

Forest Carbon Partnership Facility (FCPF)

Readiness Fund

Process for Submitting and Reviewing Mid-Term Progress Reports and Requests for Additional Funding by Participating REDD+ Countries

June 15~~0~~, 2012

In accordance with Resolution PC/7/2010/3 from the PC7 meeting in Washington, DC and Resolution PC/10/2011/1.rev from the PC10 meeting in Berlin, this Note proposes a process for REDD Country Participants to submit, and the Participants Committee (PC) to review, mid-term progress reports and requests for additional funding of up to US\$5 million.

Expected PC action: The PC may wish to: (1) agree on a process at PC12; or (2) consider adjusting the proposed process for agreement at PC13.

Submission of a Mid-Term Progress Report

Background

1. As per Section 6.3(b) of the FCPF Charter and Resolution PC/7/2010/3, during implementation of a Readiness Preparation Grant Agreement, a REDD Country Participant must submit a mid-term progress report to the PC. Resolution PC/7/2010/3 also states that the Facility Management Team (FMT), where appropriate, will develop a format for the reporting. As such, the FMT proposes the reporting format in Annex 1 to this Note, and the following process for submitting and reviewing these reports.

Proposed process

2. The REDD Country Participant and Delivery Partner¹ agree on a timetable for the REDD Country Participant's delivery of a mid-term progress report to the Delivery Partner, which will later be shared with the FMT and PC. This timetable is generally specified in the grant agreement or equivalent document for each Delivery Partner (see the Common Approach adopted in June 2012).

3. In accordance with the agreed timetable and in coordination with the Delivery Partner, the REDD Country Participant prepares a mid-term progress report in the format proposed in this Note (Annex 1). Specifically, in the mid-term progress report, the REDD Country Participant 1) summarizes overall progress, 2) reports on progress to date in implementing the four main components and corresponding sub-components of the R-PP as outlined in Annex 1, against the original schedule, 3) provides analysis of this progress, including identifying gaps that need to be addressed, and 4) provides an updated budget (on the basis of the R-PP component 5 that included the original overall budget for national Readiness).

¹ Throughout this Note, "Delivery Partner" refers to the World Bank or another institution approved by the PC pursuant to the relevant PC Resolutions (currently, the approved Delivery Partners are the Food and Agriculture Organization, the Inter-American Development Bank and the United Nations Development Programme).

4. The mid-term progress report is based on the country's self-assessment of the REDD+ Readiness process and draws on the information generated through the countries' monitoring and evaluation system of the national Readiness program (per component 6 in the R-PP). In addition, the mid-term progress report may be complemented by other sources of information, such as the Delivery Partner's visits to the country and/or external assessments if available.
5. For consistency and continuity, the format of the mid-term progress report and the Readiness Package mirror the four main components in the R-PP, notably (1) Readiness Organization and Consultation, (2) REDD+ strategy option, (3) reference emissions level, (4) monitoring system for forests, and safeguards. Countries are expected to report on the overall national REDD+ Readiness process highlighting the Readiness components that were supported with FCPF financing. The mid-term progress report is then an important step leading to the Readiness Package (see FMT Note 2012-6).
6. The REDD Country Participant formally submits the mid-term progress report to the FMT four weeks prior to the PC meeting at which the REDD Country Participant intends to present it.
7. The FMT verifies that the mid-term progress report has been completed according to the format. If complete, the FMT will post the mid-term progress report on the FCPF website and forward it to the PC at least two weeks prior to the PC meeting at which the REDD Country Participant intends to present it. If not complete, the REDD Country Participant, Delivery Partner and FMT determine the changes that are needed to achieve completeness and if this can be achieved two weeks prior to the PC meeting. If not, the PC discussion of the mid-term progress report is rescheduled to a later meeting.
8. In parallel, the Delivery Partner submits to the FMT its mid-term grant monitoring report (or the equivalent document for each Delivery Partner), which provides a qualitative report on the progress of FCPF-financed activities and progress towards Readiness in general from the Delivery Partner's perspective, ~~including progress in how the FCPF-financed activities are being coordinated with other REDD+ initiatives~~. This mid-term grant monitoring report is also posted on the FCPF website and forwarded to the PC. Together, the REDD Country Participant's mid-term progress report and the Delivery Partner's mid-term grant monitoring report form the basis of the PC's review of progress.
9. The REDD Country Participant presents the mid-term progress report at the PC meeting, and the PC provides feedback. The PC is not expected to make any decision on it. However, the PC may choose to document any recommendations as appropriate, for example in the Co-chairs' summary of the meeting or in a Resolution.

Request for Additional Funding of up to US \$5 million

Background

10. At PC10 in October 2011, the PC adopted Resolution PC/10/2011/1.rev, which enables the PC to provide additional funding of up to US\$5 million to an eligible REDD Country Participant:

"5. Noting that some REDD Country Participants have made significant progress towards REDD+ readiness, and recognizing the need to provide additional funding to encourage further progress on readiness preparation, decides to provide up to US\$5 million in addition to the

currently allocated maximum amount of US\$3.6 million grant per country to support REDD+ readiness activities for the REDD Country Participants that meet the following criteria:

- i. The PC's consideration of the mid-term progress report provided by the REDD Country Participant to the PC recognizes significant achievement of progress;
- ii. The REDD Country Participant's commitment of at least 50% of the Formulation/Readiness Preparation Grant(s) of up to US\$ 3.6 million that has already been allocated at the time of the request for additional funding;
- iii. Additional funding shall be used to support activities consistent with the endorsed R-PP, to be agreed with the relevant Delivery Partner, taking into account countries' needs;
- iv. The REDD Country Participants will submit a proposal for this additional funding in accordance with a process to be agreed by the PC by PC 13; and
- v. Allocation of additional funding to a REDD Country Participant that meets the conditions set forth in paragraphs (i) through (iv) above shall be approved, subject to availability of resources in the Readiness Fund."

11. As such, the FMT proposes the following process for the submission and consideration of requests for this additional funding.

Proposed process

12. If the REDD Country Participant requests additional funding of up to US\$5 million, the REDD Country Participant submits a mid-term progress report as per the above procedures, and also outlines in its mid-term progress report the additional funding requested of the FCPF to implement outstanding activities relevant to each sub-component (see the proposed format in Annex 1).²

13. The mid-term progress report follows the same review process as described above in paragraphs 2-9. Based on the mid-term progress report and other criteria listed above, the PC decides whether or not to allocate the requested additional funding to the REDD Country Participant. Any decision to allocate additional funds to the REDD Country Participant is documented in a PC Resolution.

14. If the PC decides to allocate additional funds to the REDD Country Participant, the Delivery Partner undertakes the due diligence required to enter into a new grant agreement or amend the existing grant agreement, in accordance with the Delivery Partner's standard policies and procedures.

² If a REDD Country Participant has already presented its mid-term progress report and later wishes to request additional funding, the Country submits an updated mid-term progress report at the time of its request.

Annex 1: Proposed format for Mid-Term Progress Reporting

1. Progress report on REDD+ Readiness

The report would consist of the following sections:

- i. Summary of overall progress: The report should include a two-page summary highlighting key achievements in Readiness preparation to date, major constraints, and other significant readiness work in progress; and
- ii. Report on readiness components: Countries would report on progress to date in achieving the four main components of the R-PP and their respective sub-components presented below, against the original schedule. Countries would be expected to present in each sub-component: (i) what has been achieved to date (outputs and outcomes); (ii) some analysis of these results including gaps that need to be addressed; and (iii) if applicable, request for additional funding to the FCPF, to implement outstanding activities relevant to that sub-component. The proposed format mirrors the structure that Participants are considering sufficiently comprehensive for reporting in the Readiness Package (FMT Note 2012-6). Specifically,

1 - Readiness Organization and Consultation

1a. National REDD Management Arrangements

1b. Consultation, Participation, and Outreach

2 - REDD+ Strategy Preparation

2a. Assessment of Land Use, Land-Use Change Drivers, Forest Law, Policy and Governance

2b. REDD+ Strategy Options

2c. Implementation Framework

2c. Social and Environmental Impacts

3 - Reference Emissions Level/Reference Level

4 - Monitoring Systems for Forests and Safeguards

4a. National Forest Monitoring System

4b. Information System for Multiple Benefits, Other Impacts, Governance, and Safeguards

2. Financial Reporting and Updated Budget

Countries will report on the uses and sources of funds allocated for the R-PP implementation, by R-PP component, using the table below (the model contains a hypothetical numeric example). This table could also be used if the country is requesting additional funding from the FCPF (see right-most column).

Uses of Funds (in US\$ thousands)							
R-PP Component	Total needed (A) ³	Funds pledged (B) ⁴	Funds used ⁵		Funds available (= B - C) ⁶	Financing gap (= A - B) ⁷	Request to FCPF ⁸ (if any)
			Funds Committed (C)	Funds Disbursed			
[Add lines as needed, to provide sufficient detail]	4,000	2,000	1,000	500	1,000	2,000	2,000
	2,000	500	500	500	0	1,500	1,500
	3,000	1,500	1,000	0	500	1,500	1,500
	1,000	1,000	0	0	1,000	0	0
TOTAL	10,000	5,000	2,500	1,000	2,500	5,000	5,000
Sources of Funds (in US\$ thousands)							
FCPF		3,800	2,000	500	1,800		
Government		200	200	200	0		
UN-REDD Programme (if applicable)		0	0	0	0		
Other Development Partner 1 (name)		1,000	300	300	700		
Other Development Partner 2 (name)		0	0	0	0		
TOTAL		5,000	2,500	1,000	2,500		

³ Total needed is the amount of resources necessary to complete a given component, as identified in the latest version of the R-PP.

⁴ Funds pledged encompass the amount of funds promised by different donors and / or the national government to fund a specific component and available to the country.

⁵ Funds used refer to the amount of funds committed in signed contracts, and the portion of the funds committed that has already been disbursed.

⁶ Available funds equal pledges minus commitments.

⁷ Financing gap equals total needed minus pledged funds.

⁸ Request for additional funding from the FCPF (up to US\$ 5 million, subject to conditions set by Resolution PC/10/2011/1.rev being met).

3. Grant Reporting and Monitoring report (GRM)⁹ (or equivalent Delivery Partner report, as per Delivery Partner's standard operational policies and procedures)

The Delivery Partner prepares a mid-term GRM or equivalent grant monitoring report, which provides a qualitative report on the progress and results of FCPF-financed activities from the Delivery Partner's perspective, and the Delivery Partner's assessment of overall Readiness progress, and should be annexed to the mid-term progress report.

4. Summary statement of request for additional funding to the FCPF

If the country is requesting additional funding, it presents a summary statement of total additional funding requested from the FCPF to justify the numbers presented in the table on uses and sources of funds, including an explanation of the proposed activities to be financed by the additional funding.

⁹ *Grant Reporting and Monitoring* is the format and system that is used for reporting on FCPF activities where the World Bank is the Delivery Partner.