

June 17, 2012

Benoit Bosquet,
Facility Management Team
Forest Carbon Partnership Facilityⁱ

RE: World Bank Carbon Fund undermines effective action on halting forest loss

Dear Mr. Bosquet,

The below signed organizations wish to raise our concerns that the World Bank's Forest Carbon Partnership Facility (FCPF) is undermining its own objectives with developments in the Carbon Fund.

The stated purpose of the FCPF Readiness Fund is to address the governance and institutional issues which impede successful implementation of policies to reduce deforestation, and build capacity for participation in a 'performance based' implementation phase, to be defined in on-going UNFCCC negotiations on REDD+. However, the actual development and implementation of the readiness process is being truncated and minimized by the pressures of the Carbon Fund.

The FCPF Carbon Fund was intended to pilot a performance based payment system for emission reductions, and to test ways to enhance livelihoods and conserve biodiversity within this approach,ⁱⁱ allowing for a range of performance payments to be piloted. Despite this broader mandate, the Carbon Fund has chosen an approach focused on quantified emission reductions. Progress achieved or anticipated in the Readiness Fund is being undermined as countries focus time and resources on building the technical capacity to access the Carbon Fund, rather than the broad governance reforms required to reduce forest loss and ensure non-carbon benefits.

While the objectives of the Carbon Fund include "learning value by testing and demonstrating different approaches,"ⁱⁱⁱ the apparent focus on payments for carbon to the exclusion of other innovative performance metrics is diverting scarce resources away from addressing the drivers of deforestation and degradation and improving forest governance, towards building costly measurement systems to generate carbon credits - the demand for which is unlikely ever to deliver significant financing.

With limited resources and no viable forest carbon market on the horizon the Carbon Fund could take the opportunity to pilot payments for the most promising 'no regret' activities that deliver both carbon and non-carbon benefits and can demonstrate success in effectively and sustainably reducing deforestation. By exclusively seeking to pilot and test one model, the Carbon Fund is prejudging the UNFCCC negotiations. These negotiations are ongoing regarding what constitutes results for REDD, with many countries proposing non-carbon results to ensure sustainability and broad applicability of REDD. Furthermore, to the extent that the Carbon Fund allows sub-national accounting, its activities are in conflict with the UNFCCC Cancun Decisions on REDD, which rendered such activities 'interim' and required national monitoring for all results-based actions.

We therefore strongly urge that the Carbon Fund pilot multiple innovative models of performance based payments, specifically for non-carbon related performance. We also suggest that the pace of Carbon Fund design processes are slowed such that REDD countries are able to effectively complete their readiness process without fear of being excluded from the Carbon Fund.

Sincerely,

ABSE, Burkina Faso
Arbeitsgemeinschaft Regenwald und Artenschutz (ARA) Germany

Association of Collaborative Forest Users Nepal (ACOFUN)
Bank Information Centre, Washington DC
Brainforest, Gabon
CAGDFT, DRC
CARE Denmark
ClientEarth, UK
Dalit Alliances for Natural Resources, Nepal
Environmental Investigation Agency US
Environnement, Ressources Naturelles et Développement (ERND Institute) DRC
Euronatura, Portugal
Federation of Community Forestry Users Nepal (FECOFUN)
FERN
Forest Peoples Programme
Forest Watch Indonesia
Friends of the Earth US
Fundacion Pachamama, Ecuador
Garfield Foundation, USA
Greenpeace International
Indigenous People National Steering Committee on Climate Change, Kenya
Maneima Liberte, DRC
Mangrove Action Protection Project, USA
Maison Enfants des Pygmées (MEFP) Central African République
National Forum for Advocacy Nepal (NAFAM)
Organización Fraternal Negra Hondureña (OFRANEH) Honduras
Pan African Climate Justice Alliance
Rainforest Action Network USA
Rainforest Foundation UK
Rainforest Foundation Norway
Society for New Initiatives and Activities (SONIA) Italy
Urgewald, Germany

ⁱ Cc: Rachel Kyte,
Vice President, Sustainable Development Network, The World Bank
Joëlle Chassard, Manager, Carbon Finance Unit
FCPF PC donors and observers

ⁱⁱ FCPF Charter (section 2.1 Objectives):

(b) To pilot a performance-based payment system for Emission Reductions generated from REDD activities, with a view to ensuring equitable benefit sharing and promoting future large scale positive incentives for REDD;

(c) Within the approach to REDD, to test ways to sustain or enhance livelihoods of local communities and to conserve biodiversity.

ⁱⁱⁱ Carbon Fund Information Note: objectives of the Carbon Fund include:

"Generate learning value by testing and demonstrating different approaches that are proposed by REDD+ countries, and learn from them in order to inform the international community on their feasibility."