (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+.

Some examples of progress made through these initiatives over the past year are below.



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 Indigenous Peoples, other forest-dependent communities, and southern civil society organizations (CSOs) to increase their understanding of REDD+ and their engagement in readiness and implementation. The CBP has focused on national capacity building and awareness raising, including among women and youth, as well as through regional exchanges and sharing of lessons learned. Launched in 2008, the small grants component of the CBP totals just under \$15 million (Figure 1, and Box 1).

In **Africa**, phase 3 of the CBP in FY21 focused on completing most project and activities in the region. In partnership with the Network of Indigenous Peoples and Local Communities for the Sustainable Management of Central African Forest Ecosystems (REPALEAC), the Central African Forest Commission (COMIFAC) supported each of the national networks in the region to draft a national program for the development of Indigenous Peoples. This process used a participative manner and extensive consultations among beneficiaries. A validation workshop in June 2021 gave participants the opportunity to propose meaningful actions to develop robust ER program benefit-sharing plans.

The consolidation phase of the CBP will disburse funding at the national level in Carbon Fund countries to deploy country-specific capacity-building activities. This will be complemented by regional-level activities that provide support to various country-specific activities and will allow for knowledge sharing and the exchange of lessons learned.

In **Asia-Pacific** and **Latin America and the Caribbean**, phase 3 of the CBP wrapped up at the beginning of FY21 as planned, with the program's final consolidation phase set to begin in FY22. In both regions, the final consolidation phase will build on capacity-building activities from previous phases and will more directly support Carbon Fund countries that have signed ERPAAs.

Program activities during this final phase aim to build the capacity and skills of Indigenous Peoples and local communities to actively engage in the implementation of the ER programs and their related benefit-sharing plans. For example, in Latin America and the Caribbean, the CBP will support national and local-level organizations in areas such as budget management, monitoring and evaluation, negotiation skills, and overall organizational management related to ER program benefit sharing.



Globally, the CBP has supported

86

subprojects



850

regional and national
knowledge projects



47

FCPF Readiness Fund
countries reached

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

Since 2008, the CBP has raised awareness about REDD+ in all 47 FCPF Readiness Fund countries. Through 86 subprojects and 850 national and regional knowledge products, beneficiaries of REDD+ in Africa, Asia-Pacific, and Latin America and the Caribbean were educated on REDD+ and gained important skills to better engage in the implementation of REDD+ activities in their countries.

Phase 1	<p>2009 – June 2016</p> <p>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 Indigenous Peoples and southern civil society organizations (CSOs) working with the FCPF Readiness Fund.</p>
Phase 2	<p>July 2016 – June 2018</p> <p>With approximately \$3 million in funding, phase 2 supported six regional organizations: one for Indigenous Peoples and one for CSOs in each of the three regions. In this phase, funding went directly to regional organizations that coordinated capacity-building projects in their respective regions.</p>
Phase 3	<p>July 2018 – 2020</p> <p>In March 2017, the FCPF’s Participants Committee allocated an additional \$5 million to the CBP. This amount was divided among the six existing regional organizations engaged with the CBP and one additional organization (REPALEAC, financed through COMIFAC) in Francophone Africa. For this phase of the program, Carbon Fund countries prioritized scaling up existing support and the initiation of new activities.</p>
Consolidation Phase	<p>2021 – December 2022</p> <p>The FCPF has extended the CBP with an additional allocation of \$5 million. The final phase of the CBP will continue the small grants programs to CSOs and Indigenous Peoples, focusing on consolidating knowledge, results, and good practices on REDD+.</p>

FIGURE 1. PHASES 2 & 3 REGIONAL FUNDING RECIPIENTS

Region	Indigenous Peoples Organizations	Civil Society Organizations
Africa		
Asia and Pacific		
Latin America and the Caribbean	 <p style="text-align: center;">Asociación Sot’j’il</p>	 <p style="text-align: center;">ACICAPOC</p>

Global Outreach with Indigenous Peoples and Local Communities

At the global level, the FCPF commissioned an important study in FY21 to assess opportunities and challenges in securing collective land tenure for Indigenous Peoples and local communities in FCPF countries. Undertaken by the Rights and Resources Initiative in collaboration with the Global Land Alliance, the study is expected to wrap up in July 2021.

Early results from the study have already informed country-specific actions in Lao PDR, where an activity will be undertaken to develop bylaws for new land tenure legislation. In the longer term, study results will help inform policy dialogue, investment planning, and progress monitoring around collective forest rights among multiple stakeholders, including the World Bank and other multilateral and bilateral organizations, as well as governments, Indigenous Peoples, local communities, civil society actors, academics, and media organizations.

Moving forward, the FCPF will launch a peer-to-peer outreach activity that aims to provide Indigenous Peoples and local communities across the globe with clear, accessible, and practical information and knowledge about climate change, REDD+, and results-based climate finance, and how these issues affect their daily lives. Additionally, a review will be conducted of

customary land and forest tenure systems and common property rights. This review aims to develop four analytical products, each evaluating collective tenure and social inclusion in the context of a specific environmental management approach applied at scale. The review will be conducted at a global level in order to provide guidance on intervention options, pathways, and phasing to maximize positive impacts of REDD+ programs.

Women ♀

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 ER programs that ensure women are partners in the planning, operation, and deployment of climate finance.

Over the past year, several country participants advanced efforts to mainstream gender considerations in their 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.

For example, the **Dominican Republic** completed a comprehensive gender analysis that takes stock of current barriers for women's participation in REDD+, and a gender action plan that proposes strategies to overcome existing barriers. The action plan includes activities to increase the visibility and participation of women in forestry, agriculture, and REDD+, as well as to reduce gaps in land tenure and incorporate women in the agricultural and forestry labor market.

At the international level, the FCPF successfully initiated and delivered several activities to integrate gender into emission reductions programs and enhance opportunities for women. In partnership with the international



nongovernmental organization Women Organizing for Change in Agriculture and Natural Resource Management (WOCAN), the FCPF developed an innovative training course focused on how to make REDD+ forest and climate programs more gender inclusive. In March, WOCAN piloted this training program in Madagascar and Côte d'Ivoire, with an emphasis on creating equitable REDD+ benefit-sharing plans. Given participants' high level of satisfaction with the course, the FCPF will now explore ways to expand access to the course in other FCPF countries.

The FCPF has also undertaken various reviews to identify opportunities for gender empowerment and inclusion in its programming. The first study identifies challenges for women's rights to land tenure in Carbon Fund countries. A second study focuses on learning from gender empowerment efforts in other climate funds and on how these lessons can be replicated. A third study explores women's access to financing. The FCPF also developed a behavioral study to examine the perceived and actual gender differences in the use and management of natural resources, and the challenges of integrating women into REDD+ related activities or other natural resource management projects. Finally, a fifth study aims to enhance women's opportunities in low-carbon value chains by identifying four promising value chains in different Carbon Fund countries and developing feasibility studies for increased women's participation in these value chains.

All ongoing reviews are designed to inform current and future FCPF activities. They are scheduled to be finalized in late summer 2021 and will feed into both the Gender Strategy and the Action Plan 2020-2025, as well as the design of the new Trust Fund EnABLE (Enhancing Access to Benefits while Lowering Emissions), focused on promoting social inclusion in results-based climate finance programs including the FCPF.

Because of the COVID-19 pandemic, a planned South-South knowledge exchange focusing on gender mainstreaming in the Latin America and Caribbean region had to be postponed.





Private Sector Engagement

Long-term private sector investments are critical for addressing current funding gaps in climate finance for forests and landscapes. The FCPF assesses such gaps and develops strategies to overcome barriers that hinder private sector engagement in selected jurisdictions. It seeks out innovative entry points for the private sector to help scale up the potential of REDD+.

In the cocoa sector, the FCPF continued to partner with Alisos and Kinomé, aiming to facilitate the adoption of an economically viable and climate-resilient growth trajectory for the cocoa agroforestry supply chain. A cocoa agroforestry guide is under development, and a virtual South-South knowledge exchange has been established between African and Latin American countries, called the Cocoa and Forest Knowledge Exchange Program. These two activities are being carried out in parallel and feed into each other. The program is also providing capacity building and a platform for exchange with international experts through webinars, mentoring, and knowledge sharing on successful case studies (Box 2).

In addition, the FCPF has been working to leverage synergies with relevant World Bank initiatives, including Food Systems, Land Use, and Restoration (FOLUR) and PROGREEN, as well as a cross-cutting project in Côte d'Ivoire to help establish a regulatory framework for environmentally sustainable investments in cocoa agroforestry. The FCPF has also continued to deepen corporate engagement through ongoing discussions with key organizations operating in FCPF cocoa countries. These organizations include the World Cocoa Foundation, CFI, IDH, Earthworm, and the TFA.

In the livestock sector, the FCPF continues to develop two financing blueprints to boost climate mitigation investments: the development of a credit line with climate mitigation conditionality for the dairy sector in Kenya, and value chain financing to promote native ecosystem protection in Colombia. To bring in the perspectives of the climate finance and livestock sector stakeholders for the development of this work, a Climate

Finance and Livestock Community of Practice has been established, with virtual workshops taking place throughout the year to enable information exchange and facilitate potential collaboration.

In April, the Livestock Team in the World Bank's Agricultural Global Practice published an analytical report looking at the challenges and opportunities for climate finance in the livestock sector. Moreover, a methodology for creating cost-efficient MRV systems was adapted for the livestock and land-use change sector. This methodology will be piloted in the coming year to test its applicability and accuracy in measuring emission reductions.

In the smart mining sector, the FCPF is developing an analysis on prospects and options for the application of forest carbon tools to integrate nature-based solutions in large-scale operations. The facility is also developing proposals to integrate forest considerations in existing artisanal and small-scale mining standards and certification systems. Through a rigorous stakeholder consultations process, site-specific case studies have been designed and are being implemented in collaboration with mining and financial partners. Once the project is concluded, these analytical insights will serve as concrete guidance to implement forest-smart mining principles in most large-scale and artisanal small-scale mining projects.

In the vanilla sector, the FCPF is developing a technical manual and associated cost-benefit analysis to promote good agricultural practices for sustainable vanilla production in Madagascar's Sava region. This manual presents production practices that can contribute to zero-deforestation production and inform priorities for promoting forest-friendly practices at different levels of the vanilla sector value chain.

Because of the COVID-19 pandemic, some of the field visits in Madagascar were converted into a series of virtual interviews and focus group discussions with relevant stakeholders. In parallel, the FCPF is providing technical assistance to sectoral initiatives, especially the Sustainable Vanilla Initiative, as well as to government bodies

(that is, ministries of trade and agriculture) and value chain coordination entities.

In the cashew sector, the FCPF launched a project to leverage the private sector to improve the cashew nut supply chain in Mozambique and propose agroforestry systems that can provide resilience and revenues for smallholders. To date, the FCPF in collaboration with the World Bank's

Environment Global Practice has conducted a desk-based cashew nut supply chain diagnostic to identify priority areas and investment opportunities. After the first phase, a feasibility study will be carried out to identify the different options of investments at the farm level, including business plans supported with cost-benefit analysis.



BOX 3. COCOA AND FOREST KNOWLEDGE EXCHANGE PROGRAM

With support from the FCPF, Alisos and Kinomé developed a South-South knowledge exchange program for sustainable cocoa. This 10-month training program, running from January to October 2021, works with cocoa experts and practitioners in Brazil, Colombia, Côte d'Ivoire, the Dominican Republic, Ghana, and Peru to help stimulate the growth of a vibrant and sustainable cocoa sector.

Through technical webinars and knowledge sharing, the knowledge exchange program aims to promote sustainable cocoa production through agroforestry and to strengthen existing public-private partnership initiatives.



The FCPF's cross-sectoral work in FY21 included advancing a programmatic approach to assess gaps and develop strategies for overcoming barriers that hinder private sector engagement in selected jurisdictions. So far, targeted partners in the implementation of the FCPF's programmatic approach include the Cocoa & Forests Initiative, the Global Roundtable for Sustainable Beef, and the Sustainable Vanilla and Nut Initiatives. Additionally, the FCPF published a guidance note on its private sector engagement approach, providing a comprehensive overview of how the facility engages with the private sector through replicable, scalable, and innovative models in governance and finance.

In March, the FCPF and the Initiative for Sustainable Forest Landscapes (ISFL) hosted a virtual private sector workshop focused on opportunities to partner with the private sector to drive natural climate solutions. This three-day event, co-organized by the FCPF's private sector observers, the International Emissions Trading Association (IETA) and CDP, brought together 900 leaders, government representatives, and members of the private sector from more than 50 countries. Over the course of the event, participants explored topics covering climate finance, enabling conditions, and sustainable supply chains.

The FCPF continued to explore collaborations with organizations including the CDP, Green Fund, Rabobank, and with World Bank initiatives such as FOLUR and PROGREEN, to take advantage of synergies in overlapping jurisdictions. One key area of collaboration with these partners is through

the formation of sectoral communities in the cocoa, livestock, and mining value chains, through which the FCPF brings together key stakeholders from the public and private sectors to exchange perspectives, build capacities, and facilitate partnerships.

Moving forward, the FCPF aims to organize national and regional dissemination workshops on beef with the Global Roundtable for Sustainable Beef, on cocoa with the World Cocoa Foundation, and on mining with the International Council on Mining and Metals. The 2022 private sector engagement workshop is already in development and will likely employ a mix of in-person and virtual formats to deliver topical and regional deep dives. The FCPF in collaboration with the Environment Global Practice is developing an analytical project focusing on developing ecotourism and timber plantations in Southeast Asia, which will be launched in the first quarter of FY22.

Technical Capacity Building

Measurement, Reporting, and Verification

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 FY21, the FCPF continued its financial and technical support to countries operationalizing their MRV systems and improving their reference

levels. The Facility Management Team (FMT) continued the implementation the **World Bank Land Use Climate Funds MRV Support Program**, which has delivered \$5 million in support to countries' MRV and carbon accounting systems. This support in FY21 included the following:

- Developing the **OpenMRV global knowledge platform** (Box 4).
- Launching of a **new generation MRV system** (Box 5).
- Partnering with the Global Forest Observation Initiative (GFOI) to conduct a **lessons learned study on MRV implementation**, to learn from the implementation of 10 years of MRV systems. The results of this study—presented in a full report and policy brief—provide recommendations for donors, partners in development, and REDD+ countries to help improve future MRV implementation.
- Leveraging support from the Food and Agriculture Organization (FAO) to develop several **resources for area estimation**, such as a Global Forest Observations Initiative (GFOI) white paper and standard operating procedures templates.
- Developing the first fully comprehensive **policy-making guidance manual of REDD+ nesting initiatives**. This manual aims to help countries define accounting systems to maximize access to results-based finance.
- Designing an **analysis of potential and options for conserving stable forests** that are not under threat. This analysis serves to define policy paths to support the conservation of forests that are not under threat.
- Producing a new report on **quantifying carbon for jurisdictional REDD+**. This report gives an overview of the choices based on the experiences of FCPF country participants.
- Developing different tools and resources to enable countries to **improve the efficiency of their MRV systems**.
- Providing **technical assistance to countries' MRV systems**, to help countries report to the Carbon Fund.

BOX 4. OPENMRV GLOBAL KNOWLEDGE PLATFORM

OpenMRV is a new global knowledge platform on forest measurement, reporting, and verification that the FCPF launched in FY21 in collaboration with the Global Forest Observations Initiative (GFOI). This platform represents a one-stop shop for countries to access training resources related to innovative geospatial tools for forest monitoring and a space for South-South resource exchange. OpenMRV will enable countries to build their capacities on the use of state-of-the-art tools in an autonomous manner.

BOX 5. NEW GENERATION MRV SYSTEMS (MRV 2.0) BASED ON SPACE TECHNOLOGIES

In FY21, the FCPF assessed a number of innovative technologies including space technologies and readiness for remote sensing-based estimation of forest carbon stocks and dynamics. More than 150 experts provided their advice on how innovation should be used to disrupt carbon monitoring of forests. The conclusions of this assessment were used to prepare a brief that provides policy pathways toward second-generation MRV systems.



Verification of REDD+ credits for Mozambique's ER program resulted in the third-party certification of

2m tCO₂e

In early FY22, the FCPF Carbon Fund made its first payment of

\$6.4m

for certified emission reductions

Tons of CO₂e in Mozambique's ER program available to private buyers:

\$700K

tCO₂e

In FY21, the FCPF Carbon Fund continued to implement the third-party accredited verification system, resulting in the world's **first-ever accredited verification of jurisdictional REDD+ emission reductions**. This first verification of Mozambique's ER program resulted in the certification of 2 million tCO₂e, of which 1.3 million tCO₂e were paid for from the FCPF Carbon Fund.

This was the result of months of work with the ANSI National Accreditation Board in the design and implementation of accreditation procedures for third-party auditing firms following ISO standards, and work with different partners in the definition of validation and verification procedures. This has resulted in the first issuance of ER certificates, payment, and ER transfers in early FY22 under the FCPF program and will result in \$6.4 million in

payments and 700,000 tCO₂e potentially available to private buyers.

During FY21, the FMT supported the approval of several methodological revisions under the FCPF Carbon Fund, which will further strengthen several processes. The FCPF revised its guidelines on uncertainty analysis of emission reductions, which will enable streamlining the process of uncertainty analysis under the FCPF Carbon Fund. It changed its guidelines on technical corrections to provide more flexibility to countries to improve the accuracy and precision of their reference levels. The facility also modified the starting date of its crediting period to enable ER programs to generate pre-ERPA FCPF units generated as a result of program interventions, which are not covered by the ERPA with the Carbon Fund.

Transaction Registries

Emission reductions transaction registries are online databases that issue, record, and track ER units that are exchanged through market mechanisms or generated by results-based climate finance programs. Robust accounting of international transfers through a registry is imperative to safeguard the environmental integrity of ER units. Such registries are critical to mitigate the risk of double counting—when a single greenhouse gas emission reduction or removal is used more than once to demonstrate compliance with mitigation targets.

The World Bank ER transaction registry, referred to as the Carbon Assets Tracking System (CATS),¹ is an award-winning platform that has been designed to support the issuance, recording, and transaction of ER units generated under World Bank programs, including ERPAs from the FCPF and ISFL. In the absence of national transaction platforms, CATS provides a secure, transparent, and user-friendly global resource that country participants can use to minimize risk in ER payment operations. CATS has also been set up to support international transactions under other initiatives interested in purchasing ER from World Bank programs, such as the UN's Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA).

The first phase of the CATS project officially concluded in May and the platform is now fully operational. A communications and training plan, including three regional training webinars, presentations, and 26 detailed videos and examples, was implemented in FY21 across Africa, Asia-Pacific, and Latin America and the Caribbean, involving relevant country participants and donors of both the FCPF Carbon Fund and ISFL.

The onboarding process for FCPF Carbon Fund participants and Mozambique's ER program entities was officially launched in June 2021. This process includes a user screening service to identify and sanction individuals and entities involved in financial crimes, such as money laundering and terrorist financing. In early FY22, Mozambique

became the first FCPF country to issue certified emission reductions and to receive payments.

In FY22, phase 2 of the CATS platform will explore the following enhancements:

- Adding administrative tools to improve the efficiency of day-to-day tasks management in registry operations
- Integrating into the platform existing World Bank programs and projects that generate carbon credits
- Incorporating an MRV data integration interface to generate a simple geodatabase with basic information by greenhouse gas category
- Communicating with other third-party and national registries, including connecting CATS to the Climate Warehouse prototype (meta-registry)
- Providing additional support and capacity building to country participants on transaction registries, using the knowledge outcomes of CATS's phase 1 to support the efforts of country participants to build and operate their own results-based carbon finance registries



¹ <https://cats.worldbank.org/>

Financing of Emission Reductions Programs

Billions of dollars will be required to implement the large-scale ER programs 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 investments and adopt policies to “crowd in” private sector investment so that more resources flow to sustainable forestry and land use.

In FY21, the FCPF prepared an internal report on financing ER programs that underscores the importance of public finance and the potential for enhancing private sector finance in advancing REDD+ implementation. The study shows how approximately \$1 of results-based finance from the FCPF has been able to leverage more than \$2 of investment in REDD+. Based on this finding, ER programs supported through the FCPF Carbon Fund are expected to catalyze about \$1.7 billion in investment in REDD+ activities.

The ER program financing report also highlights FCPF program investment priorities to strengthen governance and institutional capacity, target interventions addressing drivers of deforestation and forest degradation, promote sustainable management of forest resources, and enhance effectiveness of monitoring and reporting progress on program implementation.

ER programs supported through the FCPF Carbon Fund are expected to catalyze about \$1.7 billion in investment in REDD+ activities.

Standards and Management Tools

The Methodological Framework was adopted by Carbon Fund participants in December 2013 and revised in 2016 and 2020. 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/tCO₂e, recognizing that the final price is subject to possible change at the time of ERPA negotiations.

Legal Documents

The ERPA General Conditions were adopted at the 18th Participants Committee meeting held in November 2014. By the end of FY20, workshops on both the legal and commercial content of a future ERPA and the related ERPA negotiation process had been held in all Carbon Fund countries. All ERPA negotiations in the FCPF Carbon Fund concluded in FY21. Fourteen ERPAs are now signed, with the 15th ERPA expected to be signed by early FY22.

The general conditions build on the criteria and indicators specified in the Methodological Framework and provide, among other things, for the general legal rules and procedures that are expected to be followed during ER program 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 Carbon Fund Methodological Framework requires that country participants demonstrate their ability to transfer title to emission reductions. At the 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 emission reductions. Countries are required to provide this evidence before any sale and purchase can proceed of emission reductions under the ERPA.





INTERNATIONAL ENGAGEMENT

REDD+ has a challenging agenda given its multisectoral and multistakeholder dimensions and the large financial and capacity needs involved. Despite COVID-19-related travel restrictions throughout fiscal year 2021 (FY21), the FCPF continued to engage with partners and international initiatives to develop tools and approaches that will help countries coordinate each dimension of REDD+ and realize their vision for climate-smart forest management and land sector transformation.

BioCarbon Fund Initiative for Sustainable Forest Landscapes

Throughout the last year, the FCPF and BioCarbon Fund Initiative for Sustainable Forest Landscapes (ISFL) collaborated on several tools and events to support REDD+ and larger-scale emission reductions (ER) programs. In March, the two initiatives co-hosted a virtual private sector engagement workshop that brought together 900 thought leaders, government representatives, and members of the private sector from more than 50 countries to explore opportunities to partner with the private sector to drive natural climate solutions.

The FCPF and ISFL also continued to share experiences in FY21 on how to design and implement successful benefit-sharing mechanisms, and both initiatives engaged with the World Bank's new EnABLE trust fund that aims to promote inclusion and equality in result-based climate finance programs. The FCPF and ISFL continued to improve their jointly developed Carbon Assets Tracking System (CATS) that is used by both funds for transacting emission reductions. The FCPF and ISFL are also collaborating on the development of an online sustainable agricultural banking program that will be launched in FY22.

CDP (formerly the Carbon Disclosure Project)

In FY21, the FCPF continued to deepen its partnership with the CDP, which has recently joined the FCPF as a private sector observer. The collaboration between the FCPF and CDP is cross-sectoral, focusing on building synergies and filling gaps to further enhance private sector engagement in deforestation-driven value chains. The key areas of collaboration range from the agricultural and mining value chains through CDP's Supply Chain Member Forest Challenge and Jurisdictional Approaches, to the financial sector through their 2020 Financial Services Climate Change and Forests Pilot.

International Finance Corporation

In the cocoa sector, the FCPF's ongoing collaboration with the International Finance Corporation (IFC) is through the Cocoa & Forests Initiative, where IFC and the World Bank continue to join efforts with the World Cocoa Foundation, governments, and 35 leading cocoa and chocolate companies to end deforestation and restore forest areas.

In FY21, the FCPF also collaborated with IFC on promoting sustainable livestock value chains in Colombia. In the vanilla sector, the FCPF and IFC are partnering with local and global companies to leverage private sector investments that can improve the sustainability of vanilla production in Madagascar.

PROGREEN

PROGREEN, the Global Partnership for Sustainable and Resilient Landscapes, is a World Bank multidonor trust fund that supports countries' efforts to improve livelihoods while tackling declining biodiversity, loss of forests, deteriorating land fertility, and increasing risks such as uncontrolled forest fires, which are exacerbated by a changing climate. Through an integrated landscape approach, PROGREEN helps countries meet their commitments toward the Sustainable Development Goals, including poverty reduction, in a cost-effective manner. In FY21, the FCPF collaborated with PROGREEN on a number of engagements, including a side event at the UN Forum on Forests in April and an Innovate4Climate (I4C) Workshop in May. The virtual events included presentations and panel discussions, with contributions from clients and partners, on the Bank's efforts to deliver on forest and terrestrial ecosystem climate commitments through programs that combine complementary interventions and a range of financing tools to deliver results at scale.



UN International Civil Aviation Organization

In FY21, the FCPF continued to collaborate with the International Civil Aviation Organization Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) by submitting the information requested relating to its conditional approval as a CORSIA Eligible Emissions Unit Program.

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. In FY21, the FCPF and UN-REDD continued their long-standing collaboration on program implementation and governance, including the signing of 10 new Emission Reductions Payment Agreements and the first payment from the Carbon Fund to Mozambique.



COMMUNICATIONS AND KNOWLEDGE SHARING

Over the past year, the FCPF has supported REDD+ readiness and emission reductions (ER) program design through new technical publications, workshops, and knowledge exchanges.

OUTREACH



4 Quarterly newsletters



1,300 Newsletter subscribers



19 Stories/blogs



4,263 FCPF Facebook page followers



13 Knowledge seminars



120K World Bank Group Climate Twitter Followers



17 Knowledge products

STORIES AND BLOGS



For Costa Rica, the Future of Forests Hangs in the Gender Balance



The Win-Win of Forest Protection: Enhancing Lives While Slowing Climate Change



What You Need to Know About Emission Reductions Payment Agreements (ERPAs)



World Bank and Republic of Congo Sign Agreement to Reduce Carbon Emissions and Preserve Forests



We Need Innovative Tools for a Resilient Recovery; Luckily, We Have Them and Know How to Use Them



FCPF's REDD+ Capacity Building Program Enters Its Final Phase

SOUTH-SOUTH KNOWLEDGE EXCHANGES

International workshop: Assessment of Innovative Technologies and Their Readiness for Remote Sensing–Based Estimation of Forest Carbon Stocks and Dynamics.

When: November 2020

Where: Virtual

Who: 80+ experts in the fields of remote sensing, artificial intelligence, geostatistics, cloud technologies, and policy matters from academia, government, and nongovernment organizations, as well as the private sector

What: The two-day workshop, organized in multiple parallel sessions and discussion tables, deepened the knowledge about the readiness of the latest available suite of technologies that could enhance remote sensing–based approaches for the robust and rapid estimation of forest carbon stocks dynamics and generated recommendations to develop a road map among the experts in the fields of science, technology, and policy making regarding the needs and limitations.

FCPF Knowledge Day

When: November 2020

Where: Virtual

Who: 190+ participants from 50+ countries, including members of government and representatives from civil society, Indigenous Peoples organizations, and the private sector

What: The FCPF hosted a virtual knowledge-sharing day, consisting of four 90-minute sessions, a knowledge café featuring 12 fast-paced 45-minute-long discussions, and a demonstration of the FCPF’s central transaction registry. Knowledge sessions covered several REDD+–related topics, such as “Engaging the Private Sector on Biodiversity in Emission Reductions Programs,” “Maximizing Financing for Jurisdictional REDD+: Managing ‘Nesting’ Effectively,” and “Maximizing Financing for Jurisdictional REDD+: Accessing Complementary Sources of Climate Finance.”

Cocoa and Forest Knowledge Exchange Program

When: January–October 2021

Where: Virtual

Who: Cocoa sector experts and practitioners in Brazil, Colombia, Côte d’Ivoire, the Dominican Republic, Ghana, and Peru

What: With support from the FCPF, Alisos and Kinomé are running a 10-month training program for cocoa experts and practitioners from Africa and Latin America and the Caribbean to help stimulate the growth of a vibrant and sustainable cocoa sector. The program includes technical webinars and knowledge sharing.

Madagascar and Côte d’Ivoire: Integrating Gender in REDD+ Benefit-Sharing Programs

When: January–April 2021

Where: Virtual

Who: Representatives from government and women-focused civil society organizations, REDD+ staff, members of the REDD+ National Platform, and REDD+ project area staff

What: These courses for REDD+ project practitioners underscored the importance of integrating gender in REDD+ benefit-sharing programs. Course participants learned skills to promote gender equity in the implementation of these programs and how to measure the impact of their gender-focused interventions.

Private Sector Global Workshop

When: March 2021

Where: Virtual

Who: 900+ thought leaders, government representatives, and members of the private sector from more than 50 countries

What: Through panels, presentations, and breakout discussions, the three-day workshop explored challenges and approaches to financing instruments and jurisdictional approaches that facilitate private sector engagement; enabling

conditions to involve the private sector and the importance of public-private sector collaboration; and the efforts of companies and governments to eliminate deforestation from the production of agricultural commodities and other industrial activities.

Dominican Republic: Gender Analysis and Action Plan

When: April 2021

Where: Virtual

Who: Representatives from the Ministry of the Environment and Natural Resources; the Ministry of Agriculture; the Ministry for Women; the Ministry of Economics, Planning and Development; producer associations participating in the study; women's groups involved in agriculture and forestry; universities with gender and climate change programs; and international development agencies.

What: Experts at the workshops underscored how the country's gender plan will strengthen the cross-cutting gender inclusion approach in the design and implementation of the Dominican Republic's national REDD+ strategy (ENREDD+). Workshop presentations also highlighted how benefits from emission reductions will be more fairly distributed under new gender equality criteria.

Standard Operating Procedures: Importance for QA/QC in Area Estimation

When: May 2021

Where: Virtual

Who: 114 technical specialists working on area estimation in national government and associated organizations from Chile, Colombia, Costa Rica, Côte d'Ivoire, the Democratic Republic of Congo, the Dominican Republic, Ethiopia, Fiji, Ghana, Guatemala, Indonesia, Lao PDR, Madagascar, Mexico, Mozambique, Nepal, Nicaragua, Peru, Republic of Congo, Vietnam, and Zambia; additional participants from Honduras, Japan, and Uganda; and Food and Agriculture Organization (FAO) and World Bank staff.

What: To launch the new standard operating procedure (SOP) guidance, three sessions were held in English, Spanish, and French to highlight the importance of having standard operating procedures for area estimation. During each, the new SOP templates and guidance were presented, with case studies and lessons learned from programs in the Democratic Republic of Congo, Costa Rica, and Mozambique.

Launch of OpenMRV, a New Knowledge Platform for Implementing Forest Monitoring, Reporting, and Verification (MRV)

When: June 2021

Where: Virtual

Who: 300+ participants from civil society and the private sector

What: The OpenMRV platform, developed by the World Bank as a contribution to the Global Forest Observations Initiative, was launched through a webinar where participants were introduced to its functionalities and the available MRV-support resources for operationalizing countries and other users' MRV processes. Through a demonstration of the platform, presentations by experts from Indonesia and Mozambique, and a discussion session, the participants gained an understanding of the available resources, how to access them, as well as their importance for implementing forest MRV.



ISSUES AND CHALLENGES

Over the course of last year, the Facility Management Team (FMT) identified new challenges emerging in countries' readiness and emission reductions (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.

COVID-19 CHALLENGES

The global COVID-19 pandemic in 2020–2021 left no corner of the world untouched, including business-as-usual for FCPF program development and implementation, and FCPF governance. Despite needing to cancel or postpone several missions and meetings in fiscal year 2021 (FY21) because of travel and health restrictions, FCPF country participants and partners did an incredible job finding safe, creative solutions to move their REDD+ efforts forward. While we are hopeful for a “new normal” to emerge soon, the FCPF will continue to work with country participants and their stakeholders to continue advancing REDD+ and ER program activities.



MOVING TO PAYMENTS FOR EMISSION REDUCTIONS

With 14 Emission Reductions Payment Agreements (ERPAs) signed, the focus of the FCPF Carbon Fund is now on supporting countries to meet their conditions of effectiveness and achieve their intended emission reductions and subsequent results-based payments. However, these countries still face a variety of challenges before these payments can start to flow.

Challenges include the need to carry out complex processes related to the measurement, reporting, and verification (MRV) of emission reductions that is required by ERPAs. This MRV needs to take place while navigating operational and institutional realities, including elections, changes in governments, capacity gaps, and of course the global pandemic. COVID's impact on ER program implementation is not yet clear because countries are affected very differently depending on their national context. The pandemic's long-term impact on program implementation remains hard to predict and will only be fully understood over time.

INCREASING ENGAGEMENT WITH THE PRIVATE SECTOR

The private sector and governments, along with civil society organizations, nongovernmental organizations, and local communities, must work together to create and expand strong and resilient programs and activities that increase sustainable landscape management. This is what is required to

reduce deforestation, understand and mitigate investment risks, and establish appropriate policy mechanisms and frameworks for climate finance.

Cooperation, multistakeholder engagement, and partnerships are essential to create private sector industry transformation. In FY21, the FCPF continued to engage with the private sector and multistakeholder platforms, at global, national, and local levels. This work focused on facilitating partnerships between REDD+ country governments and companies operating in FCPF program areas, especially in the cocoa, livestock, mining, vanilla, and cashew sectors. One ongoing challenge in this outreach is catalyzing feasible, economically viable climate-smart practices that encourage end buyers and producers to move toward deforestation-free products. To address this and other challenges, the FCPF continues to develop and disseminate sustainable production guidelines, facilitate partnerships with different stakeholders, and earmark additional resources to catalyze scalable and enduring private sector engagement in sustainable forestry and broader land-use management.

ENHANCING ACCESS TO FINANCE FOR ER PROGRAMS

We know that forests provide up to 37 percent of emission reductions to limit the worst effects of climate change. Yet less than 3 percent of global public climate financing is dedicated to forests. Consequently, the cost of ER program implementation may exceed the potential carbon payments that a country can generate from verified emission reductions. 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 ER programs to assess funding for program implementation and the sensitivity of financing estimates of the programs to costs,

revenues, and financing sources. This analysis has led to improvements in the requests to countries for ER program preparation.

The FMT continues to strongly encourage all countries, including those not in the current Carbon Fund pipeline, to develop Readiness Packages. These packages 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 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 forward. The facility also continues to explore and engage with other potential sources of liquidity that could purchase emission reductions from countries in the future.

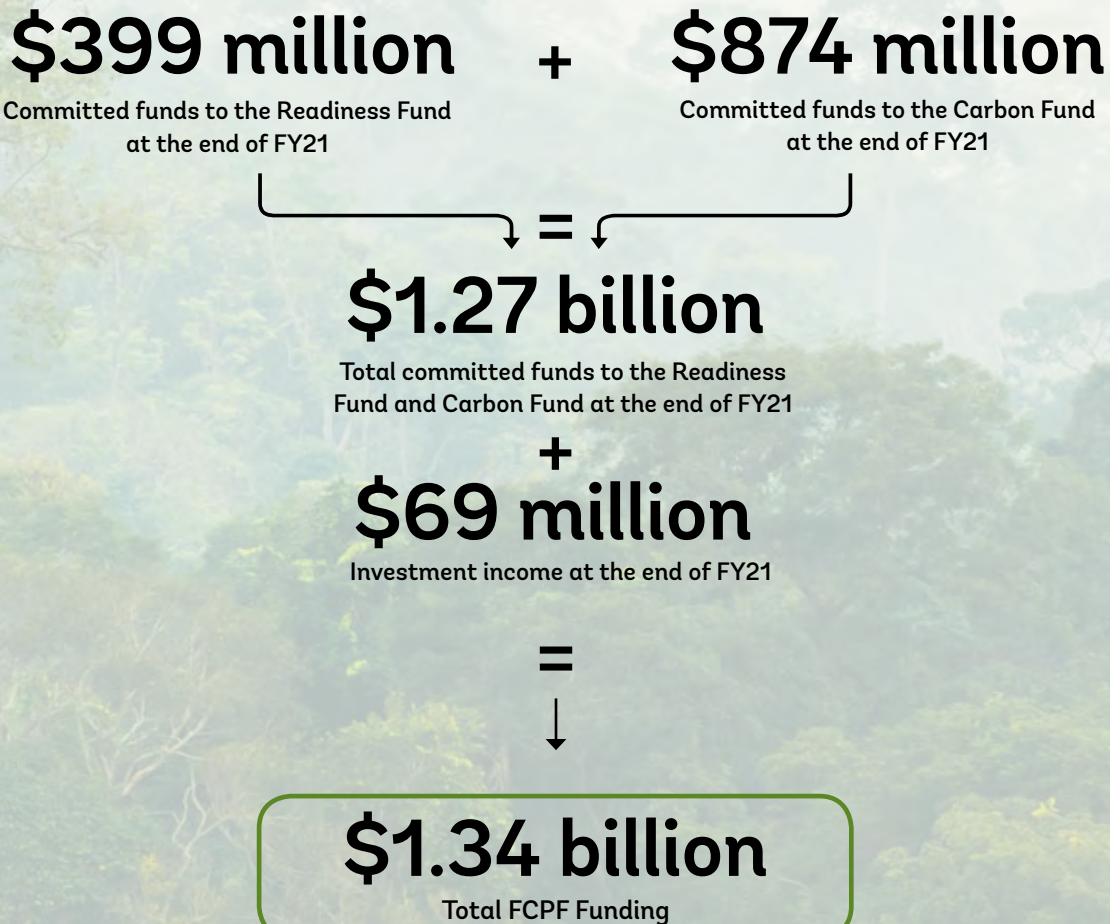


FY21 FINANCIAL REPORT

The FCPF's 2021 fiscal year (FY21) ran from July 1, 2020, through June 30, 2021. Committed funds to the FCPF Readiness Fund and Carbon Fund at the end of FY21 totaled almost \$1.3 billion, with close to \$400 million committed to the Readiness Fund and close to \$875 million to the Carbon Fund (Tables 2 and 8). Readiness Fund resources have almost been entirely allocated, while the Carbon Fund has made substantial commitments through signed Emission Reductions Payment Agreements (ERPAs).

Fund balances at the end of FY21 totaled almost \$910 million, made up of almost \$85 million in the Readiness Fund and \$825 million in the Carbon Fund, with cash balances totaling \$907 million—\$85 million in the Readiness Fund and \$822 million in the Carbon Fund (Tables 1 and 7). The difference in the Carbon Fund of \$3.3 million is due to unpaid promissory notes.

The value of grant allocations to FCPF country participants at the end of FY21 stood at \$314 million (Table 5), with all grants signed. Grant disbursements from the Readiness Fund—through the World Bank and other delivery partners—totaled almost \$272 million at the end of FY21 (Table 5), leaving \$42 million undisbursed.



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 FY21. The Readiness Fund balance at the end of FY21 was almost \$85 million.

Total donor contributions received through the end of FY21 amounted to \$399 million. Investment income of \$69.3 million raised the total receipts through the end of FY21 to \$468 million. Total disbursements through the end of FY21 were \$383.5 million and consisted of \$99 million in cash disbursements (see definition below), \$214.6 million in grants to country participants, almost \$7 million in grants to Indigenous Peoples/civil society organization (IP/CSO) groups, and \$62.7 million to delivery partners for Readiness Preparation Grants to countries.

Total disbursements on a cash basis during FY21 amounted to almost \$30 million, made up of cash expenditures of \$9.8 million, grant disbursements of \$19.9 million to country participants, and IP/CSO Capacity Building Program Grant disbursements of \$220,000 (Table 1).

Total donor contributions received through the end of FY21 amounted to \$399 million. Investment income of \$69.3 million raised the total receipts through the end of FY21 to \$468 million.

TABLE 1. FCPF READINESS FUND SUMMARY FINANCIAL STATEMENT, FY09–FY21 (\$, THOUSANDS)

Description	Total	FY21	FY20	FY19	FY18	FY17	FY16	FY15	FY14	FY13	FY12	FY11	FY10	FY09
Beginning balance		111,751	140,466	159,278	159,472	192,767	226,801	224,869	195,830	189,999	165,804	77,695	50,945	
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	67,265	3,162	15,408	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					
Total receipts	468,426	3,162	15,408	33,354	70,255	9,611	3,094	29,022	57,987	30,906	32,462	95,612	33,111	54,442
Cash disbursements	99,130	9,795	9,715	8,920	9,915	7,134	7,909	6,914	9,373	8,752	5,383	6,421	5,402	3,497
Grant disbursements*	214,646	19,941	32,388	33,520	39,038	29,940	25,419	16,379	8,173	4,923	2,884	1,082	959	
IP/CSO grant disbursements	6,979	220	2,020	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				
Total disbursements	383,470	29,957	44,123	52,166	70,449	42,906	37,128	27,093	28,946	25,075	8,267	7,503	6,361	3,497
Fund balance (cash)	84,956	84,956	111,751	140,466	159,278	159,472	192,767	226,801	224,870	195,830	189,999	165,804	77,695	50,945

Note: CF = Carbon Fund; CSO = civil society organization; DP = delivery partner; IP = Indigenous Peoples.
*Includes \$599,694 of Bank-executed grant disbursements.

Funding Sources

Donor Contributions

Table 2 presents the committed contributions to the Readiness Fund at the end of FY21. 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 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 FY21 was \$69.3 million.

Funding Uses

Cash Disbursements

Cash disbursements represent all non-grant disbursements and amounted to \$99.1 million from the opening of the fund to the end of FY21. Table 3 shows annual expenditures by activity.

Total cash disbursements for support to country participants over the lifetime of the fund (through the end of FY21) represent 65 percent of total cash disbursements, while administrative costs represent only 4 percent of total cash disbursements (refer to Table 3 for details). The cash disbursements for support to country participants of \$70.8 million plus the gross grant disbursements of \$284.3 million (of

which nearly \$7 million was for IP/CSO capacity building; see Table 1) totaled \$355.1 million. These country-focused disbursements represent almost 93 percent of total disbursements of \$383.5 million (Table 1).

Administrative and Secretariat costs—which include the cost of all Participants Committee (PC) and Participants Assembly (PA) meetings and travel costs for country participants and some observers—over the lifetime of the fund (through the end of FY21) amounted to about \$20 million (net of shared secretariat costs) and represent just 5 percent of total disbursements of \$383.5 million, while administrative costs alone (\$4.4 million) represent approximately 1 percent of total disbursements (Tables 1 and 3).

Table 4 compares the approved budget with actual expenditures by activity for FY21. The FY21 budget for the Readiness Fund, net of shared costs, of \$13.9 million (which includes the FY21 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 \$9.8 million (Table 4). The fiscal year therefore closed with spending at 70 percent of budget.

Costs for country implementation support totaled \$2.2 million. This spending covers the direct assistance of delivery partner country teams to country participants, including technical assistance, grant supervision, and assessments provided to the Participants Committee.

Expenses for country advisory services were about \$715,000, or 70 percent of the \$1 million originally budgeted for FY21.



TABLE 2. FCPF READINESS FUND DONOR CONTRIBUTIONS, FY09–FY21 (\$, 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
Committed funding	399,138		13,402	59,735	2,370		27,014	54,004	30,009	31,538	94,880	32,290	53,895

TABLE 3. FCPF READINESS FUND CASH DISBURSEMENTS, FY09–FY21 (\$, THOUSANDS)

Activity	% of Total	Total	FY21	FY20	FY19	FY18	FY17	FY16	FY15	FY14	FY13	FY12	FY11	FY10	FY09
Country implementation support	33%	36,397	2,178	2,532	3,555	5,419	3,145	4,275	2,676	3,730	3,213	1,701	1,904	1,660	409
Country advisory services	17%	18,336	715	1,463	1,804	1,953	1,584	1,632	1,881	2,342	1,750	1,073	545	793	801
REDD methodology support	15%	16,032	1,341	1,013	823	1,082	1,209	843	1,071	1,796	1,842	999	1,921	1,266	827
Subtotal support to REDD countries	65%	70,764	4,234	5,008	6,182	8,453	5,938	6,749	5,628	7,868	6,805	3,773	4,370	3,719	2,037
IP and CSO Capacity Building Program	3%	3,891	242	284	253	184	87	253	480	751	1,089	267			
FCPF Secretariat	20%	21,969	1,341	1,742	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%	4,382	282	389	332	265	162	269	327	397	404	356	366	362	471
Subtotal Readiness Fund (including Carbon Fund shared costs)		101,007	6,099	7,423	9,404	11,042	8,305	8,706	7,735	10,532	9,988	6,452	6,421	5,402	3,497
Less Carbon Fund shared costs		-10,478	-920	-965	-1,211	-1,128	-1,172	-797	-821	-1,159	-1,236	-1,069			
Additional BETFs	8%	8,601	4,616	3,258	727										
Total Readiness Fund	100%	99,130	9,795	9,715	8,920	9,915	7,134	7,910	6,914	9,373	8,752	5,383	6,421	5,402	3,497

Note: BETF = Bank-executed trust funds; CSO = civil society organization; IP = Indigenous Peoples.

With the budget for REDD+ methodology support activities set at \$2 million for FY21 and total expenditures of about \$1.3 million, spending represented 66 percent of the FY21 plan.

FCPF Secretariat expenses were \$1.3 million, or about 53 percent of the activity budget of \$2.5 million. Expenditures included the standard costs for program management, the costs of hosting and maintaining the FCPF website, communicating with FCPF stakeholders, and the translation of FCPF materials.

Expenditures on Readiness Trust Fund administration costs at \$282,000 represented 91 percent of the FY21 budget of \$308,000. 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. FY21 expenditures also included \$4.6 million 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 Participants Committee 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.

Pursuant to the charter, the Readiness Fund pays 65 percent and the Carbon Fund pays 35 percent of shared costs, unless the Participants Committee decides otherwise. The Participants Committee 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 committee agreed that cost sharing on the 65 percent/35 percent 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 Participants Committee 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 participants that without such an upward limit, the committee could be unrestrained in its decisions regarding the annual approval of shared costs.

Shared costs transferred to the Carbon Fund for FY21 amounted to \$920,000, making shared costs over the lifetime of the facility (through the end of

TABLE 4: FCPF READINESS FUND CASH DISBURSEMENTS, FY21 (\$, THOUSANDS)

Activity	Budget	Actual expense	Variance	Expense rate (%)
Country implementation support	2,425	2,178	247	90%
Country advisory services	1,027	715	312	70%
REDD methodology support	2,025	1,341	684	66%
Subtotal support to REDD countries	5,477	4,234	1,243	77%
IP and CSO Capacity Building Program	1,560	242	1,318	16%
FCPF Secretariat	2,518	1,341	1,177	53%
Readiness Trust Fund Administration	308	282	26	91%
Subtotal Readiness Fund (including Carbon Fund shared costs)	9,863	6,099	3,764	62%
Less Carbon Fund shared costs	-1,590	-920	-670	58%
Subtotal Readiness Fund	8,273	5,179	3,094	63%
Additional BETFs	5,660	4,616	1,044	82%
Total Readiness Fund	13,933	9,795	4,138	70%

Note: FY20 = 7/1/2019 – 6/30/2020; BETF = Bank-executed trust funds; CSO = civil society organization; IP = Indigenous Peoples.

FY21) almost \$10.5 million (Table 3). With the extension of the Readiness Fund to December 2022, shared costs are estimated to be between \$12 million and \$13 million over the lifetime of the Readiness Fund. If this is the case, any excess over the \$12 million cap will need to be charged to the Readiness Fund and will not be shared with the Carbon Fund.

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 \$314 million.

Grant disbursements from the Readiness Fund at the end of FY21 stood at \$272 million, which includes \$214.6 million disbursed through the World Bank and \$57.5 million through delivery partners. Details of the grant disbursements are provided in Table 5.

Financial Commitments Over the Longer Term

Since the Readiness Fund will run through December 31, 2022, 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 Participants Committee issues resolutions from time to time to establish funding priorities and commitments for the coming years. These commitments are considered “notional” when the committee 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 Facility



TABLE 5: FCPF READINESS FUND GRANT DISBURSEMENTS THROUGH THE WORLD BANK AND OTHER DELIVERY PARTNERS, FY10–FY21 (\$, THOUSANDS)

World Bank by region/country	by Allocation	% of total	Signed grant	Total disbursed	FY21	FY20	FY19	FY18	FY17	FY16	FY15	FY14	FY13	FY12	FY11	FY10
AFRICA																
Burkina Faso	6,900	61%	6,870	4,157	359	1,257	950	1,084	263	245						
Cameroon	8,793	44%	8,793	3,881		89	366	1,352	510	516	476	379	134	3	55	
Central African Republic	3,800	75%	3,800	2,850	814	926	259	851								
Congo, Dem. Rep.	8,791	100%	8,791	8,791					1,233	1,825	2,202	1,161	1,381	797	14	177
Congo, Rep.	8,033	100%	8,033	8,033		2	61	1,966	1,885	1,582	1,244	481	237	381	108	87
Côte d'Ivoire	8,800	89%	8,800	7,829	1,146	1,876	1,270	480	1,097	1,232	728					
Ethiopia	3,800	100%	3,800	3,800						2,247	694	258	400		100	100
Gabon	1,950	39%	1,950	752	67	685										
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	100%	8,782	8,766		414	2,334	1,298	1,572	1,689	682	289	305		107	75
Madagascar	8,800	79%	8,800	6,936	1,101	810	725	1,635	1,781	883						
Mogambique	8,800	100%	8,800	8,800				1,478	3,522	1,950	851	911	87			
Nigeria	8,740	72%	8,740	6,303	1,385	1,118	1,101	1,106	1,092	500						
Sudan	8,800	96%	8,800	8,417	540	1,783	3,074	1,560	906	554						
Togo	6,730	77%	6,730	5,151	895	790	515	1,360	970	277	344					
Uganda	7,549	94%	7,549	7,077	224	883	1,093	1,679	1,055	644	1,334			-14	140	40
AFRICA subtotal	117,824	85%	117,794	100,299	6,530	10,632	11,749	17,309	17,388	16,384	9,759	4,749	2,856	1,567	694	679
EAST ASIA & PACIFIC																
Fiji	5,800	63%	5,800	3,656	411	624	1,462	419	453	287						
Indonesia	8,594	90%	8,594	7,721	547	1,463	1,269	640	359	279	167	1,233	1,247	518		
Lao PDR	8,347	99%	8,347	8,256	1,523	1,734	1,285	1,344	1,234	658	305				123	50
Thailand	3,800	62%	3,800	2,346	460	622	734	32	300				163	37		
Vanuatu	6,228	78%	6,228	4,875	974	1,275	709	961	467	177	186		106	21		
Vietnam	8,800	93%	8,800	8,153	-372	1,693	1,773	428	1,990	1,055	1,084	501				
EAST ASIA & PACIFIC subtotal	41,569	84%	41,569	35,008	3,542	7,410	7,231	3,825	4,803	2,455	1,742	1,734	1,516	576	123	50
LATIN AMERICA & CARRIBEAN																
Argentina	3,800	57%	3,800	2,154	926	429	450	350								
Belize	3,800	78%	3,800	2,968	683	1,288	581	415								
Chile	8,800	95%	8,800	8,365	1,246	1,530	1,268	1,285	1,463	1,274	300					
Colombia	8,730	61%	8,730	5,362	628	834	650	2,183	467	400				66	134	
Costa Rica	8,758	96%	8,758	8,372	1,165	1,393	1,247	803	585	732	1,431	479	375		22	139
Dominican Republic	6,000	79%	6,000	4,753	645	1,032	1,398	1,144	54	480						
El Salvador	6,300	99%	6,300	6,211	645	1,337	650	1,718	1,161	509		42	98	52		
Mexico	8,800	100%	8,800	8,794		799	3,195	2,559	557	1,019	665					
Nicaragua	8,800	100%	8,800	8,800	111	2,230	2,059	1,275	1,100	1,016	431	378	77	123		
Uruguay	3,800	100%	3,800	3,800	870	1,177	960	294	500							
LATIN AMER. & CARIB. subtotal	67,588	88%	67,588	59,579	6,918	12,048	12,458	12,026	5,887	5,430	2,827	899	550	241	156	139
SOUTH ASIA																
Bhutan	8,600	98%	8,600	8,444	1,064	1,205	699	3,487	980	372	637					
Nepal	8,233	79%	8,233	6,516	422	1,093	1,289	80	400	327	1,414	792		500	109	91
Pakistan	7,814	61%	7,814	4,801	1,465		92	2,312	481	451						
SOUTH ASIA subtotal	24,647	80%	24,647	19,761	2,950	2,297	2,081	5,879	1,861	1,150	2,051	792		500	109	91
World Bank total	251,628	85%	251,598	214,646	19,941	32,388	33,520	39,039	29,940	25,419	16,379	8,173	4,923	2,884	1,082	959

TABLE 5: FCPF READINESS FUND GRANT DISBURSEMENTS, FY10–FY21 (\$, THOUSANDS) *continued*

Other than World Bank by country	by Allocation	% Total disbursed	Signed grant	Total disbursed
UNDP				
Cambodia I & II	8,800	99%	8,800	8,741
Suriname	6,450	88%	6,450	5,653
Honduras I & II	6,065	100%	6,065	6,065
Papua New Guinea I & II	8,800	100%	8,800	8,800
Panama	3,800	100%	3,800	3,792
Paraguay	3,800	96%	3,800	3,630
Kenya	3,600	74%	3,600	2,680
Subtotal UNDP	41,315	95%	41,315	39,361
IDB				
Guatemala	8,800	96%	8,800	8,407
Guyana	3,800	93%	3,800	3,520
Peru	8,800	70%	8,800	6,203
Subtotal IDB	21,400	85%	21,400	18,130
Other than World Bank total	62,715	92%	62,715	57,491
Grand total	314,343	87%	314,313	272,137

Note: IDB = Inter-American Development Bank; UNDP = United Nations Development Programme.

Management Team (FMT) and the trustee role of the World Bank over the full term of the Readiness Fund—reflecting the fact that the FCPF is expected to be fully active through that time.

Total committed funding sources (including investment income) to the Readiness Fund as of June 30, 2021, amounted to \$468.4 million (Table 6). This level of funding is therefore adequate to meet the planned use of \$442.5 million. As of the end of FY21, the Readiness Fund had \$25.9 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.

Total committed funding sources (including investment income) to the Readiness Fund as of June 30, 2021, amounted to

\$468.4 million



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

Description	Subtotals	Totals
Sources of funds		
Committed funding	399.1	
Investment income to date	69.3	
Total available funding		468.4
Uses of funds		
Grant allocations		
To REDD countries		
Signed grants to REDD countries (commitments)	314.3	
Allocations to REDD countries (not yet signed)	0.0	
Total allocation to REDD countries		314.3
To IP/CSOs		
Initial allocation to IP/CSO Capacity Building Program (commitments)	3.0	
Additional allocation to IP/CSO Capacity Building Program (March 2017)	5.0	
Additional allocation to IP/CSO Capacity Building Program (March 2019)	5.0	
Total allocation to IP/CSO Capacity Building Program		13.0
Total grant allocations		327.3
Administrative, operations, and country support costs over lifetime of fund		
FY09-FY21 actual costs	99.1	
FY22-FY23 projected costs	15.1	
Reserve for delivery partner capacity for dispute resolution	1.0	
Total administrative, operations, and country support costs over lifetime of fund		115.2
Total uses of funds		442.5
Estimated reserve: Total available funding less total uses		25.9

Note: CSO = civil society organization; IP = Indigenous Peoples.



THE CARBON FUND

Fund Balance

Table 7 shows the summary financial statement for the Carbon Fund from its opening through the end of FY21. The Carbon Fund at the end of June 2021 had a fund balance of \$825.5 million and a cash balance of \$822.3 million. The outstanding balances on promissory notes account for the \$3.3 million difference. Total donor contributions received through the end of FY21 amounted to \$874.5 million, while total disbursements over the same period totaled almost \$49 million, made up of cash disbursements and an up-front advance emission reductions payment of \$1.3 million. The Carbon Fund has been fully operational since May 2011.

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, 2021. In terms of cash, the Carbon Fund received almost \$71.5 million in donor contributions over the last fiscal year. This brought total contributions through the end of FY21 to \$874.5 million.

Funding Uses

Cash disbursements from the opening of the fund through the end of FY21 totaled \$47.6 million. Table 9 shows annual expenditures by activity, while Table 10 compares the approved budget with actual expenditures by activity for FY21.

Total cash disbursements from the opening of the fund through the end of FY21 amounted to \$47.6 million and consist of \$8.1 million in administrative costs (which include all meetings and financial management), \$2 million for Technical Advisory Panel (TAP) work, \$11.2 million for technical support by the FMT to directly support countries, \$533,000

TABLE 7: FCPF CARBON FUND SUMMARY FINANCIAL STATEMENT, FY09–FY21 (\$, THOUSANDS)

Description	Total	FY21	FY20	FY19	FY18	FY17	FY16	FY15	FY14	FY13	FY12	FY11	FY10	FY09
Beginning balance		751,315	581,987	504,881	469,751	417,099	350,826	316,474	293,275	122,283	86,390	24,700	20,356	
Donor contributions	874,492	71,489	175,292	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	
Total receipts	874,492	71,489	175,292	84,883	42,256	59,271	71,681	32,222	25,257	172,767	37,432	72,056	4,527	25,356
Cash disbursements	47,595	5,565	5,964	7,777	7,126	6,619	5,432	2,846	2,058	2,117	1,539	366	183	
Emission reductions payments	1,300	1,300												
Total disbursements	48,895	6,865	5,964	7,777	7,126	6,619	5,432	2,846	2,058	2,117	1,539	366	183	
Less promissory note balances	-3,330	6,328					25	4,975		342		-10,000		-5,000
Fund balance (cash)	822,267	822,267	751,315	581,987	504,881	469,751	417,099	350,826	316,474	293,275	122,283	86,390	24,700	20,356
Plus outstanding promissory notes	3,300													
Plus outstanding contributions														
Fund balance	825,567													

Note: RF = Readiness Fund.

for work on private sector engagement, almost \$14 million in program development costs and supervision, \$10.5 million in shared costs, \$1 million on registries, and \$181,000 for validation and verification costs (Table 9).



Fund Administration, Technical Advisory Panel, Country Advisory Services, and Additional Activity on Registries

The Carbon Fund's total cash disbursements of almost \$5.6 million in FY21 were below the total budget of \$9.6 million, with spending at 58 percent of the budget (Table 10). The underspend is mostly accounted for by the low spend on Emission Reductions Payment Agreement (ERPA) cost supervision, Carbon Fund country advisory support, and registry costs. Lower travel costs as a result of the COVID-19 pandemic have been a key factor in much of this underspend.

The Carbon Fund participants approved \$714,000 for work on registries in FY21. Significant progress has been made on the development of phase 1 of the central transaction registry—the Carbon Assets Tracking System (CATS)—which is now operational.

ERPA Costs – Development of ERPDs and Supervision

Once Letters of Intent (LOIs) are signed, Emission Reductions Program Document (ERPD) development funds of \$650,000 per country flow. The \$1.1 million budget was based on estimated spending during FY21 on account of the allocations of \$650,000 made to programs entering the Carbon Fund pipeline and signing an LOI.

It should be noted that costs were incurred on the development of the Cameroon program before it was decided to not select it into the portfolio. The costs of ERPA supervision were lower than initially planned given that many of the programs signed ERPAs later in the year than planned and so less time has been spent in the supervision phase than estimated.

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. The expenditure of \$920,000 for FY21 was below budget, which is due to the Readiness Fund's lower spending in these two expense categories during FY21.

TABLE 8: FCPF CARBON FUND DONOR CONTRIBUTIONS, FY09–FY21 (\$, THOUSANDS)

Participant name	Total	Outstanding	FY21	FY20	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	321,295			55,974	57,265	29,616	54,771	13,329	32,108	27,280	6,556	15,443	21,125	3,819	4,009
Norway	297,087			27,166	27,618	12,640		58,352			161,310				10,000
Switzerland	10,796											10,796			
The Nature Conservancy	5,000														5,000
United Kingdom	181,582		71,489	92,153									17,940		
United States of America	18,500						4,500			4,000		10,000			
Committed funding	874,492	0	71,489	175,292	84,883	42,256	59,271	71,681	32,222	27,280	171,866	36,912	71,800	4,181	25,356

TABLE 9: FCPF CARBON FUND CASH DISBURSEMENTS, FY10–FY21 (\$, THOUSANDS)

Activity	Total	FY21	FY20	FY19	FY18	FY17	FY16	FY15	FY14	FY13	FY12	FY11	FY10
Carbon Fund administration	8,138	1,252	1,076	864	696	657	555	741	626	652	470	366	183
Carbon Fund Technical Advisory Panel	2,014	0	41	533	463	514	440	23					
Carbon Fund country advisory services	11,199	1,328	1,812	2,396	2,331	1,691	1,290	350					
Additional activity on private sector engagement	533	0	0	371	162								
Additional activity on registries	1,061	203	758	100									
Emission Reduction Payment Agreement costs	13,988	1,681	1,312	2,301	2,347	2,585	2,351	910	273	229			
Program development - General	907	0					235	170	273	229			
Program development - ERPDs	11,689	712	1,028	2,161	2,347	2,585	2,116	740					
Program supervision	1,392	969	284	140									
Validation and verification costs	181	181											
Shared costs	10,478	920	965	1,211	1,128	1,172	797	821	1,159	1,236	1,069		
Total Carbon Fund	47,595	5,565	5,964	7,777	7,126	6,619	5,432	2,846	2,058	2,117	1,539	366	183

Note: ERPD = Emission Reductions Program Document.

TABLE 10: FCPF CARBON FUND CASH DISBURSEMENTS, FY21 (\$, THOUSANDS)

Activity	Budget	Actual expense	Variance	Burn rate %
Carbon Fund administration	1,371	1,252	118	91%
Carbon Fund country advisory services	1,927	1,328	598	69%
ERPA program development	1,117	712	404	64%
ERPA costs - supervision	2,438	969	1,469	40%
Validation/verification costs	461	181	280	39%
Additional activity on registries	714	203	511	28%
Shared costs	1,590	920	670	58%
Total Carbon Fund	9,617	5,565	4,051	58%

Note: ERPA = Emission Reductions Payment Agreement.



TABLE 11: CARBON FUND SOURCES AND USES, AS OF END FY21

Carbon Fund Sources and Uses Summary	
	As of End FY21
Sources (\$, millions)	874.5
Number of LOIs	18
Number of ER programs expected	15
Uses	
Costs over fund lifetime (\$, millions)	
Fixed costs (FY10 to FY26) (\$, millions)	25.5
ER program costs (\$, millions)	66.3
Total costs (\$, millions)	91.8
Available for purchase of ER (\$, millions)	782.7
Average ER program (\$, millions)	52.2

Note: ER = emission reductions; LOI = Letter of Intent.

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 obligations that the World Bank has entered into as trustee. The long-term financial plan (Table 11) shows estimated fixed costs over the lifetime of the Carbon Fund (FY10 to FY26) of \$25.5 million and all costs directly related to ER programs, (including supervision, validation and verification costs, and third-party monitoring costs) of \$66.3 million. This long-term financial plan indicates that almost \$783 million would be available for the purchase of emission reductions.

Of this \$783 million available for the purchase of emission reductions, almost \$669 million has been committed through signed ERPAs, as detailed in Table 12.

TABLE 12: SIGNED ERPAs

Country	ERPA signature date	ERPA contract value (\$, millions)
Congo, Dem. Rep.	September 21, 2018	55.0
Mozambique	January 16, 2019	50.0
Ghana	June 11, 2019	50.0
Chile	December 4, 2019	26.0
Fiji	July 8, 2020	12.5
Vietnam	October 22, 2020	51.5
Côte d'Ivoire	October 30, 2020	50.0
Indonesia	November 25, 2020	110.0
Costa Rica	December 8, 2020	60.0
Lao PDR	December 30, 2020	42.0
Madagascar	February 4, 2021	50.0
Nepal	February 24, 2021	45.0
Dominican Republic	March 1, 2021	25.0
Congo, Rep.	April 22, 2021	41.8
Total		668.8

Note: ERPA = Emission Reductions Payment Agreement.

Guatemala is also in the process of signing an ERPA, which will result in total ERPA commitments of \$721 million. This will leave uncommitted funds of just over \$60 million. There was consensus among Carbon Fund participants at CF23 that the Carbon Fund should not increase the contract volume of existing ERPAs in the short term; instead, it should use the flexibility of a combined approach of (a) assessing individual call options as they become available and (b) potentially increasing or decreasing contract volumes through revisions to ERPAs in the medium term as more information on results and delivery across the portfolio becomes available.

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 are approved annually in accordance with the FCPF Charter. The FCPF Participants Committee 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.



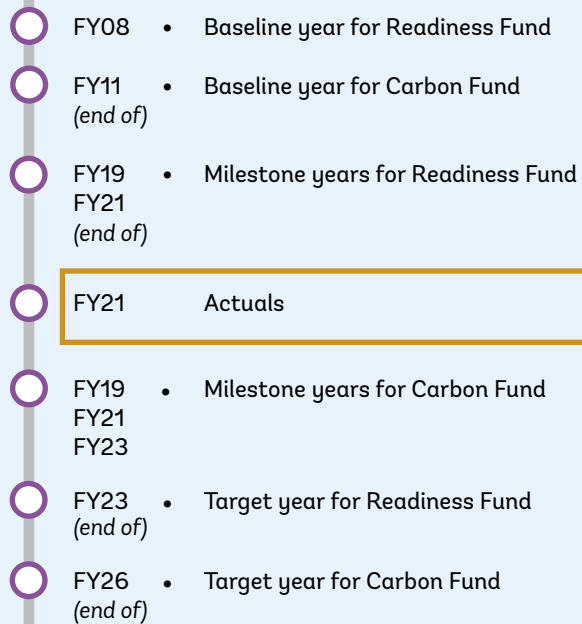
RESULTS FRAMEWORK

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 Framework was endorsed by the Evaluation Oversight Committee on behalf of the PC (see Co-Chairs summary from PC25), who had given them the responsibility at PC24. While tentative targets and milestones have been included, these will be agreed by the PC.

Because of the exceptional circumstances around the COVID-19 pandemic, there were some inconsistencies in data collection. Where possible these have been explained in footnotes.

RELEVANT TIME FRAMES



Result	Indicator	Baseline FY11	Milestone			Target	Actual
			FY19	FY21	FY23	FY26	FY21
IMPACT 1: Reduced emissions from deforestation and forest degradation	I.1.A: Number of tons of CO ₂ e emission reductions and removals through CF ER programs (tCO ₂ e)	0	Nil	14 million	47 million	170 million	0
	I.1.B: Number of tons of CO ₂ e emission reductions and removals through REDD+ interventions in all FCPF-supported countries (tCO ₂ e)	0	No targets (indicator reported on annually)				565.4 million ¹
	I.1.C: Total forest area re/afforested or restored through CF-supported interventions (ha)	0	n/a			18.5 million	0 ²
IMPACT 2: Sustained or enhanced biodiversity and livelihoods for forest-dependent men and women	I.2.A: Number of people receiving monetary and/or nonmonetary benefits through CF programs (disaggregated by gender)	0	TBD	TBD	TBD	TBD	0
	I.2.B: Amount of protected or conserved areas included in CF programs, if relevant (ha)	0	n/a			7.7 million	0

Result	Indicator	Baseline FY08	Milestone		Target	Actual
			FY19	FY23	FY21	
OVERARCHING OUTCOME: Improved governance and transparency for sustainable forest resource management (including REDD+ interventions) within Participant Countries	OV.1.A: Extent to which FCPF has influenced REDD+ country participants' national approaches to sustainable forest resource management (including among women, women's groups, IP, CSOs, local communities)		No targets (qualitative progress measured through evaluation)			
	OV.1.B: Number of FCPF-supported countries that have in place a National REDD+ Strategy, FREL/FRL, NFMS, and SIS	0	8	16	17	
OUTCOME 1: The Readiness Fund supports the development of capacity within Participant Countries to deliver REDD+ and/or access REDD+ finance	1.A: Number of Readiness Packages endorsed by PC	0	19	26	26	
	1.B: Amount of finance mobilized to support the REDD+ Readiness process (disaggregated by public, private, grants, loans)		No targets (indicator reported on annually)			\$2.19 billion (Public: \$1.97 billion; Private: \$222 million; Grants: \$1.46 billion; Loans/Other: \$732 million) ³
	1.C: Amount of REDD+ ER payments secured by countries with endorsed Readiness Packages through non-FCPF ER schemes		No targets (indicator measured through external evaluation)			n/a

Result	Indicator	Baseline FY08	Milestone FY19	Target FY23	Actual FY21
OUTPUT 1.1: Readiness Assessment Framework is agreed upon and disseminated	1.1: Existence of published assessment framework on Readiness Package	No	Yes	Yes	Output 1.1 was fully delivered in 2013
OUTPUT 1.2: Countries demonstrate an adequate plan to achieve preparedness for REDD+ funding	1.2.a: Number of R-PPs endorsed by PC	0	46	46	46 ⁴
	1.2.b: Number of Readiness Preparation Grant Agreements signed	0	45	45	45
	1.2.c: Value of grant allocations, before signing	\$0	\$309 million	\$309 million	\$314.3 million
	1.2.d: Value of signed grants	\$0	\$304 million	\$309 million	\$314.3 million
OUTPUT 1.3: Countries progress adequately on implementation of their R-PP and Grant Agreements	1.3.a: Number of countries that present mid-term progress (MTRs) reports	0	39	40	44
	1.3.b: Number of countries that have completed R-PP Component 1: Organize and Consult	0	30	37	34 ⁵
	1.3.c: Number of countries that have completed R-PP Component 2: Prepare the REDD+ Strategy	0	16	30	37 ⁶
	1.3.d: Number of countries that have completed R-PP Component 3: Develop a National FREL	0	33	40	43 ⁷
	1.3.e: Number of countries that have completed R-PP Component 4: Design Systems for National Forest Monitoring and Information on Safeguards	0	18	25	43 ⁸
	1.3.f: 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: \$214.6 million (85% 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: \$57.5 million (92% of signed grants)	



Result	Indicator	Baseline FY11	Milestone			Target FY26	Actual FY21
			FY19	FY21	FY23		
OUTCOME 2: The Carbon Fund incentivizes the development and delivery of REDD+ ER programs	2.A: Number of tons of CO ₂ e emission reductions and removals committed through signed ERPAs (tCO ₂ e)	0	50 million	170 million	170 million	170 million	133.8 million
	2.B: Amount of finance mobilized to support delivery of CF ER programs (disaggregated by public, private, ER programs, grants, loans, equity)	No targets (indicator reported on annually)					\$0
	2.C: Amount of REDD+ ER payments secured by CF countries through non-FCPF ER schemes	No targets (indicator reported on annually)					\$0
	2.D: % 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 FY23/FY26	Actual FY21
			FY19	FY21	FY23		
OUTPUT 2.1: Standards and preparations in place for high-quality ER programs discussed and endorsed by CF Participants and/or PC	2.1.a: 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 ⁹					
	2.1.b: Development of CF approach to registries	0 (FY11)	Research and guidance published, Options tested for centralized and country registries	CF registry approach endorsed & implemented (FY21)	n/a (to be completed in FY21)	CF registry approach endorsed & implemented (FY21)	Registry completed
OUTPUT 2.2: Countries have entered into the portfolio of the Carbon Fund	2.2.a: Number of early ideas presented by countries to the CF	0 (FY11)	24	24	24	24	24 ¹⁰
	2.2.b: Number of ER-PINs presented by countries to the CF	0 (FY11)	20	20	20	20	20 ¹¹
	2.2.c: Number of countries invited into the CF pipeline	0 (FY11)	19	19	19	19	19 ¹²
	2.2.d: Number of countries signing a CF Letter of Intent	0 (FY11)	19	19	19	19	19 ¹³
	2.2.e: Number of ERPDs presented by countries to the CF	0 (FY08)	16	16	16	16 (FY21)	18
	2.2.f: Number of countries accepted into CF portfolio	0 (FY08)	14	16	16	16 (FY21)	18
	2.2.g: Number of countries that have signed an ERPA with the CF	0 (FY08)	5	16	16	16 (FY21)	14 ¹⁴
OUTPUT 2.3: Private sector engages with the Carbon Fund	2.3.a: Extent to which CF programs influence private sector engagement with low/zero deforestation and REDD+ processes	No targets (qualitative progress measured through evaluation)					0
	2.3.b: Number of formal partnerships between CF programs and private sector entities (disaggregated by financial, non-financial)	0 (FY11)	5	8	10	10 (FY26)	0
OUTPUT 2.4: Countries progress adequately on implementation of their ER programs	2.4.a: Number of completed CF programs	0 (FY11)	0	0	0	15 (FY26)	0
	2.4.b: % of CF program budgets (as per ERPD) covered by secured finance	No targets (indicator reported on annually)		n/a		100% (FY26)	0
	2.4.c: Actual ERs purchased by CF as % of originally committed ERs (as per ERPA)	n/a (FY11)	n/a	9%	29%	60% (FY26)	n/a

Result	Indicator	Baseline FY08/FY11	Milestone			Target FY23/FY26	Actual FY21
			FY19	FY21	FY23		
OUTCOME 3: Participant countries strengthen delivery of programming aimed at sustaining or enhancing livelihoods of local communities and/or conserving biodiversity	3.A: 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)					
	3.B: Extent to which FCPF processes support Participant country efforts to conserve biodiversity within REDD+ intervention areas	No targets (qualitative progress measured through evaluation)					
OUTPUT 3.1: Enhanced capacity of IPs and CSOs to engage in REDD+ processes at the country level	3.1.a: 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)	n/a	n/a	68,100 (Of which 30,645 female; 55,100 CSO; 13,000 IPs) (FY21)	109,154 ¹⁵ (Of which 54,310 female; 67,537 CSO; 41,617 IPs)
	3.1.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)	n/a	50	60	70	75	75 ¹⁶
OUTPUT 3.2: FCPF Participant countries test ways to sustain and enhance livelihoods	3.2.a: Number of CF programs that test ways to sustain and enhance livelihoods	0 (FY11)	4	9	14	16 (FY26)	18
	3.2.b: Number of RF REDD+ Country Participants whose REDD+ Strategies include activities that directly aim to sustain and enhance livelihoods	0 (FY08)	39	44	n/a	44 (FY21)	45
OUTPUT 3.3: FCPF Participant countries test ways to conserve biodiversity	3.3.a: Number of CF programs that test ways to conserve biodiversity	0 (FY11)	14	16	16	16 (FY26)	18
	3.3.b: Number of RF REDD+ country participants whose REDD+ strategies include activities that directly aim to conserve biodiversity	0 (FY08)	39	44	n/a	44 (FY21)	45

Note: n/a = 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-PIN = 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; tCO₂e = (metric) tons of carbon dioxide equivalent.

- Data source came from Biennial Updated Report (BURs) for non-Annex I countries, Country GHG profiles on UNFCCC website, and ClimateActionTracker, etc.
- ER monitoring reports are not yet completed for the CF.
- Minor discrepancies in some reporting templates mean that totals do not sum, and some templates incorrectly identified type of funds. Thus, disaggregation should be taken as indicative/estimated.
- Last R-PP (for Gabon) was endorsed in July 2017.

- 34 is the number of countries that have an average rating of at least 4/green (Significant progress) in the Country Progress Report. To obtain this weighted score, each sub-component was assigned points (1 to 5) and the average was taken.
- 37 is the number of countries that have an average rating of at least 4/green (Significant progress) in the Country Progress Report. To obtain this weighted score, each sub-component was assigned points (1 to 5) and the average was taken.
- 43 is the number of countries that have an average rating of at least 3/yellow (Progressing well, further development required) in the Country Progress Report. To obtain this weighted score, each sub-component was assigned points (1 to 5) and the average was taken.
- 43 is the number of countries that have an average rating of at least 3/yellow (Progressing well, further development required) in the Country Progress Report. To obtain this weighted score, each sub-component was assigned points (1 to 5) and the average was taken.
- All delivered except the ERPA business process.
- Last Early Idea note presented at CF12.

Result	Indicator	Baseline FY08/FY11	Milestone			Target FY23/FY26	Actual FY21
			FY19	FY21	FY23		
OUTCOME 4: Enhanced learning from FCPF on global implementation of REDD+	4.A: 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)					
	4.B: Participant countries' assessment of FCPF's role within and contribution to national REDD+ processes	No targets (indicator reported on annually)					4.67 ¹⁷
OUTPUT 4.1: Knowledge gained during the development and delivery of FCPF activities disseminated, in line with communications and knowledge strategy	4.1.a: Number of knowledge products produced (cumulative)	0	20 news stories/ blogs	35 news stories/ blogs	50 news stories/ blogs	60 news stories/ blogs	64 news stories/ blogs 81 knowledge seminars 50 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	
	4.1.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
4.1.c: Extent to which FCPF learning and evidence influences ongoing FCPF implementation	No targets (qualitative progress measured through evaluation)						
OUTPUT 4.2: Participants actively engaged in South-South learning activities	4.2.a: Number of FCPF-supported S-S learning activities and/or events connecting FCPF countries (cumulative)	0	8	10	14	15	29
	4.2.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)	1,500+ (Of which 650 female; 210 CSO; 220 IP ¹⁸)
	4.2.c: % 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)	n/a	50	60	70	75	88% ¹⁹ (Of which 49% women; 44% CSO; 32% IP ²⁰)
OUTPUT 4.3: FCPF knowledge is applied by participants and other REDD+ practitioners	4.3.a: Extent to which FCPF learning, evidence and knowledge products are used by Participant Countries	No targets					4.19 ²¹
	4.3.b: Number of non-FCPF programs and countries that have adopted elements of the FCPF Methodological Framework within their own REDD+ processes	No targets (quantities and examples reported annually)					

11. Guyana produced an ER-PIN but no further action was taken. Last ER-PIN was presented at CF14.

12. The last country entered the pipeline at CF11.

13. Last LOI was signed at CF16.

14. All ERPA's will be signed by FY22. Three carbon fund countries dropped out of the pipeline so the total number of CF countries remaining is 15.

15. CBP programs were on pause during this FY, so there are no additional results to report.

16. CBP programs were on pause during this FY, so there are no additional results to report.

17. 4.67 is the average score of a survey on FCPF strengths, weaknesses, and contributions to REDD+ of each FCPF country calculated from the Country Progress Report. To obtain this average score, each answer to a question was assigned points (5 as Completely agree to 1 as Completely disagree) and the average was taken.

18. Disaggregated figures were not reported in FY18. Thus, disaggregated figures reported this year and going forward will be cumulative from FY19 onwards.

19. Due to the COVID-19 pandemic, only 21 responses were recorded and there was an issue with the data quality. Responses have been calculated as accurately as possible but require the aforementioned caveat.

20. Disaggregated figures were not reported in FY19 nor before. Thus, disaggregated figures reported this year and going forward will be cumulative from FY20 onwards.

21. 4.19 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 (5 as Completely agree to 1 as Completely disagree) and the average was taken.

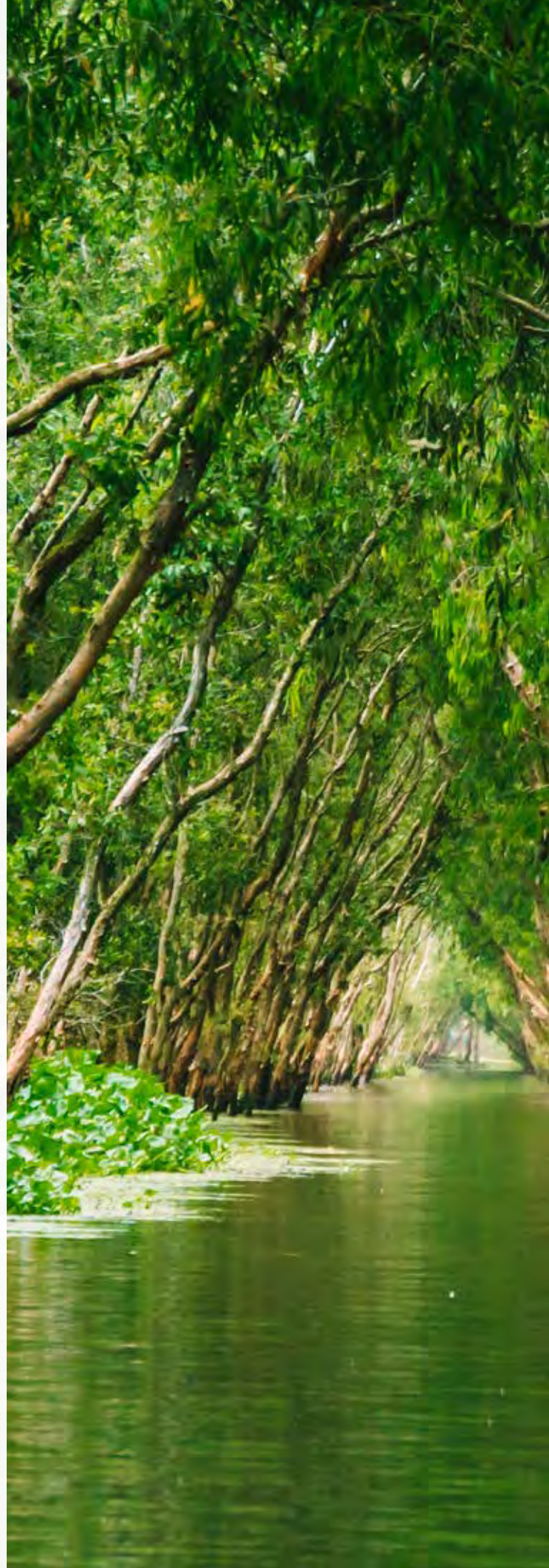
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