



Forest Carbon Partnership Facility

Potential Reopening of the FCPF to New REDD+ Countries

Fourteenth Meeting of the Participants Committee (PC14)

Washington, DC

March 19-21, 2013

Outline

1. Background

2. Criteria for reopening the FCPF to new countries

Criterion 1: Availability of resources in the Readiness Fund

Criterion 2: Countries' proposed date of R-PP submission for PC's formal assessment

Criterion 3: Countries' proposed Delivery Partner

3. Summary recommendation

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Background

As per previous PC resolutions:

- For existing REDD Country Participants
 - Guaranteed access to Readiness Preparation grant (\$3.8 million) if R-PP is submitted and assessed by PC at or before PC14.
 - After PC14, grants allocated subject to availability of funds at time PC endorses R-PP.
- For countries interested in joining the FCPF
 - a. PC requested countries to submit supplemental information by January 31, 2013 .
 - b. PC decided to consider a process and criteria for reopening the FCPF to new REDD+ countries at PC14, including the following minimum criteria:
 - i. availability of resources in the Readiness Fund;
 - ii. countries' proposed date of R-PP submission for PC's formal assessment; and
 - iii. countries' proposed Delivery Partner.
 - c. PC specified that such consideration shall take into account that the allocation of existing resources and support for REDD+ readiness activities in the existing REDD Country Participants shall take precedence over allocation for the Qualified Eligible REDD Countries.

Background

Task at PC14 is to discuss and decide on:

1. whether or not to re-open the FCPF to new REDD+ countries,
2. if PC decides to open to new countries, what criteria to use to select new countries and by what process,
3. possibly which countries to allow in, if relevant at this time, and
4. possibly on what terms.

Background:

Status of existing REDD Country Participants

33 of 36 REDD Countries have submitted R-PPs for assessment:

- a. 26 had R-PPs assessed by PC and 25 were allocated Readiness Preparation grants (Tanzania did not request funding);
- b. 7 (Chile, Honduras, Madagascar, Papua New Guinea, Suriname, Thailand and Vanuatu) submitted R-PPs for formal assessment at PC14. Madagascar R-PP not being assessed at PC14;
- c. 3 (Bolivia, Gabon and Paraguay) have not submitted any R-PP, losing guaranteed access to Readiness Preparation funding. They remain eligible subject to availability of funding at the time their R-PP is formally assessed.

Background:

Countries interested in joining FCPF

- 17 countries have expressed interest in joining the FCPF and provided supplemental information (deadline was January 31, 2013).
 - Belize
 - Bhutan
 - Burkina Faso
 - Burundi
 - Chad
 - Cote d'Ivoire
 - Dominican Republic
 - Fiji
 - Jamaica
 - Nigeria
 - Pakistan
 - Philippines
 - Republic of the Sudan
 - South Sudan
 - Sri Lanka
 - Togo
 - Uruguay

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Criteria for reopening the FCPF to new countries

- Resolution PC/11/2012/4 identified three minimum criteria for reopening the FCPF to new countries:
 - Criterion 1: Availability of resources in the Readiness Fund
 - Criterion 2: the Qualified Eligible REDD Countries' proposed date of their respective R-PP submission for PC's formal assessment; and
 - Criterion 3: the Qualified Eligible REDD Countries' proposed Delivery Partner, as defined in Resolution PC/9/2011/1, whose support the country wishes to request.

Proposed way forward: PC Bureau's inputs

- Desire to ensure that inclusion of additional countries does not diminish financial support to existing countries
 - REDD+ countries encouraged donors to contribute more funds.
 - Financial contributors suggested reserving a portion of available reserve funds for support to existing countries.
- Financial contributors interested in limiting the number of additional countries → suggested using R-PP submission and timing as sole criteria for eligibility.
 - Some suggested using other criteria as well (e.g., forest cover, deforestation rates, biomes), but also took note that this is complicated.
- Can REDD+ countries develop an R-PP without FCPF funds? Mixed responses from REDD+ countries. Financial contributors pointed to availability of other sources of funding.
- Financial contributors proposed setting ambitious deadline for R-PP submission (June 2013).
 - Several candidate countries indicated plans to present their R-PPs in June.

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Criterion 1: Availability of resources in the Readiness Fund

Summary of Long-Term Sources and Uses of Readiness Funding
(in \$ million, as of February 2013)

Sources		Total
Committed Funding (currently no pledges)		258.7
Uses		
Commitments (grants) to REDD+ Countries (35 @ \$3.8 million)	133.0	
Additional grant funding to DRC (for REDD+ countries that demonstrate significant progress on readiness)	5.0	
Less grants to REDD+ Countries who have not submitted an R-PP for formal assessment by PC14 (3 @ \$3.8 million)	(11.4)	
Less grants to REDD+ Countries who have submitted an R-PP for formal assessment by PC14 but whose R-PP has not been formally assessed by PC14 (1 @ \$3.8 million)	(3.8)	
Net grant commitments		122.8
Administrative, Operations and Country Support of which:		73.9
<i>FY09-12 Actual costs</i>	20.7	
<i>FY13 Budgeted costs (including Additional Activities)</i>	12.9	
<i>FY14-20 Projected costs</i>	40.3	
Reserve for Delivery Partner capacity for dispute resolution		2.0
Total Uses		198.7
Estimated Reserve		
Reserve: Committed Funding less Total Uses		60.0

Current reserve = \$60 million

Criterion 1: Availability of resources in the Readiness Fund

- Cost of including a new country: Estimated \$5.8 million
- Clear trade-off between providing additional resources to and achieving significant progress in currently existing REDD Country Participants, and accepting additional countries into the FCPF.

Resources required for possible additional activities

Proposed Commitments	per country	
Proposed grant commitments for those REDD+ countries who have submitted R-PPs by PC14 but whose R-PP has not been formally assessed by PC14 (1 @ \$3.8 million)		3.8
Estimated Reserve after deducting Proposed Commitments		56.2
Additional funding to REDD+ countries that demonstrate significant progress on readiness (\$5.0 million grant plus say \$0.3 million support costs per country, say 20 countries)	5.3	106.0
Potential reopening of the FCPF to new countries (\$5.8 million per country, assuming 17 additional countries)	5.8	98.6
Funding Gap		(148.4)

Criterion 1: Availability of resources in the Readiness Fund

- Would adding new countries diminish quality of support to existing countries?
 - FMT provides Delivery Partner with \$650,000 per REDD Country Participant to provide support.
 - Delivery Partners indicate willingness and capacity to support additional countries, but only a limited number.
 - Delivery Partners would need some additional staff.
- Would FMT have capacity to support more countries?
 - Approximately three additional full-time FMT staff would be needed if all 17 candidate countries were accepted. (Included in \$5.8 million cost per country)
 - Important to strike balance with time and resources needed for other key FMT activities.

Criterion 1: Availability of resources in the Readiness Fund

Recommendation

- Reopen to a limited number of additional countries
 - Leaves resources to finance additional grants (\$5 million) for some existing Countries achieving significant progress.
- Designate fixed percentage of available reserve funds (e.g., 2/3) for support to existing Countries, and fixed percentage (e.g., 1/3) for new countries.
 - Allows additional countries to be selected, while ensuring support to existing Countries is not diminished.
 - Number of additional countries would be determined solely by amount of reserve funding available → objective and predictable.
 - Ratio would apply regardless of amount of reserve funding available.
 - Donors would be encouraged to provide additional resources to fund.

Criterion 1: Availability of resources in the Readiness Fund

Recommendation

- With current reserve, proposal allows for three additional countries on the same terms as existing Countries (\$3.8 million Readiness Preparation grant plus FMT and Delivery Partner support).
- Number may increase if reserve funding increases.

Proposed Use of Current Estimated Reserve

Description	per country	Total
Estimated Reserve: Committed Funding less Total Uses		60.0
Proposed Commitments		
Proposed grant commitments for those REDD+ countries who have submitted R-PPs by PC14 but whose R-PP has not been formally assessed by PC14 (1 @ \$3.8 million)	3.8	3.8
Estimated Reserve after deducting Proposed Commitments		56.2
66% for additional funding to REDD+ countries that demonstrate significant progress on readiness (\$5.0 million grant plus say \$0.3 million support costs per country, approx. 7 countries)	5.3	37.1
33% for potential reopening of the ECPF to new countries (\$5.8 million per country, approx. 3 additional countries)	5.8	17.4
Estimated Unallocated Funding		1.7

Criterion 1: Availability of resources in the Readiness Fund

Question regarding available resources

- \$121.6 million is currently set aside for existing countries that have already submitted R-PPs (32 x \$3.8 million, assuming funds are set aside for the 7 countries that submitted R-PPs for PC14).
- But little progress has been made in some countries since their R-PP was assessed and funds were allocated to them.
- Question: How long should funds be set aside for countries, once their R-PPs have been assessed and funds allocated? Should there be a deadline for countries to meet the next milestone (e.g., confirmation of intent by April 30, 2013, submission of the revised R-PP by X, countersignature of a Readiness grant agreement within X months of Delivery Partner's signature/approval of activities)?
- If a deadline for action is set, the amount of reserve funding could increase
 - More funds would be available to support existing countries that are demonstrating significant progress, and to select additional countries.
 - Setting a near-term deadline would allow the PC to have a better sense of fund availability by the time it reviews new R-PPs at PC16.

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Criterion 2: Country's proposed date of R-PP submission for formal assessment

- PC expressed desire to see countries making progress in REDD+ readiness
 - Submission of R-PP demonstrates commitment to REDD+, capacity to initiate Readiness work.
 - Is objective, country-driven criterion.
 - Allows PC to select countries based on progress, commitment already demonstrated.
 - In line with M&E goal (majority of REDD Countries submit mid-term reports by 2015).
 - FCPF would support countries that are at a similar point in Readiness.
- **Setting an ambitious deadline for submitting an R-PP**
 - Not prudent to bring on a new country unless can prepare a high-quality R-PP in near future.
 - Candidate countries are better placed to produce R-PP in a shorter amount of time.
 - Financing R-PP formulation: majority of countries have bilateral support available or are in a position to access funding to produce an R-PP (14 of 33 existing REDD Country Participants prepared their R-PPs without the FCPF formulation grant); would demonstrate political commitment.

Criterion 2: Country's proposed date of R-PP submission for formal assessment

- Consideration of other criteria.
 - Charter lays out a number of criteria for selection of REDD Country Participants.
 - e.g.,: quality of the R-PIN, geographic and biome balance, relevance of the country in the REDD context (e.g., forest area and carbon stock, deforestation and forest degradation rates, relevance of forests in the economy), and variety of approaches to REDD).
 - During initial selection of countries in 2008 and 2009, this proved to be complicated. Ultimately, decision to select a country was solely based on the quality of the country's R-PIN.

Criterion 2: Country's proposed date of R-PP submission for formal assessment

Recommendation

- Submission of complete R-PP (draft or final) = Sole criterion for country to be *eligible* for selection.
- Set an ambitious deadline for submission (e.g., June 30, 2013).
- After deadline, eligible countries revise R-PPs as needed and present for formal assessment by the PC, when appropriate. PC considers formal R-PP submissions on a rolling basis at each PC meeting.
- PC decides at each PC meeting which candidate countries to *select* into the FCPF based on:
 1. availability of reserve funds at the time,
 2. quality of the R-PP, and
 3. commitment of a Delivery Partner to support the country.
- Proposed process would be:
 - consistent with FCPF's objectives and existing work,
 - clear and straightforward way to encourage interested countries to demonstrate commitment to REDD+ and capacity to initiate work on Readiness, and
 - clear and straightforward way for the PC to select countries based on the quality and content of country's Readiness work.
- To address resource needs, countries encouraged to seek financial/technical support from other sources to help develop an R-PP. Likewise, agencies/organizations encouraged to provide support.

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Criterion 3: Country's proposed Delivery Partner

- Key question: Would Delivery Partners be available to support these countries?
- Several candidate countries interested in working with Delivery Partners other than World Bank.
 - MDP arrangement is currently limited to 10 REDD Country Participants
 - 9 REDD Country Participants currently approved in MDP arrangement; in 3 of these, the potential Delivery Partner has yet to confirm (CAR, Panama and Paraguay).
 - → Limited number of new countries that can work with a Delivery Partner other than the World Bank, unless MDP arrangement is modified/expanded.
- Annex 1 of FMT Note lists the Delivery Partner that countries expressed interest in.
 - However, countries were not aware that the above constraints would exist.
 - Much information was provided a year ago; country circumstances may have changed.

Criterion 3: Country's proposed Delivery Partner

- Recommendation:

- At time of R-PP submission, FMT can confirm whether there is a Delivery Partner that will commit to providing support to the country at that time.
- The PC can then decide whether or not to select the country, based on a review of the R-PP itself, the availability of funding, and the commitment of a Delivery Partner.
- Depending on which countries are selected and which Delivery Partners are willing to support the selected countries, potential for issues related to MDP arrangement.

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Summary recommendation

- Allow limited number of additional countries into the FCPF.
- Use submission of an R-PP as the sole criterion for additional countries to be eligible for selection into the FCPF.
- Adopt a process that is:
 - consistent with the FCPF's objectives and existing work;
 - a clear and straightforward way to encourage interested countries to demonstrate their commitment to REDD+ and capacity to initiate work on Readiness, while allowing time for countries to develop high-quality R-PPs and engage with stakeholders without unnecessarily rushing the process;
 - a clear and straightforward way for the PC to select countries based on the quality and content of their Readiness work;
 - takes into account the limited resources available in the Readiness Fund.
- Restrict process to the 17 countries that have already expressed interest and provided information.

Summary recommendation: Timeline

June 30, 2013

Deadline for a country to submit a complete draft R-PP to be eligible for consideration.

PC16 (Oct/Nov 2013)

Eligible country revises and presents its R-PP for informal or formal consideration.

Among formal R-PPs, PC selects countries into FCPF (or places them on a waitlist) based on:

- 1) quality of formal R-PP
- 2) commitment of a Delivery Partner to support country,
- 3) availability of reserve funding for additional countries at the time.

PC17 (June 2014)

Eligible countries not yet selected present (revised) R-PPs for formal consideration.

PC selects countries (or places them on a waitlist) based on the same criteria.

December 31, 2014

Deadline to secure additional funding to include additional countries.

Any countries not yet selected will no longer be considered; FCPF closes to new REDD Countries until further notice.

Funding secured after will finance REDD Country Participants, and other activities approved in annual budget process²⁷

Summary recommendation: How many additional countries?

Number of countries selected is based on
availability of reserve funds

- A fixed percentage of available reserve funds (e.g., 2/3) is designated to support existing REDD Country Participants, and a fixed percentage (e.g., 1/3) to support new REDD+ countries.
- If insufficient funds, countries that meet other criteria will be placed on a waitlist, pending additional funding becoming available. Order on the waitlist is based on 1) first, the timing of the formal R-PP presentation, 2) second, quality of the R-PP.
- Process closes December 31, 2014. Any countries not yet selected will no longer be considered; FCPF closes to new REDD Countries until further notice.

Key aspects of proposal for feedback

- To ensure financial support to existing countries does not diminish:
 - Encourage donors to contribute more funds.
 - Reserve a 2/3 portion of available reserve funds for support to existing countries.
- Use R-PP submission and timing as sole criteria for eligibility, to limit the number of additional countries to those demonstrating progress.
 - Complicated to use other criteria (e.g., forest cover, deforestation rates, biomes).
 - Timeline: Complete draft R-PP submission by June 2013. Revise and present R-PP for formal consideration at PC16 (Oct/Nov 2013) and PC17 (June 2014).
 - Encourage countries to access other sources of funding to develop R-PP; encourage financial contributors to provide such support.
 - PC selects new countries based on timing and quality of R-PP. If insufficient funds, countries placed on waitlist.
- Should a deadline be set for existing countries to meet the next milestone (e.g., submit confirmation of intent by April 30, 2013, revised R-PP by X, countersign grant agreement within X months)?
- December 31, 2014 deadline for financial contributors to provide more funding for additional countries.



THANK YOU!

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