



Forest Carbon Partnership Facility

Lessons Learned & challenges from the implementation of the FCPF

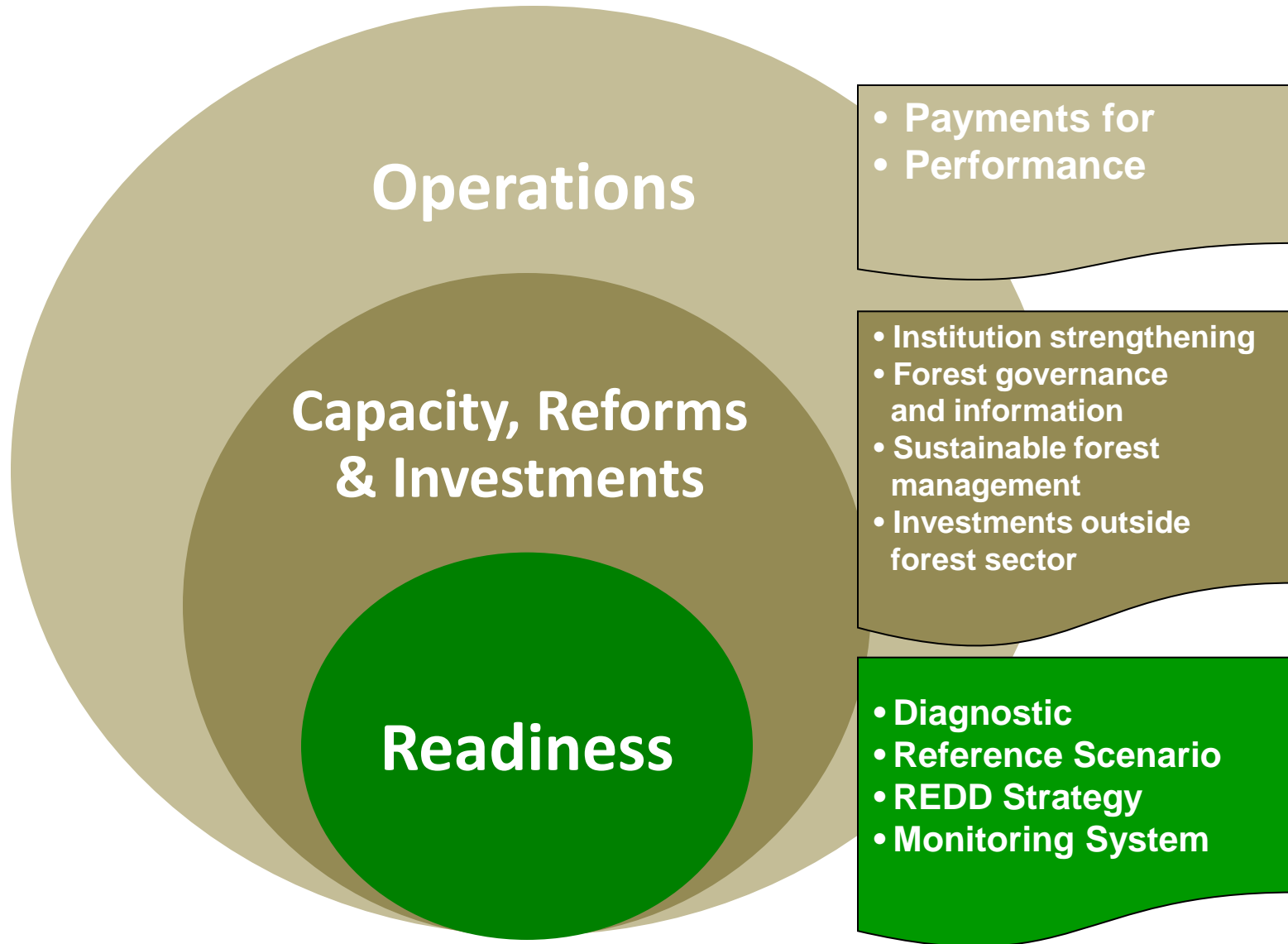
Werner Kornexl

The World Bank

International Seminar on REDD in Developing Countries

Tokyo, March 11, 2010

The Three Phases of REDD+



Forests and Climate Change: World Bank-Managed Instruments

**Carbon
Funds**
\$2.3 billion*

**Climate Investment
Funds**
~ \$6 billion

**BioCarbon Fund
(BioCF)**
\$90 million

**Forest Carbon
Partnership Facility
(FCPF)**
\$167 million

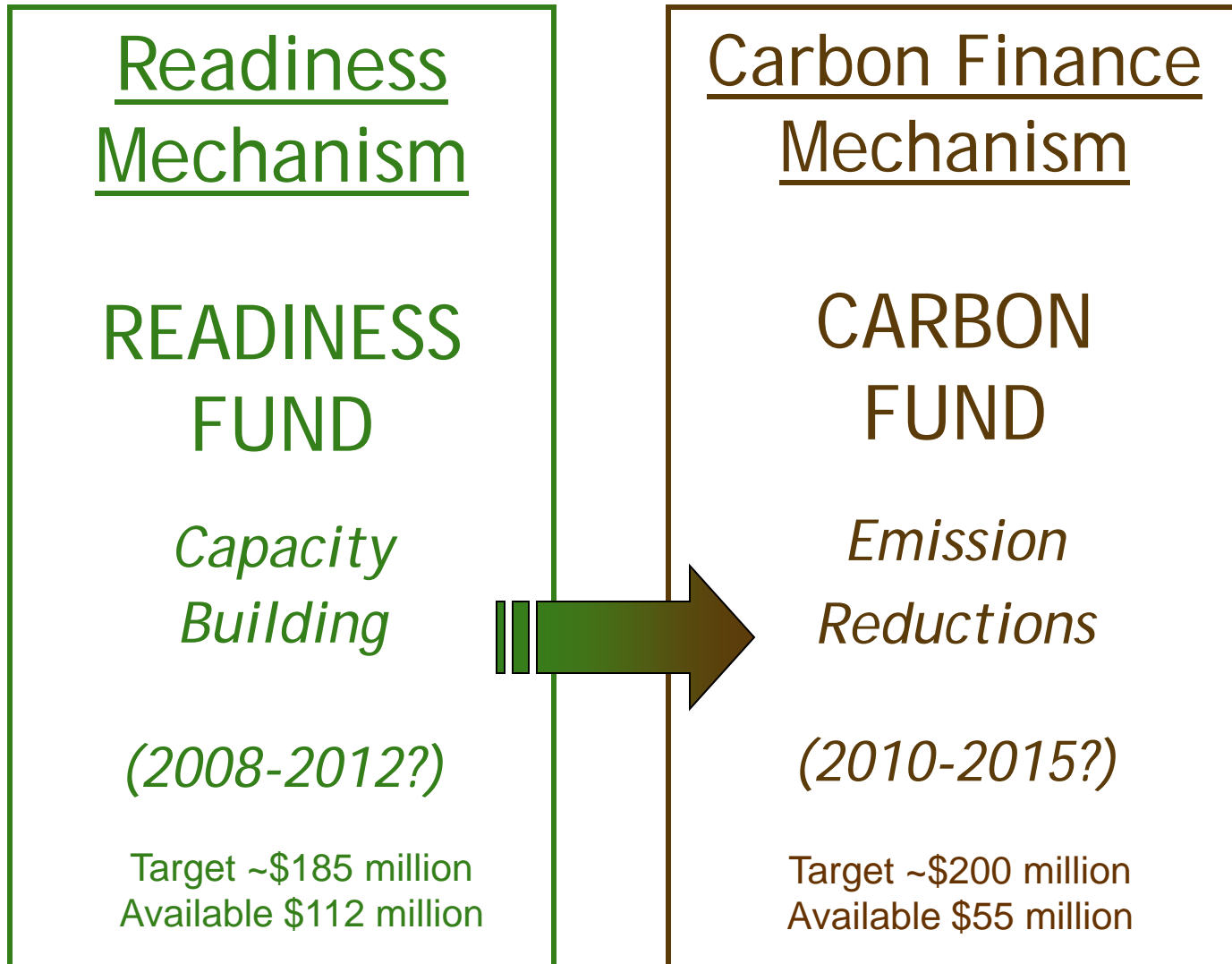
**Forest Investment
Program
(FIP)**
\$356 million

Growing Forests Partnership (GFP)
\$15 million

FCPF = A Partnership to Make REDD+ Happen



Two Mechanisms



Financial Contributors to the FCPF

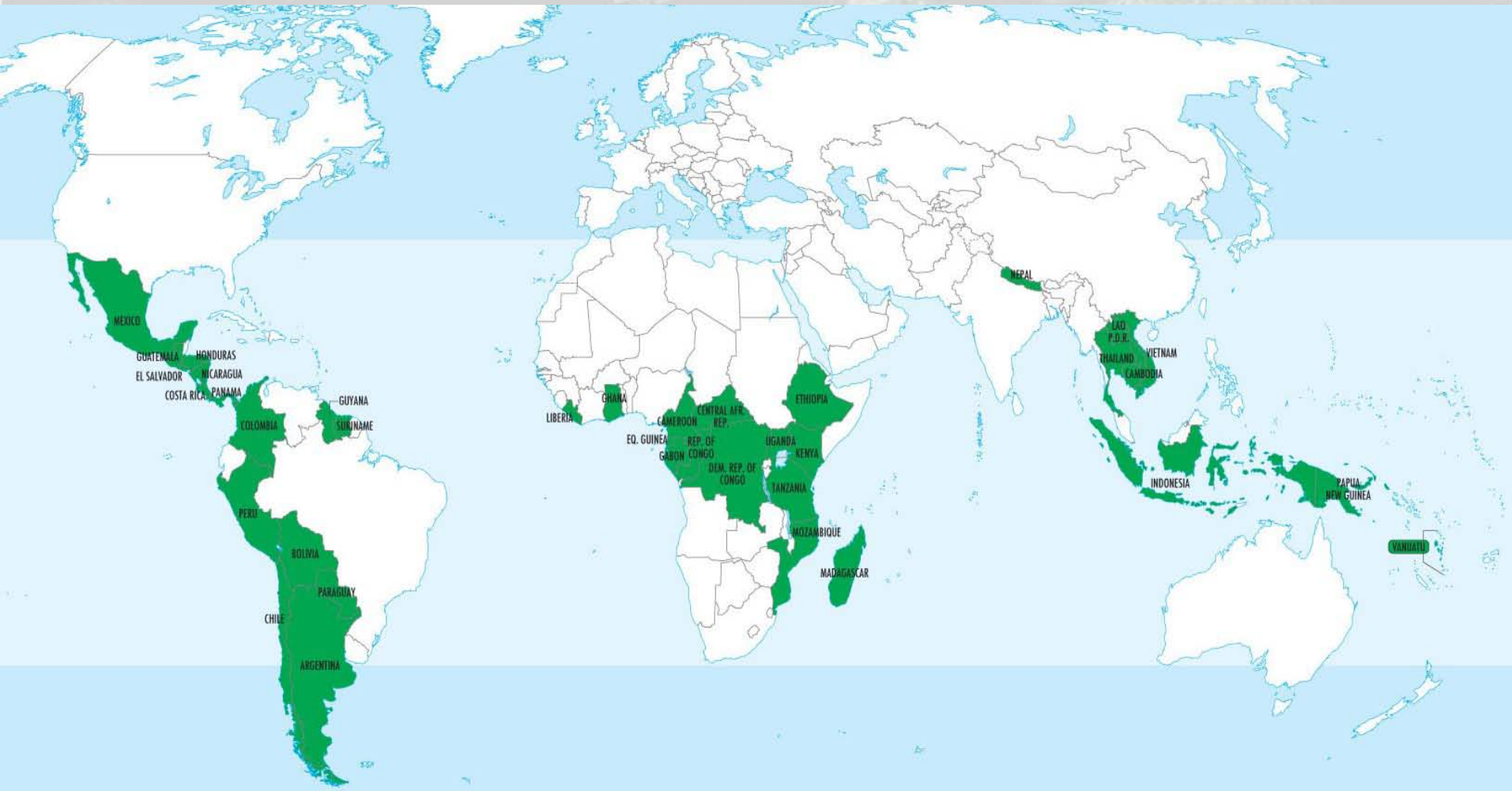
DONOR PARTICIPANTS

1. AFD
2. Australia
3. Denmark
4. Finland
5. Japan
6. Netherlands
7. Norway
8. Spain
9. Switzerland
10. United Kingdom
11. United States

CARBON FUND PARTICIPANTS

1. European Commission
2. Germany
3. Norway
4. The Nature Conservancy
5. United Kingdom

37 REDD Country Participants Selected



FCPF Participation Agreement Status

South America

- Argentina
- Bolivia
- **Chile ***
- Colombia
- Guyana
- Paraguay
- Peru
- Suriname

Meso-America

- Costa Rica
- El Salvador
- Guatemala
- Honduras
- Mexico
- Nicaragua
- Panama

Africa

- Cameroon
- Central African Republic
- Dem. Republic of Congo
- **Equatorial Guinea ***
- Ethiopia
- Gabon
- Ghana
- Kenya
- Liberia
- Madagascar
- Mozambique
- Republic of Congo
- Tanzania
- Uganda

Asia & Pacific

- Cambodia
- Indonesia
- Lao PDR
- Nepal
- Papua New Guinea
- Thailand
- Vanuatu
- Vietnam

**Countries that have not signed the Participation Agreement, as of December 31, 2009*

FCPF: Readiness Services

- As implementing entity, Bank provides two types of support:
 - Readiness preparation support: advice, feedback
 - Fiduciary and safeguard support
 - Procurement
 - Financial management
 - Environmental and social safeguards

FCPF's Main Contributions to Date

- Created a framework: What does it mean to get 'ready for REDD+'?
 - **Components of a readiness package:**
 - REDD+ strategy & implementation framework
 - Reference Emission Level
 - MRV system
 - National REDD+ management arrangements
 - **Processes**
 - Country-driven process
 - Independent + peer reviewers
- Created a forum for REDD+: Increased understanding and trust among countries

Insight 1

- Countries embark in REDD+ readiness from different starting positions, reflecting their unique conditions and history
- No cookie-cutter approach; each country has to find its own way
- Facilitate cross-fertilization and South-South cooperation
- REDD+ Solutions must be tailor-made

Insight 2

- REDD+ fits into an emerging national, low-carbon development strategy
- Not a forestry project
- Does not take place at the margins of a national development strategy, but in the very center

Insight 3

- Preparation for readiness is a multi-step process requiring
 - Definition of strategic options for REDD+
 - Evolution of new institutional arrangements
 - Design of delivery and MRV systems
- REDD+ readiness will take time and needs to develop a “common vision”
- Projects, investments happen before ‘REDD+ readiness’ is reached

Insight 4

- Creating social capital is key
- Transparency is imperative: open access to data, MRV, consultations/communication with key stakeholders
- REDD+ takes time and requires changes in attitudes and in governance structures
- However, huge expectations created (trade off)
- Questions:
 - Are we asking too much (urgency vs. prudence)?
 - What are the right mechanism for balancing upfront requirements and performance based incentives

Insight 5

- Successful REDD+ is linked to good governance – credibility is key
- solid fund management structures, inclusive governance structures and financial management will be important
- Need to find mechanisms to keep the financial flows simple but efficient

Insight 6

- Profound understanding of drivers of deforestation will be needed to have success
- Strong interrelation between drivers of deforestation and
 - Reference Scenario,
 - REDD Strategy and management,
 - Funding and incentive system, and
 - MRV system

Insight 7

- As implementing partner, WB provides two types of support:
 - Readiness preparation support: advice, feedback
 - Fiduciary and safeguard support
 - Procurement
 - Financial management
 - Environmental and social safeguards
- More implementing partners are needed
 - Develop complementarities on the ground
 - Define Minimum standards and guidance
- But, national coordination of funding is important – Readiness Preparation Proposal

Cooperation with Other REDD+ Institutions

- UN-REDD Programme:
 - Memorandum of understanding and active cooperation at corporate and country levels
 - Observer status in FCPF
- All main bilateral REDD+ donors + European Union active in FCPF Participants Committee
- Active discussions with:
 - Forest Investment Program
 - GEF Secretariat
 - Germany (BMZ, GTZ , KfW) at corporate and country levels
 - Japan (Ministry of Finance, JICA) at corporate and country levels
 - USA (State, Treasury and USAid) at corporate and country levels
 - Other bilaterals at country level, e.g.,
 - Denmark (in Bolivia)
 - Netherlands (in Ghana)
 - Norway (Guyana, Tanzania)
 - France (in Congo Basin)
 - UK (in Guyana)
 - Incipient discussion with CBFF Secretariat (invited to observe FCPF meeting)

Knowledge gaps

- **How should a monitoring (MRV) system be designed to meet country needs ? How to harmonize methods across countries ?**
 - **FCPF cooperating with UN-REDD toolkit development**
 - **Proposed MRV gaps assessment paper**
- **How can national and sub-national or project-scale carbon accounting, monitoring and delivery be coordinated?**
 - **Planning: Issue paper; workshop; draft guidance.**
- **How can REDD+ be financed the most efficient way at a national scale?**
- **How can national development strategies be captured in Reference Emission Levels?**
- **What is the international community paying for? And what are the indicators for success**

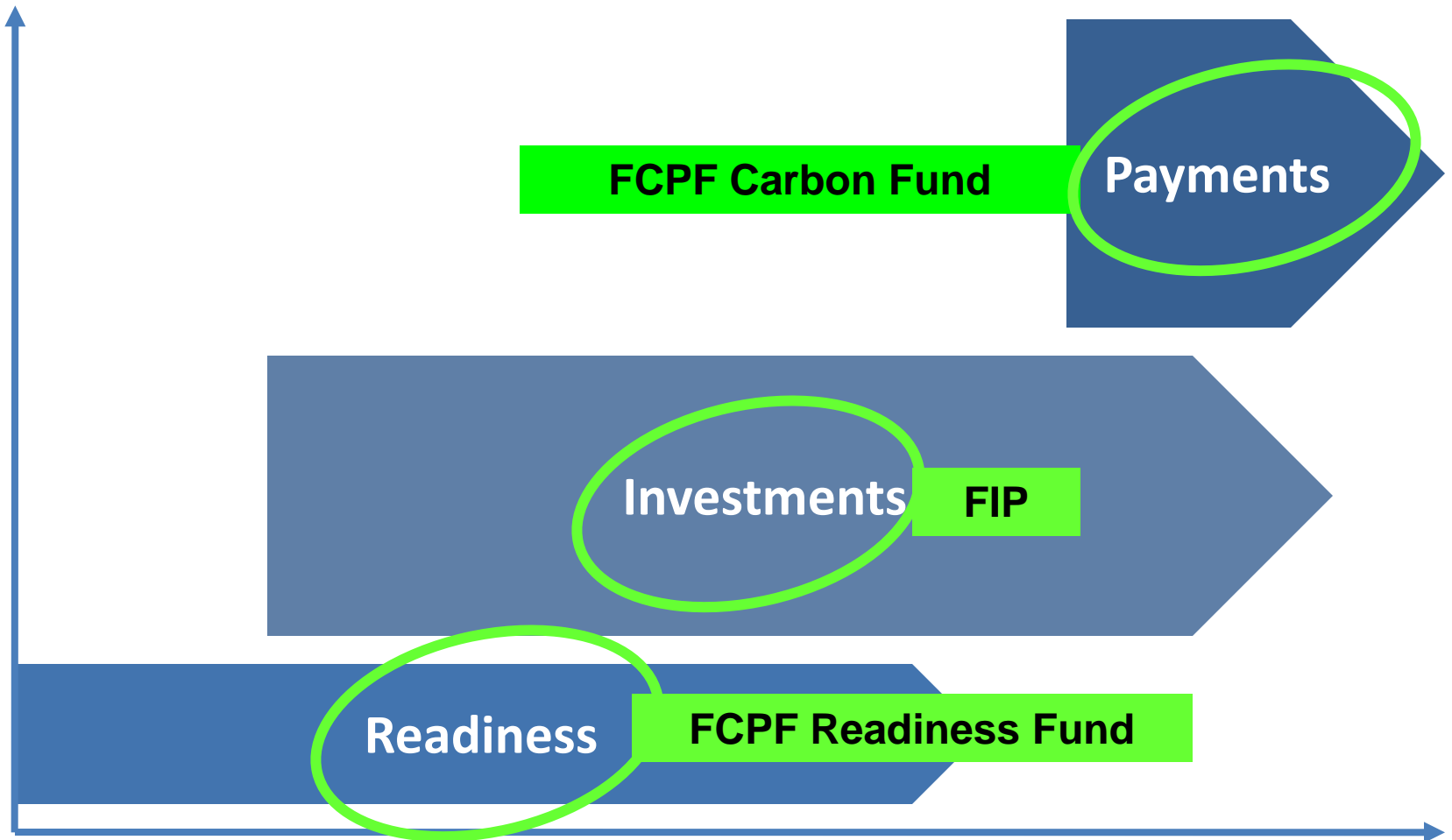


THANK YOU

www.forestcarbonpartnership.org

www.carbonfinance.org

FCPF/FIP Sequencing



Upcoming Meetings

- March 22-25, 2010 (La Lopé, Gabon)
 - Participants Committee 5
- June 28-July 1, 2010 (Guyana)
 - Participants Committee 6
- October 25-28, 2010 (Washington, DC)
 - Participants Assembly 3 + Participants Committee 7
- March 2011 (Vietnam has offered to host)
 - Participants Committee 8
- June 2011 (Norway has offered to host)
 - Participants Committee 9
- October 2011 (Germany has offered to host)
 - Participants Assembly 4 + Participants Committee 10

REDD Countries – Grant Status

Signed Grant Agreements:

Costa Rica
Democratic Republic of Congo
Ethiopia
Gabon
Ghana
Kenya
Lao People's Democratic Republic
Liberia
Nepal
Republic of Congo
Uganda

Not Signed Grant Agreements:

Argentina	Mexico
Bolivia	Panama
Cameroon	Paraguay
Colombia	Peru
Guatemala	Vanuatu
Guyana	Vietnam
Indonesia	
Madagascar	

Not yet eligible for Grants:

Cambodia	Mozambique
Central African Republic	Nicaragua
Chile	Papua New Guinea*
El Salvador	Suriname
Equatorial Guinea	Tanzania
Honduras	Thailand

**PNG has advised that until other countries have received FCPF grants, it will only seek resources from UN REDD and not from the FCPF.*

FCPF Governance

Technical Advisory Panels

Provide external technical Advise and Assessments



Participants Assembly (PA)

All Eligible REDD Countries,
Donors and Carbon Fund Participants

- Forum for exchange of information
- Meets at least annually
- Opportunity for 'subgroups' to meet and discuss experiences, elect their representatives

Participants Committee (PC)

An elected subset of the PA with equal numbers of Donors and REDD Countries

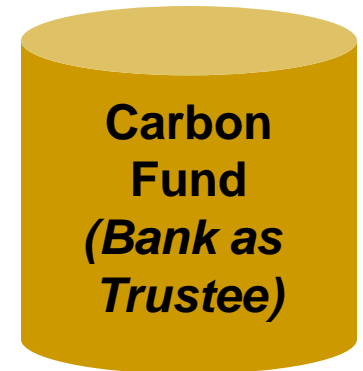
Primary decision making body, including all policy issues

Official Observers

Facility Management Team (FMT)

(Bank)

Bank facilitates partnership and ensures compliance with policies



Carbon Fund Participants Committee

Decision making on specific carbon transactions

Composition of Second Participants Committee (2009-2010)

REDD COUNTRIES

Argentina	Mexico
Colombia	Nepal
Costa Rica	Panama
DRC	Papua New Guinea
Gabon	Suriname
Ghana	Tanzania
Kenya	Vietnam

CONTRIBUTORS

AFD
Australia
Denmark
European Commission
Finland
Germany
Japan
Netherlands
Norway
Spain
Switzerland
The Nature Conservancy
United Kingdom
United States

OBSERVERS

Forest-Dependent Indigenous Peoples,
Private Sector,
International Organizations,
NGOs,
UNFCCC Secretariat,
UN-REDD Programme

FCPF: The Big Picture

Established collaborative partnership & transparent platform for meaningful exchanges on REDD issues

- **Pioneered REDD readiness preparation process**
- **Countries actively preparing for readiness**
- **Due to high demand, REDD Country participation increased from 0 to 20 to 37**
- **37 REDD Country Participants**
- **11 Donor Participants**
- **5 Carbon Fund Participants**
- **6 Observers**
- **Others**
 - Brazil (South-South cooperation)
 - Global Environment Facility
 - World Bank Institute
 - Technical assistance service providers

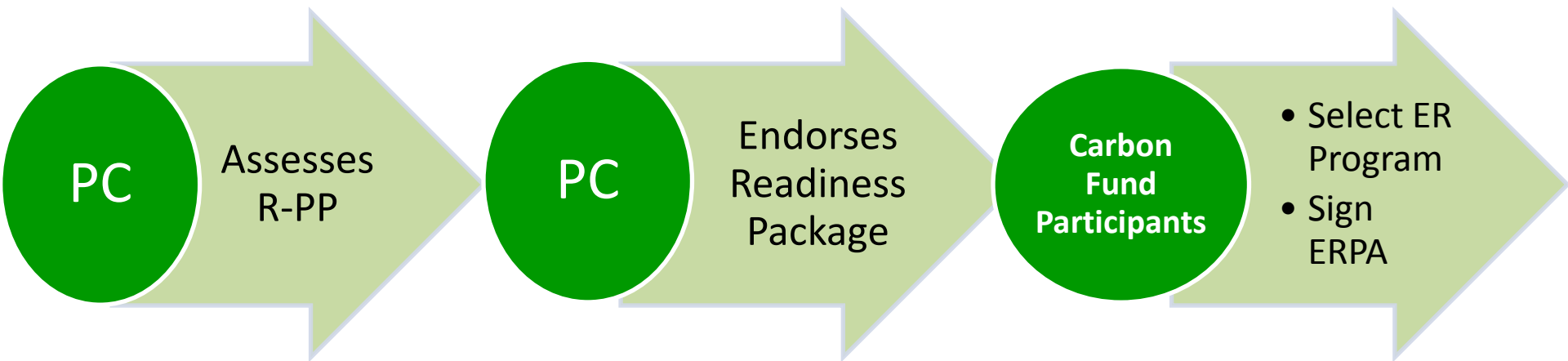
Readiness Organization

- What does it mean to 'do REDD'?
- Created templates/processes to facilitate Readiness:
 - Process of country submissions and reviews:
 - Readiness Preparation Idea Note (R-PIN)
 - Readiness Preparation Proposal (R-PP)
 - Readiness Package (R-Package)
 - Reviews by
 - Technical Advisory Panel
 - World Bank team
 - Participants Committee + Observers
 - Application of environmental and social due diligence framework
 - Strategic Environmental and Social Assessment (SESA)
 - Consultation and Participation guidance

Readiness Activities in the FCPF (1)

- Readiness activities under Readiness Fund are limited to early planning, mostly analytical work and system design
- Two phases:
 1. Formulation of Readiness Preparation Proposal (R-PP)
 2. Readiness Preparation (Readiness Package preparation)

From Readiness to Emission Reductions Payment Agreement (ERPA)



1. Reference Scenario
2. Monitoring System
3. REDD+ Strategy
4. Management arrangements