

# REDD+ SURVEY: FOREST CARBON PARTNERSHIP FACILITY (FCPF)

## Organisation background

The Forest Carbon Partnership Facility (FCPF), which became operational in June 2008, is a global partnership focused on the reduction of emissions from deforestation and forest degradation, forest carbon stock conservation, sustainable management of forests and enhancement of forest carbon stocks (REDD-plus). The FCPF assists tropical and subtropical forest countries in developing the systems and policies for REDD-plus and provides them with performance-based payments for emission reductions. The FCPF contributes to demonstrating how REDD-plus can be applied at the country level.

The FCPF has the dual objectives of building capacity for REDD-plus in developing countries in tropical and subtropical regions, and testing a program of performance-based incentive payments in some pilot countries, on a relatively small scale, in order to set the stage for a much larger system of positive incentives and financing flows in the future. Two separate mechanisms have been set up to support these objectives:

- 1. Readiness Mechanism:** The FCPF's initial activities relate to technical assistance and capacity building for REDD-plus in IBRD and IDA member countries in the tropics across Africa, East Asia and Pacific, Latin America and the Caribbean and South Asia. Specifically, the FCPF is helping countries arrive at a credible estimate of their national forest carbon stocks and sources of forest emissions, work out their national reference scenarios for emissions from deforestation and forest degradation, calculate opportunity costs of possible REDD-plus interventions, adopt and complement national strategies for stemming deforestation and forest degradation, and design national monitoring, reporting and verification systems for REDD-plus. These activities are referred to as 'REDD-plus Readiness' and supported by the Readiness Fund of the FCPF. These activities create a framework for future REDD-plus investments (e.g. those supported by bilateral programs or the Climate Investment Funds' Forest Investment Program) or performance-based payments (e.g. under the Carbon Fund, as described below).
- 2. Carbon Finance Mechanism:** It is expected that around five countries that will have made significant progress towards REDD-plus readiness will participate in the Carbon Finance Mechanism and receive financing from the Carbon Fund, through which the Facility will implement and evaluate pilot incentive programs for REDD-plus based on a system of compensated reductions. The selected countries, having demonstrated ownership on REDD-plus, progress in the design of an adequate monitoring framework, and preparation of credible reference scenarios and options for reducing emissions, will benefit from performance-based payments for having verifiably reduced emissions from deforestation and/or forest degradation through their Emission Reductions Programs. The structure of these payments will build on the options for REDD-plus that are currently being discussed within the UNFCCC process, with payments made to help address the causes of deforestation and degradation. Within the Carbon Finance Mechanism, payments will only be made to countries that achieve measurable and verifiable emission reductions.

Together, these two mechanisms seek to learn lessons from first-of-a-kind operations and develop a realistic and cost-effective large new instrument for tackling deforestation, to help safeguard the earth's climate, reduce poverty, manage freshwater resources, and protect biodiversity. However, it is important to note that the Facility itself is not a panacea to "save the world's forests." Rather, the lessons generated from the FCPF's methodological, pilot implementation and carbon finance experience will provide insights and knowledge for all entities interested in REDD-plus. The FCPF thus seeks to create an enabling environment and garner a body of knowledge and experiences that can facilitate development of a much larger global program of incentives for REDD-plus over the medium term.

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## Financing commitments and expenditures

Allocated financing	Expenditure to date (US millions of \$)	Interim financing commitments (US millions of \$)	Post-2012 financing (US millions of \$)	Type of financing (e.g. loan or grant)	Details (including details of the activities being financed and the financing agreement, as appropriate)
	Up to 2010 <sup>1</sup>	2010 to 2012 <sup>2</sup>	Post 2012		
FCPF Readiness Mechanism	12.955 (2.6 in signed R-PP Formulation grant agreements + 10.355 in FCPF and World Bank costs and country Readiness support)	101.8 (70.4 in R-PP Formulation and Readiness Preparation grant agreements <sup>3</sup> + 31.4 in country Readiness support and World Bank costs)		Grants; FCPF and World Bank costs and country Readiness support	
FCPF Carbon Finance Mechanism	Not yet operational	72.0 (pledged contributions to FCPF Carbon Fund)		Emission Reductions Payment Agreements; FCPF and World Bank costs and country support	
– World Agroforestry Centre (ICRAF) to develop a methodology and associated training to calculate REDD-plus opportunity costs in-country.	0.17				Note: This expenditure is part of the FCPF Readiness Mechanism expenditures and commitments above.
Indigenous Peoples and other forest dwellers organizations receiving support from the FCPF Indigenous Peoples Capacity Building Program: – Organización de Naciones y Pueblos Indígenas en Argentina (ONPIA) – Indigenous Peoples of Africa Co-ordinating Committee (IPACC) – Coordinadora de las Organizaciones Indígenas de la Cuenca Amazonica (COICA) – Autoridades Originarios de los Pueblos Indígenas de Panamá (AOPIP) – Telapak (Indonesia) – Groupe de Travail Climat REDD de la Société Civile (GTCR) (Democratic Republic of Congo)	0.4				Note: This expenditure is part of the FCPF Readiness Mechanism expenditures and commitments above.
<b>Total financing allocated:</b>	12.955	173.8			
<b>Unallocated financing:</b>	0	0			
<b>Total financing pledge:</b>	12.955	173.8		186.755	

<sup>1</sup> Through FY10, i.e., June 30, 2010.

<sup>2</sup> From July 1, 2010.

<sup>3</sup> Of the US\$70.4 million, US\$21.2 million has been allocated to six countries' Readiness Preparation grants by Resolutions of the Participants Committee (Democratic Republic of Congo, Ghana, Guyana, Indonesia, Mexico and Panama).

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## REDD country financing expenditure and commitments

REDD country and activity	Expenditure on project activity to date (US millions of \$):	Interim financing (US millions of \$):	Post-2012 financing (US millions of \$):	Financing/ activity category*	Loan/grant/ other (specify)	Details (please provide details of the activities, including the scale (i.e. national/project level) and if the agreement is with the national Government)	Partners (please list any funding or implementing partners)
	Up to 2010	2010 to 2012	Post 2012				
Costa Rica, Democratic Republic of Congo, Ethiopia, Gabon, Ghana, Guyana, Kenya, Lao PDR, Liberia, Nepal							
Support for R-PP Formulation and Readiness Preparation	2.0 <sup>4</sup>	34.0 <sup>5</sup>		1	Grant	\$3.6 million to each country to support the formulation of a Readiness Preparation Proposal (R-PP) and the Readiness preparation process	R-PP formulation and Readiness preparation are supported by a variety of partners in each country
Bolivia, Cameroon, Colombia, Madagascar, Mexico, Panama, Papua New Guinea, Paraguay, Peru, Vietnam							
Support for R-PP Formulation and Readiness Preparation		36.0 <sup>6</sup>		1	Grant	\$3.6 million to each country to support the formulation of a Readiness Preparation Proposal (R-PP) and the Readiness preparation process	R-PP formulation and Readiness preparation are supported by a variety of partners in each country
Republic of Congo, Uganda, Vanuatu							
Support for R-PP Formulation	0.6			1	Grant	\$200,000 to each country to support the formulation of an R-PP	
Argentina, Nicaragua							
Support for R-PP Formulation		0.4		1	Grant	\$200,000 to each country to support the formulation of an R-PP	
All 37 FCPF REDD Country Participants: Argentina, Bolivia, Cameroon, Cambodia, Central African Republic, Chile, Colombia, Democratic Republic of Congo, Republic of Congo, Costa Rica, El Salvador, Equatorial Guinea, Ethiopia, Gabon, Ghana, Guatemala, Guyana, Honduras, Indonesia, Kenya, Lao People's Democratic Republic, Liberia, Madagascar, Mexico, Mozambique, Nepal, Nicaragua, Panama, Papua New Guinea, Paraguay, Peru, Suriname, Tanzania, Thailand, Uganda, Vanuatu, Vietnam							
Country Implementation Support	2.58 <sup>3</sup>	4.7		1	Costs	Grant supervision and country level review related to environmental and social safeguards and other key fiduciary policies of the World Bank Implementation support from World Bank country teams	

<sup>4</sup> The World Bank as Trustee of the FCPF has signed grant agreements for \$200,000 to each Country to support R-PP Formulation.

<sup>5</sup> An additional \$3.4 million is available to each of these countries to support Readiness Preparation, subject to a decision by the Participants Committee to allocate the funds based on each country's R-PP. If any of these countries has not accessed these funds by the June 2010 FCPF PC meeting, the funds will be made available to all FCPF REDD Country Participants on a first-come, first-served basis based on each country's R-PP.

<sup>6</sup> \$3.6 million is available to each of these countries to support R-PP Formulation and Readiness Preparation, with Readiness Preparation grants subject to a decision by the Participants Committee to allocate the funds based on each country's R-PP. If any of these countries has not accessed these funds by the June 2010 FCPF PC meeting, the funds will be made available to all FCPF REDD Country Participants on a first-come, first-served basis based on each country's R-PP.

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## REDD country financing expenditure and commitments *continued*

REDD country and activity	Expenditure on project activity to date (US millions of \$):	Interim financing (US millions of \$):	Post-2012 financing (US millions of \$):	Financing/ activity category*	Loan/grant/ other (specify)	Details (please provide details of the activities, including the scale (i.e. national/project level) and if the agreement is with the national Government)	Partners (please list any funding or implementing partners)
	Up to 2010	2010 to 2012	Post 2012				
Country Advisory Services	1.628	5.7		1	Costs	<p>FCPF Secretariat coordination and feedback on R-PINs, R-PPs and elements of country readiness packages</p> <p>General guidance on social and environmental safeguards</p> <p>Preparation of generic terms of reference</p> <p>Sharing cross-country experiences and emerging global guidance on REDD with individual REDD Country Participants</p>	
REDD Methodology Support	2.757	7.0		1	Costs	<p>Work of independent ad hoc Technical Advisory Panels (TAPs) in support of FCPF Participants, advancing globally relevant topics (e.g., valuation of emission reductions)</p> <p>Formal TAP review of R-PINs, R-PPs and elements of country Readiness packages</p> <p>TAP travel and participation in FCPF meetings</p> <p>Ensuring adequate FCPF liaison with UN-REDD, FIP, bilateral programs and the international teams developing REDD+ methodological support</p> <p>\$1.0 million over five years for Indigenous Peoples Capacity Building Program</p> <p>Contingencies</p>	
FCPF Secretariat	2.431	11.6		1	Costs	<p>Overall program management and expenses related to maintaining partnerships among the many stakeholders of the FCPF</p> <p>REDD Country Participation in Annual and PC Meetings as per the Charter</p> <p>Strengthening the participation of the Indigenous Peoples' Observer</p>	

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## REDD country financing expenditure and commitments *continued*

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	Up to 2010	2010 to 2012	Post 2012				
Readiness Trust Fund Administration	0.955	2.4		1	Costs	Functions related to the World Bank's role as Trustee, including a. Preparing budgets, business plans and financial projections b. Preparation of the FCPF Annual Report for October Annual Meeting(s) c. Accounting, auditing, contributions management and legal services to the Readiness Trust Fund d. Mid-term evaluation of Readiness Fund progress e. Meeting all other fiduciary responsibilities	
Approximately five REDD Countries, to be determined							
Carbon Finance	Not yet operational	72.0 (pledged contributions to FCPF Carbon Fund)		4	Emission Reductions Payment Agreements; FCPF and World Bank costs and country support		
<b>Total Financing:</b>	12.955	173.8					

\* Categories of financing/activities include:

**Category 1:** Development of national REDD+ strategies and action plans, including consultation.

**Category 2:** Implementation of national REDD+ strategies and capacity building activities, including development of MRV systems and regulatory reforms.

**Category 3:** Demonstration activities.

**Category 4:** Performance-based payments for emissions reductions.