

Forest Carbon Partnership Facility
Seventeenth Meeting of the FCPF Participants Committee (PC17)
Lima, Peru, July 2-4, 2014
Co-Chairs' Summary

Dear Participants and Observers,

We are pleased to report that the Participants Committee (PC) of the Forest Carbon Partnership Facility (FCPF) held its Seventeenth meeting (PC17) on July 2-4, 2014, in Lima, Peru.

More than 100 representatives of governments, Forest-Dependent Indigenous Peoples and Forest Dwellers organizations, international and non-governmental organizations and the private sector participated. We wish to thank the Government of Peru for the hospitality extended to the participants.

All materials, presentations, resolutions and this summary are available on the FCPF website at: <https://www.forestcarbonpartnership.org/fcpf-participants-committee-17th-pc17-meeting-lima-peru-july-2-4-2014>. All photos are available at: www.flickr.com/photos/fcpf.

Below are the main conclusions of the meeting, which will also be available in French and Spanish.

Update on progress made since PC16

- The Facility Management Team (FMT) presented [progress made since PC16 and targets for PC18](#). Participants welcomed accelerated grant disbursement and key achievements since PC16:
 - US\$38 million in grants signed, US\$4.4 million disbursed to countries since PC16;
 - 5 participation agreements signed;
 - 3 mid-term reports completed;
 - 6 Readiness Preparation Plan (R-PP) completeness checks conducted;
 - Advances in Phase I of the IP Capacity Building Program with more to do on Phase 2;
 - Series of country support workshops held;
 - Increasing transition to country-level M&E;
 - Further harmonization of FCPF and UN-REDD country progress reporting cycles.
- Participants and Observers expressed their concern over the slow progress made in operationalizing the Indigenous Peoples and CSO Capacity Building Program, and stressed the importance of the FMT speeding up progress to bring the program on track in FY15. The PC requested the FMT to make progress on the agreed next steps before PC18.

Mid-term progress reports with requests for additional funding

- [Costa Rica](#), [Ghana](#) and [Indonesia](#) presented their mid-term progress reports on national REDD+ readiness process, including requests for additional funding. The PC allocated additional funds of US\$5 million each to support the readiness process in [Costa Rica](#), [Ghana](#) and [Indonesia](#).
- Participants commended the three countries on the progress made, the depth of the information provided, as well as the transparency and clarity of the mid-term reports.
- Participants welcomed the lessons being learned in each country and encouraged countries to share their experience for the benefit of other REDD+ countries.

Follow up action:

- Participants encouraged each country to take into account the following issues raised by the PC, during further readiness preparation:

Costa Rica

- Continue efforts to address disbursement challenges of the Readiness Preparation Grant.
- Continue to strengthen communications mechanisms between the Government, Indigenous Peoples representatives and indigenous communities, to ensure proper information flow.
- Assess whether there are technical capacity gaps to testing various monitoring technologies and integrating them into the national forest monitoring system and, if gaps exist, ensure that provisions are made to build sufficient capacity.

Ghana

- Continue efforts to strengthen the capacity in the REDD+ Secretariat as well as at decentralized levels for REDD+ implementation.
- Continue advancing policy discussion on tree tenure.
- Document lessons learned from gender mainstreaming in REDD+ and from managing stakeholder expectations regarding the potential gains from REDD+.
- Revisit budget estimates for components to be supported with the additional funding, according to the priorities identified in the mid-term report.

Indonesia

- Continue to improve the coordination of the work supported by development partners and various REDD+ initiatives, in particular through the recently created REDD+ Agency, and create synergy by efficiently allocating available financial resources.
- Maintain the commitment to improve forest governance and incorporate legally recognized customary rights to forests in the evolving national institutional architecture.
- Continue to advance and communicate the work on the national and sub-national reference levels, including the different approaches across regions.
- Further formalize the institutional framework, in particular between the Ministry of Forestry and the newly created REDD+ Agency.
- Ensure that outputs generated during grant implementation are prepared in a manner and language understandable to the people involved.

R-PP reviews by the Technical Advisory Panels (TAP)

- The FMT presented an [overview](#) of the TAP members who reviewed the R-PPs.
- The TAP lead reviewers provided an [overview](#) of their assessments of the five R-PPs submitted for formal consideration at this meeting. TAP reviewers emphasized the high quality of all five R-PPs and reflected on the increase in quality of R-PPs over time, confirming the mutually reinforcing learning process of the FCPF. TAP reviewers noted, among other things, that the budget focus in

recent R-PPs has shifted away from technical components related to Reference Levels and Monitoring, Reporting, and Verification, toward the analytical, strategic, institutional and participatory elements of developing national REDD+ strategies.

R-PPs from existing REDD Country Participants

- [Madagascar](#) and [Paraguay](#) presented their R-PPs for assessment by the PC. The PC allocated US\$3.8 million each to [Madagascar](#) and [Paraguay](#) to support readiness preparation, and requested the respective Delivery Partner to complete due diligence with a view to entering into a grant agreement.

Follow up action:

- Participants encouraged Madagascar and Paraguay to consider issues identified in the TAP's R-PP assessment as well as those raised by the PC at this meeting, during readiness preparation:

Madagascar

- Continue to develop the fundraising strategy for other sources of finance for readiness activities.
- Ensure effective integration of the agricultural sector in the REDD+ strategy.
- Ensure synergies between the Forest Law Enforcement, Governance and Trade Voluntary Partnership Agreement (FLEGT-VPA) and REDD+ processes and enhance law enforcement.
- Provide information on efforts made by the Government to identify Indigenous Peoples and the mechanisms to be used to ensure their participation in the REDD+ process, when appropriate.

Paraguay

- Consider a budget allocation for capacity building as part of each R-PP component.
- Consider strengthening institutional arrangements to garner high-level political backing for REDD+ and to support REDD+ implementation.
- Define forests categories to facilitate more accurate monitoring of forest cover at national level.
- Identify available capacities to implement the SESA process or specify if external technical assistance will be needed.
- Include Indigenous Peoples and other forest dwellers in monitoring of social participation and social impact, including monitoring of co-benefits.
- Consider modelling the impact of different economic development options on future deforestation rates.

Existing REDD Country Participants

- A number of REDD Countries were unable to meet the May 31, 2014 deadline to sign their Readiness Preparation Grant Agreements (or equivalent), and therefore lost guaranteed access to this funding, as was specified in [PC Resolution PC/14/2013/2](#). These REDD Countries remain eligible for Readiness Preparation Grant funding, but on a first-come-first-served basis, as long as funding is available at the time they sign their Grant Agreement (or equivalent), rather than on a guaranteed basis. The PC discussed whether to reinstate any of these REDD Countries' guaranteed access to such funding. Given that 1) there are sufficient funds in the Readiness Fund to enable each of these

REDD Countries to sign their Grant Agreement (or equivalent) on a first-come-first-served basis, and there would therefore be no negative impact on these Countries, if they sign in the near future, and 2) the desire to ensure funds are being used for Readiness rather than being set aside, the PC agreed to adhere to the Resolution adopted at PC14.

- It was clarified that because the PC has already adopted a resolution allocating Readiness Preparation Grant funds to each Country, no new resolution would be needed to enable these Countries to sign their Grant Agreements (or equivalent); the only condition would be the availability of funding at the time of grant signature.

Follow up action:

- The PC encouraged relevant REDD Countries and their respective Delivery Partners to continue their efforts to sign a Grant Agreement (or equivalent) in the near future. (Please refer to [FMT Note 2014-1](#) for more details on the status of existing REDD Countries.)

Expressions of interest in joining the FCPF from new countries

- The FMT informed the PC that several additional countries have expressed interest in joining the FCPF. Recognizing that the decision at PC14 was not to select any new countries after PC17, and noting that there are currently insufficient funds in the portion of the reserve that is designated to the selection of new countries on the same terms as existing REDD Country Participants (beyond [those being selected at PC17](#)), there was general agreement to adhere to the PC14 decision. The PC may wish to revisit the issue at a later time if sufficient funds become available. The PC encourages interested countries to continue their REDD+ efforts and to seek support from other sources in this regard, and encourages other funders to take note of the interest of these countries and consider providing support.
- The PC noted, though, that these countries could benefit from observing PC/PA meetings, even if they do not have access to FCPF funding. The countries may benefit from learning from the experiences of REDD Country Participants, and this may also eventually put them in a strong position to undertake Readiness and to seek support from other sources. However, the FCPF and FMT would face additional costs and operational challenges if the FCPF were to support their attendance at meetings. The PC therefore encourages interested countries to express interest in observing PC/PA meetings, at their own cost. In line with the Rules of Procedure and how past requests from countries to observe PC/PA meetings have been handled, interested countries must request to the FMT to attend a given meeting, and requests will be considered by the FMT on a case-by-case basis in consultation with the Bureau of the Participants Committee, taking into account logistical implications.

R-PPs from Candidate Countries

- [Belize](#), [Uruguay](#), and [Sudan](#) presented their R-PPs for assessment by the PC. The PC allocated US\$3.8 million each to [Belize](#), [Uruguay](#), and [Sudan](#) to support Readiness preparation, and requested the Delivery Partner to complete due diligence with a view to entering into a grant agreement.

Follow up action:

Participants encouraged Belize, Uruguay and Sudan to consider issues identified in the TAP's R-PP assessment as well as those raised by the PC at this meeting, during readiness preparation. No additional issues were raised by the PC at this meeting for Sudan.

Belize

- Continue and intensify the ongoing dialogue between national REDD+ authorities and Indigenous Peoples and other stakeholders on the R-PP and throughout the readiness process.

Uruguay

- Hold meetings with main stakeholders to establish a functional REDD+ Working Group as soon as possible.
- Facilitate the participation of relevant CSOs in the REDD+ readiness process to ensure that diverse views are taken into account.
- Include information about lead institutions and other relevant stakeholders in the work plan of component 4a (National Forest Monitoring System).
- Clarify and strengthen the linkages between R-PP components 1c (Participation and Consultation Process) and 2b (REDD+ Strategy Options) with component 4b (Design of Information System for Multiple Benefits, Other Impacts, Governance and Safeguards).

Draft General Conditions of a future Emission Reductions Payment Agreement (ERPA)

- The FMT presented an [update on the General Conditions \(GCs\) of future FCPF Emission Reductions Payment Agreements \(ERPAs\)](#). The GCs are based on the ERPA Term Sheet that was endorsed by the PC at PC14 (Resolution PC/14/2013/9). This session was intended for information and feedback.
- The FMT clarified that the ERPA will consist of a set of commercial terms (including volume, unit price, advanced payments, conditions of sale and purchase, and options, to be agreed upon during ERPA negotiations) and General Conditions (generally non-negotiable, and requiring endorsement by the PC). Taking into account that PC endorsement of the General Conditions is sought at PC18 in November 2014, the presentation focused on the General Conditions, including issues such as transfer and payment for Emission Reductions (ERs), title to ERs, cost allocation, ER Program operation and implementation, benefits and benefit sharing, ER Program Buffers, events of default and remedies, dispute resolution and governing law.

Follow up action:

- The PC requested the FMT to facilitate outreach activities to foster broad understanding of the GCs.
- The FMT called on Country Observers to the FCPF Carbon Fund to proactively report back to their constituencies on the discussions and proceedings of the FCPF Carbon Fund and, equally, for countries to access their observers for more information on the FCPF Carbon Fund.
- The FMT's Regional Focal Points will further reach out to each REDD Country Participant to enhance knowledge and understanding of the GCs.

FY15 budget proposal

- The FMT [presented](#) the status of the Fiscal Year 2014 (FY14) budget and the proposed FY15 budget (see [FMT Note 2014-2](#)). Final accounts of FY14 will be provided as part of the FY14 Annual Report before PA7/PC18. The PC adopted a [resolution](#) approving the FY15 budget.

Follow up action:

- The FMT will look for ways to provide regular updates on FMT events (i.e., such as workshops) to the PC, so that Participants may consider participating or sharing with their constituencies.

Facilitating decision making: Use of virtual decision making process

- As of 2014, the FCPF has changed from a schedule of three PC meetings per year to two. To minimize the impact that the reduction of in-person meetings may have, and based on existing procedures, Participants agreed with the use of [virtual decision making](#) for the following cases, if the FMT finds it appropriate:
 - R-PP reviews and allocations of US\$3.8 million readiness preparation grants;
 - Mid-term progress reports (MTRs) that exclude requests for funding.
- For the next few MTRs with funding requests and for the first few R-Packages, Participants agreed to proceed with in-meeting reviews and only in the near future move to the use of virtual review, if the need arises.

Fostering Social Inclusion through the FCPF Capacity Building Program and Related Initiatives

- This integrated session presented initiatives that have aimed to promote the full and effective participation of forest-dependent Indigenous Peoples, other forest dwellers, and Southern CSOs in REDD+ readiness processes.
- Luis Felipe Duchicela, the World Bank's Indigenous Peoples Advisor, presented an [overview of the World Bank's engagement with Indigenous Peoples](#) on a number of issues.
- The FMT provided a [report on the recently completed cycle of five regional training workshops on "Capacity Building for Social Inclusion"](#), which took place from December 2012 to May 2014, bringing together 215 participants from 36 countries. The workshops have strengthened country teams' capacity to: (i) enhance civil society engagement in their own REDD+ readiness processes; and (ii) foster linkages and opportunities for social inclusion in REDD+ readiness.
- The FMT provided an update on Phase 1 (FY09-FY13) of the Capacity Building Program for Forest-Dependent Peoples and Southern CSOs, and presented a tentative timeline for the processing of Phase 2 of the Program, in which new activities will be implemented in accordance with the World Bank's Small Grants Guidelines.
- A panel of the Capacity Building Program's beneficiary organizations from Africa, Asia-Pacific, and Latin America presented an overview of the activities implemented or planned as part the program. Presentations were made by [Samson Samuel Ogallah](#) for the Pan African Climate Justice Alliance (PACJA), [Tunga Rai](#) for the Nepal Federation of Indigenous Nationalities (NEFIN), and [Onel Masardule](#) for the Foundation for the Promotion of Indigenous Knowledge (FCPI).

Follow up action:

- The PC raised concerns about the delays experienced with making funds available to Indigenous Peoples and CSOs under Phase 2 of the program and encouraged the FMT to speed up disbursement of funds under the programs. In addition, the PC suggested more detailed progress reporting as part of the FMT's Report at the next PC.

Updates from UN-REDD and the Forest Investment Program

- Representatives of the UN-REDD Programme and the [Forest Investment Program](#) presented developments in their respective initiatives.

Next meetings

- CF11: Week of October 6-10 or 13-17, 2014, likely in Washington, DC. The exact date and venue will be announced shortly.
- PA7 and PC18: Week of October 27-31 or November 3-7, 2014. The exact dates and location will be announced shortly.
- The PC supported the invitation from Tanzania to host PA7 and PC18. To the extent possible, the FCPF will make every effort to hold the next PC/PA meetings in conjunction with the Policy Board meetings of the UN-REDD Programme, while honoring PC members' support to hold the PC/PA meetings in Tanzania.

In closing, we would like to express our appreciation for the hard work and collaboration of all Participants and Observers, reviewing five R-PPs and three mid-term progress reports in the run-up to PC17. The high quality of the sets of documents confirms the mutually reinforcing learning process of the partnership and its leading role as a knowledge exchange platform for REDD+ Country Participants.

We look forward to seeing an increasing number of mid-term reports as more countries are advancing with REDD+ readiness. The progress made will offer important lessons and will continue to feed south-south learning among REDD+ Country Participants.

It is our hope that the progress countries have made on REDD+ readiness will inspire policymakers and negotiators as they prepare for COP20 that will be held in Lima, Peru, in December.

Please do not hesitate to contact the FMT at fcpfsecretariat@worldbank.org if you have questions or concerns.

Sincerely,

Gustavo Suarez de Freitas Calmet, Peru, on behalf of REDD Country Participants,

and

John Verdieck, United States, on behalf of Financial Contributor Participants