

## Forest Carbon Partnership Facility (FCPF)

### Readiness Fund

#### The Role of the Participants Committee in Reviewing and Assessing Readiness Preparation Proposals

June 8, 2009

*This note proposes a practical application of the terms and the process set out in the Charter Establishing the FCPF regarding the role of the Participants Committee in reviewing a Readiness Plan (R-Plan) submitted by a REDD Country Participant. The note contains an annex which summarizes the previous Resolution of the Participants Committee (PC) regarding grant allocations to REDD Country Participants. This document should be read in conjunction with Program Document FMT2009-1-Rev.4 on “Review and Assessment of Readiness Preparation Proposals”.*

#### Background

1. In light of early experience, the FMT proposes that the name “Readiness Plan” needs to be modified to characterize more accurately the nature of the document submitted by a REDD country after it has been selected into the FCPF. In this document, a country requests the allocation of a grant of up to US\$3.6 million grant to prepare the core components of REDD readiness, namely its REDD strategy, its reference scenario and its monitoring, reporting and verification system. The early submissions of countries, and review and discussion of them by Participants, Observers, the TAP and Bank staff, suggest that the concept of REDD readiness is evolving, and that a country is not yet able to provide a definitive, detailed discussion of all the readiness components in a given country context and as international policy discussions continue. The solutions to all the questions that are pertinent for REDD implementation are not available to a REDD country as yet. Use of the term “plan” has created the impression that a country is ready at this stage to implement a blueprint for readiness that addresses all aspects. It is suggested that the term “plan” be replaced with a term that reflects that what a country is presenting is a diagnosis of its deforestation and forest degradation problems, and preliminary ideas for addressing these issues, how to organize and consult on efforts to do so, and how to fund those efforts. The document is therefore a ‘proposal’ of actions envisaged to be undertaken and issues that a REDD country would address in order to become ready for implementing REDD, rather than an actionable plan.
2. Section 6.3 of the Charter Establishing the FCPF provides that “a REDD Country Participant shall, on the basis of the Readiness Plan Idea Note, develop a Readiness Plan and submit it to the Facility Management Team (FMT) for review and approval by the Participants Committee”. In other words, the Charter anticipates a formal approval by the Participants Committee (PC) of an R-Plan submitted by a REDD Country Participant; upon such an approval, the REDD Country Participant may receive a grant allocation from the Trustee, if a

grant agreement is concluded with the Trustee, for implementing some components of the R-Plan (Readiness Preparation Grant).

3. The word “approval” suggests that the PC needs to “give formal sanction” or confirm the R-Plan “authoritatively”.<sup>1</sup> As the FMT has learned, formulation of an R-Plan has little or no precedent to follow. For the PC, the R-Plan development process creates an opportunity for an extensive dialogue in the true spirit of partnership between the PC and the REDD country, with the objective of facilitating the country’s progress toward REDD readiness and learning-by-doing of the PC and Observers.

### Recommendations

4. With respect to the designation “R-Plan”, the FMT proposes to replace it with “Readiness Preparation Proposal” (R-PP), which more accurately describes the context of the proposals from the REDD countries at this stage. The FMT suggests to the PC that a REDD country would eventually produce a full “Readiness Package” (R-Package) that summarizes how all major aspects of REDD, but only at a later stage as a summary statement of actions taken to become prepared for Readiness. The R-PP can thus be seen as an intermediary step between the R-PIN and the R-Package. In this perspective, the assessment of the R-PP by the PC concludes the proposal formulation phase of the FCPF Readiness Fund operations (when the R-PIN and R-PP are formulated and submitted to the PC), and opens the preparation phase (when the preparatory work proposed in the R-PP is carried out). The FMT would draft a template for the R-Package, building on the new proposed R-PP template and present to the PC October 2009 meeting.

5. The FMT also recommends that instead of a formal “approval” of such an R-PP, the PC define its role under Section 6.3 of the Charter in the following way:

- a. Review and assess the R-PP on the basis of the criteria proposed in Program Note FMT2009-1-Rev.4 on “Review and Assessment of Readiness Preparation Proposals”;
- b. Make recommendations on areas for improvement under the relevant components of the R-PP; and
- c. Determine whether an R-PP submitted by the REDD Country Participants provides a sufficient basis to proceed with a Readiness Preparation Grant.

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<sup>1</sup> Interpretation according to the Black Law Dictionary.

## Annex

### Summary of PC Resolution 2008-3 Grant Allocations for REDD Country Participants

Pursuant to PC Resolution 2003-3 adopted in October 2008, a REDD Country Participant may receive US\$200,000 for formulating an R-Plan. If the PC approves the R-Plan, the REDD Country Participant becomes eligible to a readiness grant of, on average, US\$3.6 million (inclusive of the original US\$200,000). However, the funds would be made available to the country in tranching disbursements, with the country suggesting in its R-Plan the milestones for disbursing the first US\$2 million, and the condition for disbursing any amount beyond that in a final tranche.

Before a REDD Country Participant receives its final disbursement (beyond the first US\$2 million), a progress report would need to be submitted to the FMT, consistent with the Charter. The progress report would be subject to assessment and review by the PC before any final disbursement above the US\$2 million is made.