**Management Group (MG) of the UN-REDD Programme**

**Decisions of the MG Planning Retreat 29 June – 2 July 2015**

**FAO headquarters, Rome**

Minutes, Draft July 2015

**Participants:**

MG members and alternates

FAO: Maria Sanz Sanchez

UNDP: Tim Clairs, Josep Gari

UNEP: Tim Christophersen, Edoardo Zandri

Secretariat: Mario Boccucci

Others

Secretariat: Mirey Atallah, Jessica Holterhof, Mike Speirs, Dale Wilson

MPTF: Pierre Bardoux-Chesneau

*(\*Parallel WG session on the results framework, an updated results framework is annexed to the minutes)*

**1. Decisions**

**a. Approval of agenda**

Decisions and Actions:

* + The Secretariat will provide an overview of decisions and actions to be taken by the end of every meeting day.
	+ The Secretariat will provide a report on the planning retreat by 10 July.
	+ MG will provide written comments as soon as possible, if necessary.

**b. Transition phase**

Decisions and Actions:

* In terms of efficiency, the MG agreed that extending the current UN-REDD Programme Fund would be the smoothest and simplest option, given that the MPTF is now open that this option.
* To move forward with the extension of the Programme Fund by 2016, the MG acknowledged the need to clarify actions to be taken during the transition phase. In particular:
	+ The UN agencies will clarify their fund balances and funding gaps for covering the staff costs in 2016 while the Fund is being extended. Each UN agency will provide the estimated balance (until the end of 2015) for staff salaries, targeted support, and agreements with implementing partners to explain their expenditures. This is needed to clarify the current status of funding as it appears on the MPTF gateway, and to address the impression of high level of available funding for the programming. The UN-REDD Programme Secretariat will create a simple template to obtain above information.
	+ MPTF needs to clarify with its legal department what it would entail to extend the current Programme Trust Fund and if this option is indeed viable.
	+ The Secretariat will need to address donors collectively with a proposal to extend the existing Fund and the associated transitional measures. This will be done before the donor consultation in September 2015 to make them aware of the current situation of the Programme.
	+ In addition, the following documents need to be prepared and appraised by all UN agencies: Fund TOR for the new MOU and SAA; Joint Programme Document; consideration of a fast track funding allocation at the start-up of the new phase will need to be included. This will need to be done before the donor countries are approached.
* The MPTF will prepare a one-page document for the extension of the current MOU as a back-up solution for all three UN agencies to be able to finance staff through 2016. This will only be done in case a new Programme Fund is set up, and there is a need to extend the current MOU to cover the 2015-2017 operational closure phase.
* The MG indicatively established that annual staff costs amount to 20 M US$ per year and agreed that the estimated remaining balance from the SNA budget at the end of 2015 (approximately 10 M US$) will be used to cover 50% of staff costs for 2016. This will not require a decision on no-cost extension by the PB, but an extension of the Joint Programme Document internally by the UN agencies.
* The UN-REDD Programme Secretariat will organize a consultation with current donors in September 2015 to discuss potential funding options to cover the balance of staff cost in 2016 and basic operational costs in (approx. 10 M US$). These options include (i) a funding transfer (‘fast-track’ arrangement) to the current UN-REDD Programme Fund (and in this case the extended and updated TOR will include a paragraph on exceptional transition measures to allow smooth allocation of these funds), or (ii) direct transfer of additional pledges from donor countries to the UN agencies.
* The MG agreed on the next steps to prepare for the transition phase of the UN-REDD Programme, which will entail the following:

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| **#** | **Task** | **Responsibility** | **Deadline** |
| 1 | Estimate of costs for start-up (including staff, necessary operational cost, etc.) | UN agencies + Secretariat | draft by 1 July, confirmed numbers by 10 July |
| 2 | Draft of internal arrangements | UNEP to circulate | by 3 July; MG discussion on 10 July 11AM |
| 3 | Confirmation from MPTF that the Fund can be extended | MPTF | by 27 July (Meeting of PAC) |
| 4 | Reporting of estimated balance and breakdown of costs | UN agencies based on Secretariat template | Sec to send template by July 3, feedback on 10 July |
| 5 | Final draft of Results Framework | Secretariat | by 15 July (following internal review by MPTF); UN agencies to provide comments by 7 August |
| 6 | New Joint Programme Document | Secretariat/UN agencies | Sent on July 10; UN agencies to review and finalize by 30 July |
| 7 | TOR, including programming cycle and operations note for the next phase | Secretariat/MPFT | by 15 July (following internal review by MPTF); UN agencies to provide comments by 7 August |
| 8 | Revision of the current draft of the management response to the Programme evaluation (including provision of evidence about how measures have been applied) | UN agencies | by 15 July |
| 9 | Updated management response to be circulated to the PB | Secretariat | By end of July |
| 10 | Send full package of information to donor countries (including MOU, SAA, TOR, updated management response on Programme evaluation, Operations note, results framework, governance arrangements) | Secretariat | by 11 August |
| 11 | Consultations with donor countries (including discussions on transition financing, package documents, etc.) | Secretariat (with agencies if necessary) | Starting second half of August |
| 12 | Internal note to the file for extension of the SNA (if necessary) | Secretariat | September |

**c. Governance arrangements**

Decisions and Actions:

* Concerning earmarked funds, the MG agreed that a confirmation should be given by the EB for fund allocations at country level. This will be reflected both in the documents for governance arrangements and the programming cycle presented to potential donor countries to ensure internal controls and quality assurance (e.g. clearance of requests for the release of funds) from the UN-REDD Programme and its Management Group. The NSC will remain responsible for approval of programmes and projects approved within this allocation, and for oversight of implementation with reporting to the EB. Each earmarked fund at country level would be associated with a top-up allocation at global level to cover the cost of quality assurance and service provision associated with this country.

**d. Cost estimate**

Decisions and Actions:

* The MG agreed that the presentation of cost estimates for the next cycle of the Programme to potential donors should consider a starting scenario of 300 M US$, therefore mirroring costs of the current Programme cycle.
* The MG agreed that staff costs would be maintained throughout the whole period of the fund at 20 M US$/year (indicative amount at this point, to be refined as part of the strategic staffing discussion), with a possibility to increase this amount in case the overall funding of the Programme goes beyond 300 M US$. This would be argued on the basis that this is the staff contingent needed to deliver the range of expertise at an adequate level and quality to countries. In 2016-2017, the overlap between implementation support to carried-over operations and scoping/programming for the new Fund fully justifies the proposed level of staffing, which will be maintained subsequently with implementation at full regime.
* The MG decided that emphasis should be set on identifying potential countries for national programme support within the first 1-2 years of the next reporting cycle, so that all implementation would be completed by the end of 2020. Taking into consideration the existing experience of the programme with lag times, delays and slippage, a buffer for operational closure in 2021 should be allowed for. Fund operations would close in 2021, and financially closed in 2022-2023.

**e. Funding modalities and pipeline**

Decisions and Actions:

* The MG will ensure that the UN agencies provide additional input to the country readiness table provided by the Secretariat. The information given will create the basis to explain the selection process to partner countries in a transparent and clear way and provide countries with incentives to meet these criteria.
* The MG should identify which of the partner countries should be selected for the different funding support mechanisms, and clarify which criteria underpinned their assessment. Comments and assessments should be provided by the MG as soon as possible. This will serve to fine-tune and adjust the readiness overview table, so that some solid information can be provided as input to the EB’s discussion on criteria for prioritization and fund allocation.
* FAO will fine-tune the data related to emission reduction potential and adjustments will be made to the table to provide room for political buy in, risk profile, and policy advice and technical assistance as additional modalities of support.
* The Secretariat will send an email to the MG by 10 July, which will identify the information needed for a first selection assessment, as well as questions to be answered by agency teams completing this assessment.
* In regard to defining the funding mechanisms at national level, the MG agreed all support should be tailored to the specific needs of the country, and therefore be as flexible as possible. For Targeted Support a cumulative threshold should be established to avoid the substitution of NPs by recurrent TS requests often amounting to a higher overall envelope than a NP.
* The Secretariat will provide detailed descriptions of the different funding mechanisms, including (i) Country Programmes, (ii) Targeted Support, and (iii) Seed Funding, in its Guidance Note on operational and programming issues for feedback and inputs by the agencies.
* Further discussions on pipelining and funding modalities are needed to enable a full definition of each programming cycle. This will be based on the initial paper to be prepared by the Secretariat.

**f. Role of the Lead Advisor**

Decisions and Actions:

* The MG agreed that the Chief Technical Advisor should be replaced by a National Coordinator having managerial functions, as this will help overcome the confusion of CTA and Lead Advisor. There needs to be a National Coordinator and Lead Advisor in countries with National Programmes, as they have very distinct roles. The Lead Advisor is held accountable to the MG, while the CTA is accountable to the national government. The decision on actual arrangements should be kept flexible, and on a case-by-case basis.
* The Secretariat will prepare an updated draft TOR for the Lead Advisor by 15 July, which will specifically cover the relationship of the Lead Advisor with the National Coordinator, the Lead Agency, the MG and the UN country support team. The Lead Advisor’s role and functions should be aligned with the already defined functions of the other UN-REDD key players to fit into the overall dynamic at country level. The MG will provide comments by 7 August.
* The MG agreed that the Lead Advisor will officially represent the overall UN-REDD Programme at the National Steering Committee, speaking on behalf of all three UN agencies. The country support team will have the prerogative to decide who will accompany the Lead Advisor to ensure on how to best serve and contribute to the agenda. The final decision rests with the Lead Advisor, and in case of conflict this will be brought to the attention of the MG.

**g. Green Climate Fund**

Decisions and Actions:

* The MG agreed that the opportunities and challenges of engagement with the GCF will require more MG discussion and then brought to the SG attention in the near future, also to clarify the overall strategy of the UN-REDD Programme concerning future applications to the GCF and how the Programme should respond to countries seeking support to access the GCF.

**h. Results Framework**

Decisions and Actions:

* Considering the results framework discussion in parallel and the need to clarify how resources will be allocated, the MG agreed that cross-cutting issues would be embedded within each outcome, and indicators included at that level to reflect them.
* The Secretariat has provided a revised version of the results framework by the end of the MG planning retreat on 2 July. The MG has one week to provide its comments by latest 8 July. The updated draft of the results framework will then be circulated by the Secretariat on 10 July as part of the TOR.

**i. Feedback from Norway**

Decisions and Actions:

* The MG decided that the Secretariat will contact follow up with Norway so that they can clarify how to circulate to the PB their comments.

**j. Resource mobilization**

Decisions and Actions:

* The MG agreed to have an open discussion with Norway on expectations aiming to clarify how the UN-REDD Programme and Norway can work together to expand to new countries for the next phase. Additionally, the Programme should propose two alternative approaches to finance PAM countries: (i) preparation funds to be provided in 2016, with implementation funds to be provided in 2017 for full implementation, and (ii) in case Norway cannot pledge the full amount for PAM countries in one go in 2017, the second option of financing in tranches could be proposed.
* The Secretariat and the agencies will prepare a forecast document on potential funding scenarios for readiness and PAM country programmes, set against the budgeting cycle of the main donor Norway. This document should include a retrospective analysis of the Programme’s disbursement and absorption capacity, as well as a first priority selection list of countries to be supported in the future. The list would include a larger number of countries to ensure that there is a buffer to hedge any force majeure risks.
* The Secretariat will organize to send the letter that has been sent to the Ministry of Norway to the ministers of existing and potential donor countries (Switzerland, Germany, United Kingdom, and United States, etc.). The Secretariat will also prepare a short information note on the UN-REDD Programme and the upcoming changes planned to connect with the UN liaison offices in Brussels, the three relevant European commissioners (climate change, development, and environment), and to the relevant ministries and UN liaison offices of other potential donors.
* The Secretariat will keep updating the resource mobilization plan.

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*Additionally, the following issues will either be brought to the attention of the Strategy Group (SG), or need further discussion of the MG before the next planning retreat in September 2015 at UNEP headquarters in Nairobi.*

**Issues for further discussion at the next MG planning retreat**

* Closing mechanism for National Programmes (both operational and financial)
* Identification of a detailed selection process for new pipeline countries (in regard to all funding mechanisms – PAM countries, Country Programmes, Targeted Support, Seed Funding)
* Clarification of the Secretariat’s role, if any, to support the National Steering Committees at country level

**2. Minutes**

Minutes of the discussion listed below are presented in line with the circulated agenda, including a short summary of each session, and synthesis of the main discussion points where there was either convergence and/or disagreement, followed by any actions and decisions to be taken.

**Session 1 – Transition**

*The objective of the session was to assess the different scenarios and determine the best course of action for the 2016-2020 Programme cycle. The session aimed to (i) plan for the closing of the existing National Programmes under the current Fund so that all current commitments are delivered in an orderly fashion and with appropriate oversight, and (ii) to plan for the initiation of the 2016-2020 Programme, including necessary appraisals, and completion of the Fund TOR. Additionally, the session was set up to identify the potential risks and difficulties to mitigate, and depending on different scenarios, to make sure that the programme maximizes the benefit for the partner countries.*

* There has been confusion whether or not a new Fund needs to be established, or if it would be possible to extend the current Fund. The basic premise is that the choice of transition modality should be based on minimizing disruption to partner countries and be as seamless as possible to avoid complications both with donor and partner countries. Stakeholders and partner countries assume that the Programme will continue, therefore most of the discussions on funding mechanisms and changes in structural arrangements should be dealt with internally. The transition is mainly done to further benefit the partner countries rather than complying with individual donor expectations.
* The Secretariat presented three potential options for the creation of a new Fund, which can be found in the ‘UN-REDD Note on transition and initiation of the new Fund’.
* All UN agencies have raised concern that all scenarios presented comprise a high level of complexity and cumbersome processes that will add workloads and confuse partners. They expressed concern that this was being done to be responsive to the requirements of fund management rather than meet the needs of the Programme and expectations of partners. A possible Option 4 consisting of an extension of the current Fund should be considered, in which it is made clear that neither partner countries nor implementing countries should feel the ongoing changes. This would be the best option, as it minimizes disruptive changes and parallel processes with difficult accounting and reporting.
* Concerning the extension necessary to disburse funds in 2016, the current basis of the Programme is a Joint Programme Document, which will be internally extended by the UN agencies, and therefore not require a budget or extension decision by the PB.
* The MPTF clarified that if the UN-REDD Programme Fund can be extended, there is still the need to update and re-sign the TOR, MOU and SAA. Donor countries will expect to wrap up their contributions under the current SAA, including a final financial report of their current contribution.
* The MPTF will receive all documents prepared by the Programme, and discuss with the PAC internally whether or not an extension of the Fund is possible under these circumstances. As a no-cost extension of the MOU is necessary in any case, the MPTF will prepare a short document for the extension as a back-up solution for all three UN agencies to be able to finance staff through 2016.
* The possibility of using the remaining non-allocated budget to cover staff cost during the transition phase still needs to be clarified. This will have to be proposed and discussed with the donor countries, as an extension option has never been discussed with them. Agreement of all donors needs to be secured with the new requirements. The new structure of the Programme should be presented as an improvement of the current one, and not as a creation of a new Programme.
* The next steps to be taken during the transition phase need to be clearly mapped out, as this is a crucial phase. Even though the extension of the current Fund would solve the governance and reporting challenges for now, the issue remains to find sufficient budget to cover staff costs. The most time-sensitive issues are to develop the new MOU, SAA and TOR under the continuing Fund, and to map the way forward in regard to final financial reporting to donors on the current reporting phase.
* The remaining balance is estimated approximately 10 M US$ that could be used to cover the transition phase. Additionally, UN agencies have identified the overall need to cover staff costs would sum up to approximately 20 M US$. Therefore, there is a strong need to secure an additional 10 M US$ as soon as possible. To cover the shortfall, there is an urgent need to clarify how much is available, and non-allocated. The MG is committed to clarify to donors the difference in resource availability between the MPTF gateway and agency forecasts.

*Potential financing of the transition phase*

*Non-allocated budget: 15-16 M US$*

*Cash balance: 30 M US$*

*Cash balance with UN agencies: 32 approx. M US$*

*Cash balance in SNA (including NPs that have not yet received their budget): 15 M US$*

*Standing commitments: TS – 12.6 M US$; CBR+ - 3.6 M US$*

*Remaining balance: UNDP – 25 M US$; FAO – 22 M US$; UNEP – 15.5 M US$*

*Remaining balance 2015: UNDP – 5 M US$; FAO – 5 M US$; UNEP – 1 M US$; Sec – 2 M US$*

An estimated balance for all three UN agencies until the end of 2015 should be provided by the finance departments as soon as possible. In addition, funding needs for 2016 need to be decided on pursuant to the discussion on strategic staffing.

* Different options have been discussed on how to cover the additional 50% for staff costs. Should Norway be asked to provide the additional 10 M US$ directly to the UN agencies without going through the Trust Fund? Should a fast-track option be included in the TOR for the next Programme cycle to allow for additional budget transfers like this one? Should all donor countries be addressed, and not just Norway?
* The feasibility of a direct transfer to the agencies needs to be discussed with Norway to determine if it’s a viable option and if additional reporting is necessary, as funding would not go through the official channels of the Programme Fund. The same discussion could be had with all donors to the programme.
* A meeting with the donor countries should be held as soon as possible to further explain to them the immediate need for additional financial resources covering throughout the transition phase.
* For the MPTF to allocate the additional remaining 10 M US$ to the UN agencies, an ad-hoc committee might need to be established to approve the allocation of the first funding allocated fully dedicated to staff. For this allocation to be made possible, the first decision on fund allocation may have to be included in the TOR so that it can be deployed as soon as the fund is operational.
* The remaining non-allocated budget of 15-16 M US$, which has originally been planned to support the three new National Programmes for Chile, Peru and Myanmar, could be used to cover staff costs instead. The MG agreed to retain this for country level work, including under the new phase of the programme rather than redirect it to cover staff costs. They have also agreed on the need to ask donor countries for additional support directly than internally relocating some of the funds. The option of direct UN agency funding would guarantee the way forward in a more transparent way, and avoid possible tension with partner countries.
* To further ensure that ongoing projects and programmes are sufficiently supported, the Programme should currently not start new actions/projects without making sure that the financial resources are available. It would undermine the credibility of the overall UN-REDD Programme. FAO will close its programming to ensure that there are enough resources to cover ongoing activities for now, until there are new pledges from donor countries within the next phase.
* A detailed action plan displaying next steps, responsibilities and deadlines can be found in the list of decisions. All documents will need to be internally appraised by the different UN agencies, as well as the donors. If everything goes according to the timeline, a soft signing of the SAA with the donors could be done in late September.

Possible scenario - New UN-REDD Programme Fund

* In case a new Fund needs to be established, there are different issues that will need to be discussed, among which are the following: (i) there should only be one technical reporting cycle for UN-REDD activities, with separate financial annexes if necessary, and (ii) whether the same partner countries remain; (iii) whether it is possible to transfer to the governance body of the new fund oversight of progress and activities under the old fund. All programmes starting in 2016 would be transferred under the new fund and would have to be realigned to the new results framework.
* Programmes and projects which have already started cannot be transferred to the new Trust Fund, but the oversight functions need to be assigned by the PB to either the UN agencies or the EB. PB15 might need to decide whether or not to transfer the remaining non-allocated budget to the new Fund.

**Session 2 – Results framework**

*Following the decision at PB14 to complete a “fully narrated results framework”, and based on the outline of the new Terms of Reference for the UN-REDD Programme Fund, such results framework should be annexed to document and identify to focus of the future Programme on the impact and outcome levels. In parallel to the overall MG planning retreat, a 2-day working group meeting with experts from the UN agencies took place to thoroughly examine the proposals for the results framework, notably the indicators, the means of verification and the assumptions, as well as baseline and targets. A draft results framework had been circulated prior to the meeting by the Secretariat.*

The updated results framework, the main outcome of the working group session, is annexed to the minutes. Main internal decisions of the Working Group are the following:

* + An output pertaining to global support (tools, methods and capacity development) has been included under each outcome, in line with the agreement reached internally and in plenary with the MG.
	+ Internal comments will be provided by members of the Working Group by 8 July.
	+ To accompany the results framework, a full narrative will be developed by the Secretariat, drawing on the Theory of Change that underpins the future Programme.

**Session 3 – Governance arrangements**

*Most of the issues relevant to governance arrangements have been discussed during other sessions of the MG planning retreat, as they strongly overlap with discussion points for the transition phase, etc. This session therefore mainly focused on the future use of earmarked funds, and who should be accountable for those.*

Earmarked Funds

* The extent to which donors envisage pledging earmarked funds needs to be determined to define the extent to which such funding allocation will prevail over non-earmarked funds. It is understood that Norway wants to be the sole decision-making donor country and have control over its earmarked funds, and prefers that a confirmation for fund allocation of those funds should not be made by the EB.
* From a fund management point of view, earmarked funds can only be allocated to one specific country and/or one specific outcome. This goes hand in hand with the discussion on the overall outcome and output level of the results framework, and what should be done with cross-cutting issues such as gender (especially under outcome 3). The MG agreed that all cross-cutting themes and the global support of the Programme should be included as indicators under outcomes, and not be stand-alone issues.
* In terms of earmarked and non-earmarked funds, the relationship and accountabilities between the NSC and the EB will be different. This need to be made clear to all donors, as earmarked funds can be directly transferred from the MPTF to the country without passing by the central UN agencies. Concern was raised in relation to this, especially as it undermines the possibility for quality control and/or assurance. This would take away the credibility of the UN agencies that would still be held accountable for the overall progress of the Programme at country level without exercising the quality assurance necessary for high quality technical support. In order to enable this a clear delegation of authority is needed.
* The Secretariat will update all documents and clarify the roles at country level for this matter. What will be the role of the Lead Agency? What is the role of each UN agency country representative?
* The UN agencies discussed different options for accountabilities for fund transfers and the implementation of earmarked funds, and agreed that all EB members should be able to have a final say whether or not the earmarked fund allocations can and/or should be done. This will ensure quality assurance of the Programme, and build trust with all donors, not just Norway. It will furthermore ensure consistency throughout the Programme, and the Programme should not give in to one donor explicitly. The UN-REDD Programme will present a full package of documents to the donors, in detail explaining why this option is the preferred one for the Programme. Nevertheless, the issue should be raised with the other donors, further explaining Norway’s view in regard to earmarked funding.
* A meeting with the donors on informal basis is necessary to fully explain to them the changes for the next Programme cycle, and make sure that they understand the current status of the Programme, and what is needed to maintain it. To avoid further lack of clarity, the proposed changes should be supported by detailed data and information documents.

**Session 4 – Cost estimate**

*The session provided a platform for the MG to discuss different potential funding scenarios, and help identify opportunities and needs (in regard to staffing, PB/EB support, and technical quality assurance) for the UN-REDD Programme.*

* The Secretariat presented three different funding scenarios with budgets of: (i) 300 M US$, (ii) 100 M US$, and (iii) 55 M US$. Keeping in mind that all unit costs are indicative estimates and will therefore vary from country to country in accordance with needs assessments and support packages. Assumptions for the following issues should be included to show the intent of the scenarios to demonstrate minimum requirements of thresholds for (i) duration of the Programme to 2020, (ii) front loading, (iii) the level of staff, and (iv) inelastic costs.
* The MG agreed that focus should be set on programming as many countries as possible in the first 1-2 years of the next Programme cycle, rather than focusing on activities close to the end of the cycle in 2020. This will avoid a discussion on pipelining and future funding, similar to the one taking place in regard to the pipelining of Chile, Peru and Myanmar under the current Programme framework. Therefore, a potential overall cut-off date for programming early on is proposed or should be considered.
* All three UN agencies agree that a budget of only 55 M US$ would not be a viable option, as the UN-REDD Programme would not be able to sufficiently deliver on REDD+ activities, and provide support at country level. This has to be made clear to donor countries. When providing the donors with the overall package of information on the next Programme cycle, the cost estimate scenario focused on should be that of 300 M US$, therefore mirroring the current real situation. The information need to be adjusted to the numbers and information provided at the MG planning retreat.
* When updating the cost estimate scenarios, earmarked and non-earmarked funding should be mentioned. Additionally, all Seed Funding options for 2020 should be deleted. The cost for staff needs to be adjusted to the annual 20 M US$ as discussed in the transition session. The overall number of PAM and readiness countries, as well as countries receiving Targeted Support (i.e. 15 countries to receive TS in a rather short amount of time is difficult) should be reduced as well.
* It needs to be clarified how many countries can be supported, including PAM and readiness countries, as well as Seed Funding and Targeted Support. What is the financial minimum threshold for a Programme like UN-REDD to ensure quality assurance and sufficient support at country level for the identified number of countries? Requirements for readiness programmes might differ from the definition 5 years ago, and these need to be reflected.

**Session 5 – Funding modalities and pipeline**

*The new strategic framework envisages that there will be at least three types of programmatic support: (i) support to implementation, (ii) comprehensive readiness programmes, and (iii) Seed Funding as a successor to Targeted Support. The audit and discussions at PB14 have both raised the need to clarify how the support will be allocated, and to increase transparency and country ownership of the process, and to clarify how countries are selected for receiving support. Similarly, the pipelining process in the context of the current Programme cycle has been unclear to most countries.*

Funding modalities

* In regard to the current Programme cycle, all Targeted Support projects except for one are still open. In case there are additional requests for TS, the agencies prefer to use the budget still available to cover the balance for the SNA budget, rather than pipelining new Targeted Support projects before the beginning of the next Programme cycle.
* There is a strong need to define the requirements for future Targeted Support funding modalities. Should Seed Funding replace the current format for Targeted Support? Future modalities should be as flexible and country tailor-made as possible. Therefore, Seed Funding is understood as a mechanism with a budget less than 50,000 USD to cover needs for assessments (legal, CNA, etc.), and therefore not able to replace the overall Targeted Support mechanism. It should focus on supporting countries where there is rather short notice need for small amounts of funding, and do not require an extensive reporting or fund allocation process.
* Targeted Support is meant to kickstart the readiness work in a country, and should support one pillar of the Warsaw Framework. In comparison to the current definition, the Targeted Support modality in the new Programme cycle will be more country-driven, and require a newly defined reporting process. Targeted Support will be able to support countries that might fulfill some of the Warsaw Framework pillars through other funding mechanisms, and therefore only need to cover certain gaps to overcome.
* Targeted Support should have a budget under 1 M US$. In the current Programme cycle, as only a limited number of projects have been above 0.5 M US$ in total. This budget threshold will allow more countries to apply and better address certain country needs.
* As there have been problems with sustainability of country programme activities in the past, the countries will need to display what happens in the country once the UN-REDD Programme support has ended, and hence the country should at least be partly able to take over some of the responsibility of the programme domestically. The MG needs to identify more detailed conditionalities for future funding support.
* The UN-REDD Programme needs to clarify the different approval processes for the funding modalities. This entails that the process for Targeted Support should evolve, and include an option on fast-track financing.
* In regard to future Country Programmes, the UN-REDD Programme needs to clarify whether or not it is a requirement for the country to deliver on all four pillars of the Warsaw Framework at the end of the programme, as this is a requirement to receive Results-based Payments in the future. The UN agencies agreed that this does not have to be the case, as the requirements to apply for funding should not be that static and allow for some flexibility. It needs to be discussed whether country proposals should be done more systematically in the future, including the ability to display on how they will advance from readiness towards Results-based Payments.

Selection process

* The readiness sheet, providing information on the current readiness status of all 60 partner countries in regard to financing, international/bilateral initiatives, delivery of the Warsaw Framework, etc., will help identify countries for future funding support through the UN-REDD Programme. All information presented has been provided by the countries themselves through the official reporting channels, and therefore further input from the UN agencies is needed. It will furthermore help identifying the niche of the Programme at country level.
* Additional information should be provided, such as identified drivers of deforestation, policy/technical advice at country level, key assumptions (i.e. political engagement, national support in capacity building, participatory processes), etc.
* The UN agencies have stressed that the selection of countries should rather be focused on knowledge coming from the team than selecting countries based on their reporting. It has been recognized though that the UN-REDD Programme needs to find a transparent and viable way to explain to countries how and why they have been selected or not. Both the expertise of the UN agencies and the country should be combined.
* Due to time constraints, the MG could not further indulge in a detailed discussion about the selection process for countries. The issue has been flagged and will be discussed at the next MG planning retreat in September.
* All three UN organizations will identify potential countries to be supported in the next Programme cycle, and provide information on which criteria their assessment has been based and why. Additionally, the MG should provide extensive comment, and not brush off all responsibility to the UN agencies.

**Session 6 – Role of the Lead Advisor**

*The MG discussed the potential future role of the Lead Advisor for UN-REDD Programme funding mechanisms at country level. A first draft Terms of Reference on the roles and functions of such a Lead Advisor has been provided by the Secretariat, and there has been extensive comment from all three UN agencies. It has been agreed that the primary function of the Lead Advisor for a given UN-REDD Programme partner country is to act as the focal point for communication with the national counterparts on all technical issues, supported by the UN-REDD Programme country support team.*

Lead Advisor (LA) and Chief Technical Advisor (CTA)

* There are uncertainties in regard to different functions of roles for both the LA and the CTA. Could the CTA in a certain country also take on the function of the LA? Does the LA have to be part of the Lead Agency? What happens in countries where they might not be enough workload for a LA? Who will be accountable to whom, and is there a necessity to define the administrative boundaries for both the LA and the CTA?
* While the LA is accountable to the MG and funded through the UN-REDD Programme directly, the CTA is funded from the National Programme budget, and accountable to the government. Additionally, the LA rather has an administrative and communication role, expected to have extended knowledge on internal UN processes, while the CTA is a budget holder and therefore able to make financial decisions. The LA and CTA should complement each other rather than having overlapping functions. To answer the question of potential oversight, the LA should have a fundamental role during project appraisal and formulation, while the CTA is there to support and coordinate technical work directly related to the government. This would imply for the LA to move into an oversight role over the CTA.
* The issue has been raised that the CTA is mainly called a National Coordinator in the Latin American countries, already playing a double role within the National Programme implementation. To prevent further confusion, a clear naming will need to be clarified.
* The decision of who will become the LA in the country should lie with the UN country support team directly, and not come from headquarters. There is a necessity to provide for a case-by-case decision, as different countries display different requirements that will need to be addressed. Hence, the LA should do planning in close collaboration with the UN country support team, ensuring a constant dialogue between the government and the UN.
* Additionally, clarification is needed on the relationship between the following: (i) LA and the UN country support team, (ii) LA and the Lead Agency, (iii) LA and the Secretariat.
* A strong separation has to be done for readiness programmes and PAM Country Programmes, as the level of leadership for the LA might shift to very different aspects. The TOR for the Lead Advisor need be developed for both PAM and Non-PAM countries.

Representation at National Steering Committee

* The SG has decided that it is not possible to have only one person represent the overall UN-REDD Programme at the National Steering Committee without any other expert from the Programme present. To provide quality assurance, UN agencies should be able to ensure high quality contribution and support by sending additional agency experts in their area of expertise.
* All three UN agencies have agreed that the Lead Advisor will be able to represent the Programme at National Steering Committee level as long as the UN country support team is involved in the overall process, including accompanying him/her to the meeting. The prerogative of who will accompany the Lead Advisor to ensure on how to best serve and contribute to the agenda will lie with the UN-REDD country support team.

**Session 7 – Strategic staffing**

*To start the new phase of the UN-REDD Programme, it is required to discuss a fitting alignment of strategic staffing of the UN agencies and the Secretariat. Hence, the session should clarify what UN agency and Secretariat staff is needed to ensure the delivery of the Programme, and the MG will need to agree on staff contingent, overall costs and next steps to be taken.*

This was a closed session for MG only.

**Session 8 – Green Climate Fund**

*The session gave a platform for UNDP to present an update on the current status of a Concept Note, in collaboration with the Government of Ecuador, for financial support through the Green Climate Fund. This session helped identify what is needed in the future for countries to access the GCF in terms of proposals, targets, etc., and to assess whether the GCF is a realistic potential source of funding.*

* UNDP has been working on a tight schedule, as the official deadline for applications to the GCF is mid-July. Different departments from UNDP are involved in developing the concept note, and it has been difficult to define internally on how REDD+-related activities fit into the overall structure of the note.
* About 10% of the funds pledged to the GCF are concessional loans, the rest is grants. It needs to be clarified whether or not the GCF Secretariat has the right to change the status from those grants into loans if requested by the countries at a later stage. Additionally, the GCF is still deciding whether or not to focus on concessional loans rather than providing grant money. While UNDP is accredited for receiving grants, they are not eligible or accredited for concessional loans.
* In regard to the GCF as a potential funding mechanism for the future UN-REDD Programme, it is still unclear on how those opportunities would look like. The GCF is in a transitioning phase, and no clear guidelines have been set so for on what projects should be supported. The following questions have been raised:

Should the UN-REDD Programme be a technical implementation partner of the GCF? It is almost impossible for the GCF to transfer funds to the MPTF; how can UN-REDD be a comprehensive partner in supporting and ensuring quality in regard to project proposals?

* The SG will need to provide clarification on how to the future UN-REDD Programme strategy in regard the GCF should look like, and how the Programme could potentially benefit from the GCF.
* UNEP and FAO expressed disappointment about the current application, as it has been agreed that the different participating UN agencies would not separately apply for funding through the GCF in regard to the UN-REDD Programme without consulting the other two UN agencies.
* A concern was raised that such a lack of communication can jeopardize trust within the overall UN-REDD Programme, and be harmful for the staff working in the countries.
* UNEP noted that the economic studies and fiscal publication used as a basis for the concept note have resulted from work they supported and that contributed to the concern that they were not engaged to provide comment, or informed on the development.
* FAO is internally discussing 79 different concepts that might involve potential funding from the GCF. Additionally, Bolivia has informally approached FAO to seek for support on potential options on how to apply for GCF funding once FAO has been accredited.
* UNDP is currently thinking of applying for GCF funding under the national DRC Fund; an initial concept note from DRC is in preparation. Additionally, the Green Commodities Programme of UNDP is currently preparing a first draft concept note to be delivered to the GCF, but the UN-REDD Programme team from UNDP has not been directly involved in this activity.

**Session 9 – Resource mobilization**

*The MG discussed the resource mobilization plan presented by the Secretariat to provide feedback on the status of negotiations with current and potential new donor countries, and to develop a roadmap for donor outreach. This built on further discussions on funding needs for the Programme and the UN agencies, potential funding sources, and an overall timeline.*

Cost estimates/donor requests

* As identified throughout discussions at the retreat, there is a need to raise an additional 10 M US$ by the end of the year to ensure staff costs and a fully covered transition phase for 2016. Based on the cost estimates provided by the Secretariat it has been identified that as many projects as possible should be kick-started in 2016-2017 🡪 majority of pledges should come in as soon as possible, but it is unlikely that there will be more than 5 readiness and 2 PAM country programmes developed in 2016.
* If Norway as the main donor is not able to pledge their full support for the next programme phase at once, it should be discussed whether or not the implementation of PAM country programmes could be tranched and linked to specific conditions (i.e. earmarked funds can be used for preparation and scoping, additional financial support can be pledged at a later stage).
* There is a strong need for internal discussions with Norway, but issues will need to be openly discussed. This includes a list of countries and activities that Norway intends to support in the future, but also a coordinated statement from the UN-REDD Programme on clear conditions that need to be met for the Programme to work effectively, by the beginning of 2016. Is it necessary to prepare portfolio and scenario documents every year when Norway is pledging a new amount?
* The UN-REDD Programme will prepare its own list of countries that could be supported in the future Programme cycle, as well as a forecast document on potential funding scenarios for readiness and PAM Country Programmes, and set it against the budgeting cycle of Norway, which will have to release pledges on an annual basis (last quarter of the year). It has to be discussed what maximum annual amount can be transferred by Norway.
* In regard to financing PAM and Country Programmes in tranches, there is a risk that the UN-REDD Programme will start preparing implementation in a country, only to potentially stop efforts in the middle of the process when there are problems arising. Therefore, a larger number of countries should be identified for the future pipeline, to ensure that there is a financial buffer to hedge certain force majeure risk.
* Potential scenario for Norway to pledge: 2015 – a minimum of 10 M US$ to cover the remaining staff costs, as well as an additional amount of costs to be covered for preparation of new projects (approx. 5 M US$) and as much as they can pledge to support readiness and PAM country support in 2016; 2016/2017 – pledges should be aimed to cover 3-5 PAM Country Programmes (60-100 M US$).

Donor countries – existing

* It is not likely that Denmark, Japan or Luxembourg will pledge to the UN-REDD Programme in the future. They will still be contacted to at least ask for a written statement of future non-interest.
* Spain and the European Commission (EC) have expressed interest in making new pledges for the upcoming Programme cycle, but are not in a position to make multiyear pledges. As there are 3 relevant EC commissions (development, climate change, and environment), it has to be clarified whom to contact (if not all).
* Norway has also expressed interest in pledging, but there are still certain issues that will need to be discussed in the upcoming weeks in regard to governance arrangements, pipelining of countries, reduction of internal costs, etc.

Donor countries – potential

* The resource mobilization document provided by the Secretariat discussed potential donor countries such as Switzerland, South Korea, France, Italy, Finland, Sweden, Germany, United Kingdom, The Netherlands, Qatar, and the United States. In some cases, no focal point has been identified. The UN agencies will follow up with regional teams and existing contacts to clarify governmental interests. A letter should be sent to the relevant ministries of those countries, explaining the future direction of the UN-REDD Programme, displaying the benefits of such a Programme, and to kickstart potential funding opportunities.
	+ Switzerland – is still having some internal communication problems, and it is currently not clear who will be the focal point for REDD+-related activities
	+ South Korea – is micromanaging its funds, and might therefore not be a good candidate
	+ France – has provided funds to the GCF, but they are conditioned as strict loans and not grants; it has to be discussed whether or not there is potential to engage with governance entities on a federal rather than national level
	+ Italy – is not likely to pledge; maybe there is an opportunity for them to publicly declare interest at the end of the Milan EXPO in October?
	+ Finland – has pledged for the FCPF Readiness Fund; FAO to follow up on opportunities
	+ Sweden – is a major contributor to the FIP; a potential senior secondment to the UN-REDD Programme is currently being discussed
	+ Germany – currently only pledging to the FCPF, blockage is at political level: (i) Internal fights between the three ministries, (ii) strategic decision to focus on funding to World Bank, (iii) development budget should mainly transferred to German implementers such as GIZ; is there a potential for an IKI proposal (annual deadline 30 June)? Separate letter to each relevant ministry? If only one, letter will go to BMUB, in cc BMZ and BMEL
	+ UK (see Germany) – should Norway facilitate? DFID (cc to DEFRA)?
	+ The Netherlands – UNEP and FAO to follow up?
	+ Qatar – meeting of MG/PB to push them to make a pledge?
	+ US – USAID? Who is the potential focal point?

Discussion at COP21

* It has to be discussed whether or not there should be an information session for potential new donors (i.e. round table after the 90 Min high-level UN-REDD Programme side event).

**Session 10 – AOB**

Semi-annual reporting

* A reporting template for countries to provide information on semi-annual reporting has been circulated to MG members, and so far the Secretariat has not received many comments. Hence, the Secretariat will send the template to the appropriate countries by 3 July.
* The preparation of the consolidated semi-annual report is currently underway, and should be finished by October 2015. The Secretariat is seeking input from the UN agencies to identify the key messages to should be conveyed this year.

Interaction with Norway in regard to PB14 deadline

* An internal email sent by Norway on Friday, 26 June, responding to a request for comment by the Secretariat on the latest draft of the governance arrangement documents, provided initial comments and informed that more will come later on. The UN-REDD Secretariat will follow up with Norway so that they can clarify how to circulate to the PB their comments after the 15 July deadline.

**Session 11 – Wrap Up, next MG meeting, next steps**

* The Secretariat will provide a consolidated report of the retreat notes, including all decisions taken during the meeting for comment by the MG as soon as possible. Next steps and timelines for those actions have been identified, and are summarized in the beginning of the minutes.
* The next MG planning retreat will take place during the week of 14 September 2015 at UNEP headquarters in Nairobi.