

Forest Carbon Partnership Facility (FCPF)

Readiness Fund

Strategic Direction of the FCPF

DRAFT October 11, 2011

This note is designed to facilitate discussions on the strategic direction of the FCPF based on the recommendations from the first FCPF evaluation and the ensuing PC discussions. The FMT has taken stock of the experiences from the early years of operation of the Readiness Fund and the insights from the first FCPF evaluation and developed a draft logical framework (log frame) to guide the work of the Readiness Fund and Carbon Fund in the short to medium term in fulfillment of the objectives of the FCPF Charter. The note includes proposals for:

- *Ascertaining a REDD Country's participation status in the FCPF and its eligibility to access FCPF grant financing;*
- *Increased readiness grant support to REDD+ Country Participants;*
- *Efforts to enhance readiness support to REDD Country Participants through analytical and knowledge management support on readiness elements, including South-South cooperation;*
- *Enhanced support for engagement of civil society organizations (CSOs) and Indigenous Peoples (IPs) in the REDD+ process; and*
- *Possibility to reopening the FCPF, including the Readiness Fund, to new countries.*

Background

1. A discussion of the FCPF evaluation report at the ninth meeting of the Participants Committee (PC9) in Oslo highlighted key views from FCPF Participants and Observers, which were summarized in the draft action plan prepared and disseminated by the Facility Management Team (FMT) to the PC in FMT Note 2011-9 of July 29, 2011.¹ Amongst other things, participants in the PC9 discussions expressed the need to engage in a strategic level discussion on the future of the FCPF, in particular the Readiness Fund. Strategic questions would include the possibility of enhancing support for REDD+ implementation and disbursements to countries by moving away from the current flat rate approach to FCPF Readiness Preparation grants using transparent and needs-based allocation criteria instead, and opening up the Readiness Fund to more countries beyond the current 37 REDD Country Participants. It was recognized that this strategic level discussion would need to be informed by specific proposals as well as an understanding of the long term sources and uses of Readiness funds, at least as currently planned.

¹ See FMT Note 2011-9 at

<http://www.forestcarbonpartnership.org/fcp/sites/forestcarbonpartnership.org/files/Documents/PDF/Sep2011/FCPF%20draft%20rolling%20action%20plan-clean%20july%202009.pdf>

Logical framework

2. The FMT reflected upon the recommendations from the FCPF evaluation report and reviewed the progress made by the Readiness Fund vis-à-vis the original objectives included in the FCPF Charter.² As an outcome of the FMT's internal discussions, a logical framework (also called log frame) laying out the short- to mid-term goals desired outcomes, and indicators to measure progress, was developed to charter the strategic directions of the FCPF in the coming years. Developing a log frame also responds to the need for developing a monitoring and evaluation framework identified in the evaluation report.

3. The main thrust of the draft log frame (see Annex 1) is to enable REDD Country Participants to achieve readiness (i.e., submit a Readiness Package) and transition into testing performance-based payments in an effective and efficient manner. In this process it is envisaged that some REDD Country Participants will submit a Readiness Package and pilot emission reductions programs. The lessons generated by these early movers will help other REDD countries advance to readiness in relatively less time. For this to happen efficiently, the technical support and knowledge management aspects of the FCPF will need to be boosted as well. Thus efforts are needed to enhance support at the country level and south-south knowledge transfer.

4. The outcomes in the draft log frame presented in Annex 1 capture the four objectives of the FCPF Charter (at the level of outcomes), which was developed through extensive international discussions during 2006-2008:

- i. To assist Eligible REDD Countries in their efforts to achieve Emission Reductions from deforestation and/or forest degradation by providing them with financial and technical assistance in building their capacity to benefit from possible future systems of positive incentives for REDD;
- ii. 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;
- iii. Within the approach to REDD, to test ways to sustain or enhance livelihoods of local communities and to conserve biodiversity; and
- iv. To disseminate broadly the knowledge gained in the development of the Facility and implementation of Readiness Preparation Proposals and Emission Reductions Programs.

5. The draft log frame is presented as an aide for the strategic level discussions. The outputs and indicators in the log frame reflect the 'pilot' role of the FCPF, the lessons learnt in the first two years of operations of the Facility, and key decisions made by the PC that guide the future work of the Facility in the readiness phase. The outputs envisaged in the log frame are meant to reinforce the efforts of the Facility in its early years of operation with a view to more effective and efficient delivery in the coming years. For each of the four outcomes there are up to three indicators that are matched against a key output.

² See Section 2.1 of the FCPF Charter at <http://www.forestcarbonpartnership.org/fcp/sites/forestcarbonpartnership.org/files/Documents/PDF/May2011/FCPF%20Charter%20-%20CF%2005-11-2011%20clean.pdf>.

6. The FMT proposals presented in this note for consideration of PA4/PC10 are activities that will help to maximize efforts and financing to achieve the desired outputs included in the log frame.

Sources and uses of funds in the Readiness Fund

7. Table 1's snapshot of the sources and uses status of funds provides a useful background to the various proposals contained in this note.

Table 1: Summary of Long Term Sources and Uses of Readiness Funding
(in \$ million, planned as of September 15, 2011)

Uses	
Commitments (grants) to REDD Countries	129.6
Administrative, Operations and Country Support, of which	65.7
<i>FY09-11 Administrative & Country Support (actual)</i>	<i>15.3</i>
<i>FY12 Administrative & Country Support (budget)</i>	<i>7.2</i>
<i>FY13-20 Readiness Fund Administration (projected)</i>	<i>3.8</i>
<i>FY13-20 Operations and Country Support (projected)</i>	<i>39.4</i>
Reserve for accountability mechanisms (Provision)	11
Total uses	206.3

Sources	
Committed Funding	207.5
Committed Funding plus Pledges	231.9

Estimated Reserve	
Committed funding - Total uses (\$)	1.2
Committed funding - Total uses (%)	0.6%
Committed Funding plus Pledges - Total Uses, subject to signed Participation Agreements	25.6

Assumptions:

- 1) Expected grants to 36 REDD Country Participants
- 2) Steady operational budget through FY15, with 20% annual cuts thereafter
- 3) All Delivery Partners receive funding in line with current IBRD support level
- 4) 37 REDD Countries currently have access to 3.6 million grants per Resolution PC6/2010/9. Of these 37:
 - 19 (\$68.4 m committed) countries have formally assessed R-PPs; and
 - 9 countries (\$32.4 m committed) anticipated having assessed R-PPs in FY12.

8. In accordance with World Bank trust fund policy, the standard basis of commitment, i.e., the undertaking to commit expenditure at a later date (e.g., through the signing of grant agreement), is cash. Thus, it is standard practice to limit the commitments to REDD Country Participants and to other activities to the level of contributions actually received from donors in the form of cash. Exceptions can only be made on a case-by-case basis. In the case of the FCPF Readiness Fund, it was agreed that the fund can operate on a non-standard basis of commitment; thus the level of commitments is limited to the level of contributions for which the World Bank acting as trustee of the Fund has signed unconditional Donor Participation Agreements.

9. While this has provided considerable flexibility to the FCPF Readiness Fund, it does not go further in allowing for pledges to be treated in this manner. Thus, grant agreements can only be signed when there are sufficient signed unconditional Donor Participation Agreements covering both current and expected expenses and committed grants. The Readiness Fund is therefore unable to treat the remaining outstanding pledges to the Readiness Fund (for which the PC has agreed to raise the target size of the Fund) as commitments under the Bank's Trust Fund policies.

10. As shown in Table 1, the currently expected long term balance of the Readiness Fund based on donor commitments is only about \$1 million. If pledges are added, the balance is about \$26 million.

Actions expected of the Participants Assembly and Participants Committee

11. It is expected that the Participants Assembly will consider each of the key issues relevant to the strategic direction of the FCPF presented in the specific proposals in this note and provide guidance to the PC and FMT, including on actions that should be considered in priority. As the funding sources under Readiness Fund at present are capped at approximately \$231 million (Table 1), this may mean allocating resources to some activities in preference to other ones in the short term and taking up the other ones only if and when additional resources become available in the future.

12. A PC contact group will be formed at PC10 to discuss the specific proposals. The contact group will build on PA guidance and may wish to consider resolutions or guidance on some/all of the FMT proposals for adoption by the PC.

Proposals

A. Ascertaining a REDD Country's participation status in the FCPF and its eligibility to access FCPF grant financing

13. Resources are currently committed to all REDD Country Participants regardless of their level of participation in the FCPF and progress towards REDD+ readiness. All REDD Country Participants are equally eligible to access the readiness preparation grant and resources therefore remain set aside for them even though the countries' commitments to participate in the may vary. Ascertaining whether and to what extent REDD Country Participants are still committed to the FCPF may help free up some of the Readiness Fund proceeds and increase the efficiency in use of the Fund.

14. Should some resources be freed up, these could be used for providing enhanced readiness support to some of the other REDD Country Participants that are making progress towards REDD+ readiness in accordance with evaluation recommendations, and/or for supporting additional countries should the PC decide to reopen the FCPF. The FMT proposes the following steps for freeing up funds that are currently committed.

15. The first group of 14 REDD Countries were accepted into the Readiness Fund at the meeting of the Steering Committee in July 2008.³ The second group of 11 REDD Countries were selected at PC1 in October 2008.⁴ The third and last group of 12 REDD Countries were accepted into the Readiness Fund at PC2 in March 2009, i.e., two and half years ago, albeit initially without access to formulation or preparation grant funding due to the insufficient Readiness Fund capitalization at the time.⁵ However, since PC6 in July 2010, all 37 countries selected in the FCPF have had access to formulation and preparation grant funding.⁶ Papua New Guinea and Tanzania voluntarily relinquished these grants, though Papua New Guinea reversed this position and requested access to FCPF grant funding in June 2011.

16. Despite the relatively long time elapsed since country selection and the allocation of grant resources, some countries have not signed their Participation Agreements and/or have shown little progress under the FCPF. Thus a portion of the \$129.6 million reflected as support for 36 countries in Table 1 is currently locked up and unavailable for use for other purposes. These countries can be broadly categorized as follows, which is summarized in Table 2 on Country Progress in the FCPF and detailed in the Dash Board, which is updated periodically by the FMT and made available on-line:

- A. Those that have not signed the REDD Country Participation Agreement and have thus not formally become REDD Country Participants (namely Chile and Equatorial Guinea);
- B. Those that have signed the Participation Agreement but have not formally requested the Readiness Preparation Proposal (R-PP) formulation grant (namely Bolivia, Papua New Guinea and Paraguay);
- C. Those that have not yet submitted their R-PP (using either the FCPF's R-PP formulation grant or alternative resources) on an informal basis (namely Cameroon, El Salvador, Gabon, Honduras, Thailand and Vanuatu); and
- D. Those that have not yet submitted their R-PP (using either the FCPF's R-PP formulation grant or alternative resources) for formal PC assessment (namely Guatemala, Madagascar, Mozambique, Nicaragua and Suriname).

³ As per Resolution SM2008-1, Bolivia, DRC, Costa Rica, Gabon, Ghana, Guyana, Lao PDR, Liberia, Kenya, Madagascar, Mexico, Nepal, Panama, Vietnam with access to \$3.6 million in readiness preparation grants (see http://www.forestcarbonpartnership.org/fcp/sites/forestcarbonpartnership.org/files/Documents/PDF/FCPF_Resolutions_SC-Final.pdf).

⁴ As per Resolution PC2008-2 (accessible at http://www.forestcarbonpartnership.org/fcp/sites/forestcarbonpartnership.org/files/Documents/PDF/FCPF_Oct_08_PC_Resolutions_rev.pdf), Cameroon, Colombia, Ethiopia, Papua New Guinea, Paraguay, Peru were selected with access to \$3.6 million in readiness preparation grants; Argentina, Nicaragua, Republic of Congo, Uganda, and Vanuatu were selected with access to \$200,000 formulation grants.

⁵ As per Resolution PC/2/2009/1 (accessible at http://www.forestcarbonpartnership.org/fcp/sites/forestcarbonpartnership.org/files/7.b_Resolution_1_-_Country_Selection.pdf), Cambodia, Central African Republic, Chile, El Salvador, Equatorial Guinea, Guatemala, Honduras, Indonesia, Mozambique, Suriname, Tanzania, Thailand were selected with access to readiness grant funding.

⁶ See Resolution PC/6/2010/9 accessible at http://www.forestcarbonpartnership.org/fcp/sites/forestcarbonpartnership.org/files/Documents/PDF/Jul2010/PC_6_resolutions%20adopted_0.pdf.

17. The FMT would initiate a communication with countries in the above categories to confirm their intention to progress under the FCPF. Specifically,

- i. Countries in this category would be requested to confirm their intention to participate in the FCPF by submitting their signed Participation Agreement by December 31, 2011. Countries that have not signed their Participation Agreement by December 31, 2011 would not become REDD Country Participants and lose access to grant funding under the Readiness Fund;
- ii. Countries in this category would be requested to confirm their intention to request the R-PP formulation grant by submitting the standard request by February 28, 2012⁷;
- iii. Countries in this category would be requested to confirm by February 28, 2012 their intention to submit their R-PP (on an informal or formal basis) by April 2012 (exact date to be determined) for consideration at PC12 in June 2012. Countries that have not submitted an informal R-PP by April 2012 would lose access to further grant funding under the Readiness Fund; and
- iv. Countries in this category would be requested to confirm their intention to submit their formal R-PP by August 2012 (exact date to be determined) for consideration at PC13 in October 2012. Countries that have not submitted their formal R-PP by August 2012 would lose access to further grant funding under the Readiness Fund.

18. Following the deadlines listed in paragraph 17 (namely December 31, 2011; February 28, 2012; April 2012; and August 2012), the FMT would assess the level of financial resources that may have been freed up under the Readiness Fund as a result of the Countries' lack of confirmation and inform the PC accordingly.

⁷ The R-PP formulation request template is accessible at <http://www.forestcarbonpartnership.org/fcp/sites/forestcarbonpartnership.org/files/Documents/PDF/Feb2011/Reques %20to Access Formulation Grant 10-19-10.doc>.

Table 2: Country Progress under the FCPF (as of October 10, 2011)

	Signed Participation Agreement	Requested R-PP Formulation Grant	Submitted Informal R-PP	Submitted R-PP for PC Assessment
Argentina	✓			✓
Bolivia	✓	B		
Cambodia	✓			✓
Cameroon	✓	✓	C	
CAR	✓			✓
Chile	A			
Colombia	✓	✓		✓
Costa Rica	✓	✓		✓
DR Congo	✓	✓		✓
El Salvador	✓	✓	C	
Equatorial Guinea	A			
Ethiopia	✓	✓		✓
Gabon	✓	✓ ¹	C	
Ghana	✓	✓		✓
Guatemala	✓	✓ ²	✓	D
Guyana	✓	✓ ^{1,2}		✓
Honduras	✓	✓ ²	C	
Indonesia	✓			✓
Kenya	✓	✓		✓
Lao PDR	✓	✓		✓
Liberia	✓	✓		✓
Madagascar	✓	✓	✓	D
Mexico	✓			✓
Mozambique	✓	✓	✓	D
Nepal	✓	✓		✓
Nicaragua	✓	✓	✓	D
Panama	✓			✓
PNG	✓	B		
Paraguay	✓	B		
Peru	✓			✓
Republic of Congo	✓	✓		✓
Suriname	✓		✓	D
Tanzania	✓	✓		✓
Thailand	✓	✓	C	
Uganda	✓	✓		✓
Vanuatu	✓	✓	C	
Vietnam	✓			✓

Notes:

¹ Grants signed but subsequently canceled² Request pending effectiveness of the Multiple Delivery Partner arrangement

B. Increasing efficiency of disbursements for REDD+ readiness

19. Two major milestones towards realizing this objective were passed in recent months:
 - i. In March 2011, the World Bank Board of Executive Directors approved the safeguards approach recommended by World Bank Management for FCPF readiness activities. As a result, World Bank Management was able to issue processing guidelines, paving the way for the signature of readiness preparation grants; and
 - ii. At PC9 in June 2011, the PC approved modalities under the Multiple Delivery Partner arrangement, including the Common Approach for safeguards, access to information and use of accountability mechanisms (see FMT Note 2011-11 for more details). It is anticipated that the expansion to other Delivery Partners will, in part, facilitate disbursements and enhance provision of readiness services to a broader set of REDD Country Participants.
20. It is expected that the combination of these two milestones will go a long way in accelerating disbursements under the FCPF in the coming months.
21. Two additional options for increasing support to REDD countries that the participants may wish to consider are presented below:
 - i. *Variable readiness preparation grants.* The FCPF evaluation recommended moving away from flat-rate readiness grant agreements. Participants have expressed support for operationalizing this recommendation as budgetary needs for readiness activities far exceed the current flat-rate support of \$3.6 million. As an immediate action on this recommendation, the PC could consider an additional grant of up to \$2 million to support readiness activities for the countries that have demonstrated satisfactory progress in the readiness process through the use of first \$3.6 million. The following criteria could be used to determine a REDD Country Participant's eligibility for additional funds:
 - a. The PC should be satisfied with the REDD Country Participant's progress towards readiness at the time of the mid-term progress report; and the country should have disbursed at least 50% of its \$3.6 million allocation at the time the request for additional funds is made;
 - b. Funds would be provided to support additional work for activities that are already included in the FCPF readiness grant agreement. The REDD Country Participant would submit a proposal to the PC providing rationale for additional support for these activities; and
 - c. Additional resources would need to be available in the long term plan of the Readiness Fund, or funds would need to be freed up from grants that have not been utilized by other countries that have received access to the grants to date (see Table 1).
 - ii. *Possibility for portion of the readiness grant to a REDD Country Participant to be executed by the respective Delivery Partner.* It is a practice in the World Bank to treat readiness grants, like most other grants administered by the World Bank, as "recipient-executed". This means that the beneficiary of the grant (in this case the REDD Country Participant) is responsible for the daily implementation of the grant, including procurement, financial management, reporting, etc. This practice, as the FMT has found out, is causing problems in several countries that do not always have the necessary capacity to implement these grants. This

would call for the World Bank to execute the grant agreement fully or partially on behalf of the REDD Country Participant. In some instances it has been found that given capacity constraints or internal procedures for executing grant funds from multilateral institutions, the additional support from the Delivery Partner can help to speed up implementation. In the interest of maintaining country ownership, however, it is not desirable that all activities be Bank executed. REDD Country Participants interested in full or partial execution by the Delivery Partner would have to introduce a formal request to their Delivery Partner (including the World Bank when the Bank is the Delivery Partner). Split execution or full execution on behalf of the country is a practice that also exists in other Delivery Partners. The activities that could be executed by the Bank – though still fully implemented by the REDD Country – would need to be agreed upon jointly by the REDD Country Participant and the Delivery Partner. In the case of the World Bank acting Delivery Partner, the Strategic Environmental and Social Assessment (SESA) and the environmental and Social Management Framework (ESMF) would be excluded from a split execution arrangement.

C. Efforts to enhance readiness support to REDD Country Participants through analytical work and knowledge management, including South-South cooperation

22. In the first three years of operation the FCPF organized several workshops and events to promote exchange and learning on R-PP formulation processes, the SESA/ESMF approach, South-South exchange among REDD countries and knowledge panels on benefit sharing, the Readiness Package, monitoring, and the role of the private sector in REDD+.

23. PC discussions and other fora such as the most recent assessment of multilateral initiatives commissioned by the REDD+ Partnership have highlighted that there is a need to scale up these efforts for effective and timely dissemination of information and knowledge exchanges. The FCPF evaluation report recommended that FCPF take actions to increase such exchanges, learning and capacity building in FCPF countries and this was further echoed in the discussions of the PC Working Group that deliberated on evaluation recommendations.

24. It is expected that the FCPF as a pilot facility should foster efforts towards achieving economies of scale in learning on elements of readiness amongst countries. Analytical support on elements of readiness and knowledge management would be a critical aspect in this supporting further work under the Readiness Fund, for example:

- i. The FMT has been assisting REDD Country Participants in their efforts to formulate R-PPs mainly through ad hoc Technical Advisory Panels, and guidance or feedback from Participants and World Bank staff. With an increasing number of countries moving into the readiness implementation phase, it may be desirable to scale up support for reference emission levels; measurement, reporting and verification (MRV) benefit sharing; and SESA, given that they will likely make up some of the core elements of the Readiness Package;
- ii. Therefore the PC may wish to consider the proposal that has been developed keeping in view the desired outputs presented in the log frame under the objectives of preparing REDD countries for Readiness and enhancing knowledge dissemination (see Annex 2);
- iii. The PC allocated a budget of \$631,000 in FY12 to support this work. Continuation of such efforts in the next three years, possibly at an increased pace, would help countries achieve REDD+ readiness more effectively and efficiently. To advance thinking on these topics,

targeted cross-country analysis would be undertaken, with specific recommendations being tailored to country circumstances. The results of the analytical work together with emerging country experiences would be packaged and disseminated to REDD countries including as relevant through South-South Exchanges;

- iv. Some of the key activities planned and currently being undertaken by the FMT to advance the understanding on reference levels (RL) and measurement, reporting and verification (MRV), SESA/ESMF and benefit sharing include the following:
- RL and MRV are two topics the modalities for which are still evolving under the UNFCCC. Pending guidance from the negotiation process, the pace of work thus far has been slow in these two areas. The FMT proposed to PC9 to hold an initial information exchange reference level workshop with participation from a few FCPF REDD Country Participants and experts, to brainstorm on current and potential approaches to establishing reference levels. The workshop will be held on November 9-10, 2011, and is supported by GEF and facilitated by Winrock International. They will review about five FCPF REDD+ countries' R-PP plans for reference level work, solicit country views and capacity needs, and assess potential next steps in providing technical assistance.
 - A workshop on the role of local communities in the development of national MRV systems was recently held in Mexico with broad and active participation by national REDD planning teams, CSOs, IPS, monitoring experts and practitioners. The primary purpose of workshop was to produce a consensual view on how (through what methods, for what particular tasks) communities may be involved in monitoring carbon stock changes and other variables relevant to REDD+, such that this monitoring effectively and efficiently supports the overall national REDD+ MRV effort while delivering benefits locally. The results from this collaborative effort will be packaged and made available to countries to assist and guide them in the development of their national MRV systems. In that context, countries expressed need for more analytical work and sharing of emerging approaches relevant in specific country contexts.
 - On SESA/ESMF, the FMT has been participating in efforts by countries such as Nepal, DRC, Mexico, Costa Rica and Tanzania to coordinate the safeguards approaches at the country level. It is proposed that more intensive support, including recruiting in-country experts to work in three to four pilot countries could provide useful insights on SESA/ESMF implementation, challenges and integration of social and environmental considerations with discussions on national REDD+ strategy development in the country.
 - A proposal on benefit sharing was presented at PC9. The scope of work included amongst others consolidating lessons learnt from Payment of Environmental Services and 2 to 3 case studies to analyze the relevance of existing land tenure systems and options for designing a fair and equitable benefit sharing system. The PC requested further coordination in this area of work within the World Bank and

with other Partners, including the UN-REDD Programme in particular given that some work has been ongoing work on this subject.⁸

Since PC9 significant pieces of work have been developed by the Agriculture and Rural Development (ARD) and Social Development departments (SDV) of the World Bank that are relevant to benefit sharing for the FCPF. A toolkit to help countries determine the most effective mechanism for transferring benefits and the investment and other support necessary for an effective mechanism has been prepared by the ARD.⁹ Two papers on benefit sharing in the context of REDD+ have been prepared by Social Development department of the World Bank, namely: (i) Benefit Sharing in REDD+; and (ii) Carbon Rights in REDD+.¹⁰ These will be available at PC10. Further, with financial support from PROFOR, the FMT will facilitate workshops on lessons learnt from payments for schemes of environmental services in Mexico, Costa Rica and Ecuador in October and December 2011 in Costa Rica and Durban respectively.

Therefore there is a significant amount of information being generated on this topic. In the course of discussions within the FMT it was felt that given several independent pieces of work emerging on this topic, it would be useful to get feedback from countries on specific requirements that would help them in designing benefit sharing systems for REDD+. Feedback from REDD countries on issues such as the following would be useful in directing support where it would be most effective:

1. Tailor the toolkit to suit country specific circumstances?
2. Would it be useful to assist benefit sharing mechanisms including testing the toolkit in real REDD+ pilot programs? This may mean longer term engagement at the country level. The lessons learnt would come from real experiences and hence may be more useful to other countries.
3. Take stock of work already initiated by other initiatives and tailor the FCPF's support on this topic to avoid duplication of efforts. A joint meeting is scheduled among the secretariats of the FCPF, FIP, GEF and UN-REDD Programme on October 15, 2011, which will provide an opportunity to discuss cooperation.

25. Whilst the initial efforts on each of the topics above have been designed by the FMT at a conceptual level, moving forward it will be important to target country needs more systematically. Potential key steps that would be fleshed out in a detailed proposal could include the following:

⁸ A paper titled 'REDD+ benefit Sharing: A comparative assessment of three national policy approaches' that was jointly commissioned by the UN-REDD Programme and the FCPF to advance the common REDD+ knowledge management objectives. The paper is accessible at <http://www.forestcarbonpartnership.org/fcp/node/31>. A case study on benefit sharing in Vietnam was undertaken by the UN REDD programme.

⁹ The toolkit is accessible at <http://www.profor.info/profor/knowledge/making-benefit-sharing-arrangements-work-forest-dependent-communities>

¹⁰ Papers will soon be posted at <http://go.worldbank.org/1WYTHLZOS0>

- i. Identification of countries' analytical and knowledge needs for REDD+ readiness: The FMT proposes a quick assessment of specific country needs in each of the topics mentioned above (and any others relevant to REDD+ readiness), which would help the FMT and Delivery Partners to channel support to demand-driven activities. Whilst the broad elements of readiness are known, the purpose of this assessment is to help identify areas where support is most urgently needed and optimum ways of providing this support, e.g., further analytical work on specific areas/ questions of interest, more support for case studies, consolidating information on an issue/theme to help countries understand the relevance of the issue to their national context, etc.;
- ii. Dissemination of best practices from REDD countries: Systematize harvesting and dissemination of the best practices generated from analytical work and pilot interventions. This could include partnerships with other initiatives at the global and country levels for analytical work on readiness and knowledge dissemination of results and the information so generated; and
- iii. Continued efforts to foster South-South exchange: Based on past efforts it is seen that South-South learning is an effective tool for cross fertilization of readiness ideas and approaches to address drivers of deforestation, policies, legislations, integrating REDD+ with ongoing activities for sustainable forest management, etc.

26. Depending on the discussions at PC10 and following a quick assessment of country needs, the FMT would present a more detailed three-year proposal, including a budget estimate, for activities referred to above. The proposal and budget allocation would be subject to either new signed Participation Agreements or reallocation among existing commitments.

D. Enhanced support for engagement of Indigenous Peoples (IPs) and civil society organizations (CSOs) in REDD+

27. The FCPF has engaged IPs and CSOs since the inception of the Facility, including through the \$1 million IP Capacity Building Program still underway (\$200,000 per year over the period FY09-FY13). The representation and role of IPs and CSOs in the FCPF were acknowledged in the FCPF evaluation report. As countries move from R-PP formulation to R-PP implementation, there is an increasing need for more awareness and informed engagement of stakeholders in national readiness processes. This sentiment was echoed in the FCPF evaluation report. One of the recommendations from the evaluation report was for the FCPF to consider increased support for IP and CSO engagement in REDD+ readiness. The recommendation was discussed by the PC Working Group on evaluation and the FMT was tasked to prepare an options note. In parallel, at PC9 in June 2011, the PC also received a proposal for a "global consultation" with Indigenous Peoples on the FCPF, which it approved together with a budget of \$377,000 as part of the FY12 budget, along with the expanded representation of up to five IP delegates to PA/PC meeting.¹¹ Meanwhile the REDD+ Partnership-commissioned assessment of the effectiveness of multilateral REDD+ initiatives also recommends scaling up efforts on stakeholder engagement by multilateral initiatives such as the FCPF.¹²

¹¹ See FMT Note 2011-5 rev (Self-Selection Process for Observer from Forest-Dependent Indigenous Peoples and Forest Dwellers) and Resolution PC/9/2011/4 (Approval of the FY12 Annual Budget for the Readiness Fund).

¹² This report is available at <http://reddpluspartnership.org/65563/en/>.

28. The recently concluded global consultation (renamed “global dialogue”) with Indigenous Peoples at Guna Yala, Panama also requested more support for capacity building and additional regional and global dialogues.¹³ The global consultation was very effective in clarifying REDD+ issues particularly on safeguards and implementation of SESA and opening up channels for transparent discussions with IPs.

29. Looking forward it is anticipated that the engagement of IPs and CSOs is critical not only in the readiness phase but also for the design of quality emission reductions programs. Countries are starting to engage relevant stakeholder groups in the development REDD+ strategies. Immense awareness and capacity is required for people at the grassroots to meaningfully participate in these national dialogues where critical issues with implications for their livelihoods will be discussed. These REDD+ strategies will eventually form the basis for performance-based payments, where stakeholders and rights holders should again be in a position to actively engage and provide inputs. The sustainability of REDD+ partly hinges on this. This will require awareness and capacity building at the national and sub-national levels. Scaled up resources will be necessary if meaningful engagement of stakeholders is to be achieved.

30. Based on the past experience with the Indigenous Peoples Capacity Building program, and the inputs received from IPs and CSOs, support in the current proposal is requested for the following activities:

- i. Enhanced representation and participation of CSOs, particularly southern CSOs in FCPF meetings;
- ii. Three additional regional dialogues and one additional global dialogue with IPs; and
- iii. Support for an expanded Indigenous Peoples Capacity Building program and for a new CSO Capacity Building program to assist ongoing REDD+ readiness at the country level. Proposals submitted for funding support would demonstrate how the activities support REDD+ readiness at the national level.

31. The FMT has developed a proposal (see Annex 3) which presents the rationale and scope of activities that would be covered through this program for the next 4 years. The total budget is estimated at \$5 million for four years (FY12-15), of which \$3 million for the IP component and \$2 million for CSO component. However the proposed amount is for consideration of the PC as part of its strategic considerations and subject to new signed Participation Agreements. Any proposal also needs to take into account the proposed Dedicated Grant Mechanism for Indigenous Peoples and Local Communities under the Forest Investment Program.

E. Reopening the FCPF, including the Readiness Fund, to new REDD Country Participants

32. Eleven countries have expressed interest in joining the FCPF since the Facility was closed at PC2 in March 2009, namely Belize, Bhutan, Burkina Faso, Burundi, Chad, Côte d’Ivoire, Guinea, Jamaica, Nigeria, Pakistan and Sudan.

33. At PC6 in July 2010, the PC had acknowledged the interest of REDD+ countries to join the FCPF and resolved that “for each PA and PC meeting, the FMT, in consultation with the Bureau of the PC, may

¹³ The Action Plan of Indigenous Peoples on the FCPF from the Guna Yala Global Dialogue of Indigenous Peoples held in Guna Yala, Panama from 27 to 29 September, 2011, and the dialogue report are available at <http://www.forestcarbonpartnership.org/fcp/node/327>.

invite selected Eligible REDD Countries that are not REDD Country Participants (that have either expressed an interest in the FCPF or have expressed an interest in attending a meeting as an observer) to attend a meeting as an observer. Any such invitations will be made for the purpose of that meeting only, and will not lead to a permanent or continuing observer role. Costs of attendance should be covered from outside of FCPF resources to the greatest extent possible.”¹⁴ Amongst other considerations resource implications factored into this decision as the PC has previously recognized the shortfall in committed funding available to the Readiness Fund when compared to the second capitalization target of \$185 million.

34. The PC may wish to revisit the possibility of opening the FCPF, including the Readiness Fund in view the new expressions of interest listed above. Although the second capitalization target of \$185 million has now been reached and exceeded, the inclusion of new countries would be subject to the availability of committed resources and need to be weighed against the concurrent proposal of providing larger grants to the existing REDD Country Participants.

35. Reopening the FCPF to new countries provides an opportunity to interested countries to actively engage in REDD+, which in turn fosters the objectives of REDD+ at a global level, thereby increasing the climate mitigation impact, making it possible to address international leakage, etc. There are, however, resource implications both in terms of staff time and financing support depending on the level of participation in the FCPF. The options for inclusion of participant countries together with resource implications under each option are presented in Table 3 for the PC’s consideration.

36. It ought to be noted that the options listed in Table 3 could be combined with some of the possibilities listed under Section B on “Increasing efficiency of disbursements for REDD+ readiness” although the PC may wish to consider the timing of these various decisions. For example, the PC may prefer to wait for the participation status of the existing 37 countries selected into the FCPF to be clarified, as suggested in Section B. Alternatively, the PC may want to decide on options to reopen the FCPF in parallel.

Table 3: Options for Inclusion of New Countries in the FCPF

Option	Resource Implications
1. Candidate countries are invited to observe the annual meetings of the Participants Assembly (PA).	No financial support would be made available by the Readiness Fund. Participation costs in FCPF meetings/ workshops would need to be met by the countries from their own resources. There are, however, logistical constraints involved in expanding the number of countries, including the constraints of finding larger meeting venues, adequate hotel space, catering, visa and other event support. At a minimum, this would require

¹⁴ See Resolution PC/6/2010/9 on “Sources and Uses of Funds” at http://www.forestcarbonpartnership.org/fcp/sites/forestcarbonpartnership.org/files/Documents/PDF/Jul2010/PC_6_resolutions%20adopted_0.pdf and the background FMT Note 2010-15 on “REDD Countries’ Expressions of Interest in the FCPF” at http://www.forestcarbonpartnership.org/fcp/sites/forestcarbonpartnership.org/files/Documents/PDF/Jun2010/5a%20FCPF%20FMT%20Note%202010-15%20Expressions%20of%20Interest%20in%20FCPF%2003-08-10_0.pdf.

Option	Resource Implications
	an increase in FMT administrative resources/support to meetings.
2. Candidate countries are included as Participants but with no financial support for readiness. This could allow active participation of candidate countries with privileges of REDD Country Participant such as representation in the Participants Committee.	Financial support would be limited to participation in FCPF meetings only. For 11 countries, the participation cost for one representative in the annual FCPC PA meeting would be about \$55,000 (@ \$5,000 per participant) and \$440,000 for the life of the Readiness Fund. In addition, there would be some additional FMT administrative support costs and logistics, as noted above.
3. Candidate countries are included as Participants and provided support of \$200,000 for R-PP formulation and participation cost of one representative at PA and PC meetings.	Financial support would include R-PP formulation grant (\$200,000), with support costs for Delivery Partner and participation costs in FCPF meetings. Total estimated cost is about \$6 million.
4. Candidate countries are included as Participants with full access to readiness preparation grant (\$3.6 million at this time).	Total estimated budget including Delivery Partner support costs would be \$61.6 million (@ \$5.6 million per country based on current cost profile)
5. The Readiness Fund is not opened to new countries	N/A

Annex 1: FCPF Draft Logical Framework for FY12-15 (as of October 10, 2011)

Overall objective	Outcomes	Outcome Indicators	Outputs
Reduced emissions from deforestation and forest degradation (REDD+) help mitigate climate change	1. FCPF Countries ready for REDD+ (Readiness Fund)	20 (or more) countries undergo DP's due diligence procedures after R-PP assessment by PC for signing of Readiness Grant Agreement	Timely completion of the R-PP Assessment Note and other procedural requirements by Delivery Partners
		10 (or more) Readiness Packages endorsed by PC	Effective technical assistance and guidance to REDD countries in readiness process, including approval of Readiness Package guidelines and Readiness Package assessment framework by PC12
		Grant disbursement by Delivery Partners	Efficient and timely implementation of grant funding (substantially equivalent readiness preparation performance by pilot countries regardless of the Delivery Partners)
	2. Selected FCPF countries demonstrate key elements of performance-based approach under REDD+ (Carbon Fund)	Operational procedures discussed and endorsed by Fund Participants	Operational procedures for ER Program developed
		Working version of methodological and pricing approach adopted in 2012 and updated periodically to reflect progress in UNFCCC process	Carbon Fund methodological and pricing approach for preparation of high-quality ER Program developed
		At least 5 countries submitted ER-PIN (program origination) by 2013; of which at least 3 receive due diligence by WB in preparation for signature of ERPAs	ER Programs prepared for signature
		Carbon Fund capitalized up to \$350 million; number of private participants increased to 5	Increased Carbon Fund capitalization including larger contributions from private sector
	3. Within the approach to REDD+, ways to sustain or enhance livelihoods of local communities and to conserve biodiversity tested	Activities to test ways to sustain/enhance livelihoods are included in design of ER Programs and developed in accordance with safeguards as per the FCPF guidelines and Cancun Decision	Pilots that test integration of innovative approaches to benefit sharing and livelihood enhancement through ER Programs
		The IP and CSO capacity building programs (proposed) provide enhanced support to identify ways to sustain and enhance livelihoods	IPs and CSOs engage more actively in implementation of national REDD+ readiness processes and design of ER Programs
		Readiness Packages and/or ER Programs include activities to identify risks to biodiversity and respective safeguards	Biodiversity values are integrated in the national readiness planning of REDD+ countries and/or ER Program development

Overall objective	Outcomes	Outcome Indicators	Outputs
	4. Knowledge gained in the development of the FCPF and implementation of Readiness Preparation Proposals (under the Readiness Fund) and Emission Reductions Programs (under the Carbon Fund) broadly disseminated	Increased number of FCPF Participants and REDD+ countries access the website for information and utilize and reference FCPF knowledge products	Implemented dissemination strategy, knowledge products. Organization of south-south learning exchanges and strategic knowledge products related to Objectives 1, 2 and 3 above

Annex 2

Efforts to enhance readiness support to REDD Country Participants through analytical work and knowledge management, including South-South cooperation

1. Knowledge management is a core activity for the FCPF to achieve its goal of “(disseminating) broadly the knowledge gained in the development of the Facility and implementation of readiness proposals and emission reductions programs”. This requires the generation of relevant and timely knowledge products to help countries reach their readiness goals. Proposal C of this note elaborates on some of the areas where such support is required and current status of work on topics such as MRV, Reference Levels, SESA and benefit sharing including that by the FCPF. At the PC9 meeting in June 2011, the PC approved the FMT proposals for FY12 to foster analytical work and knowledge exchange in some of specific areas mentioned above. Moving forward, as the countries needs on readiness support are likely to increase the Readiness preparation phase, the PC may wish to consider scaling-up the technical support at the program level to meet the objective of advancing countries to the Readiness Package in an effective and efficient manner.
2. As noted by the independent evaluation, the FCPF has been able to foster the exchange of lessons learned and experiences across countries and regions, directly contributing to countries’ REDD Readiness in a rapidly changing external environment. At the same time, some changes to the way the FCPF has been carrying out its knowledge management activities have been proposed to increase efficiency, effectiveness and relevance. These proposed changes are informed by the lessons learned from the FCPF implementation so far, countries’ progress towards REDD Readiness, and the external environment. These changes would aim to:
 - i. Deliver more targeted and timely knowledge to REDD Country Participants;
 - ii. Foster further coordination across donors at the country level; and
 - iii. Disseminate best practices more efficiently.
3. To achieve these goals, the following recommendations are proposed to the PC:
 - i. Identification of countries knowledge needs. As countries advance in their REDD+ readiness efforts, they develop a clearer view of what their specific needs are. The FCPF FMT could help systematically identify these needs through different channels, categorize and present them to the PC. These channels could include a targeted survey, focus groups with representatives of REDD Country Participants and knowledge within the Delivery Partners supporting the countries. This would allow the FCPF to clearly identify the topics for which there is the largest and most urgent demand, and where the Facility’s attention should be concentrated (either through its own activities or those of other partners, including the UN-REDD Program, the FIP, GEF and other multilateral and bilateral initiatives). This bottom-up approach to knowledge management would also allow other donors to target their interventions to the priority areas identified by the countries;
 - ii. Dissemination of good practices from REDD+ countries (both FCPF and non-FCPF Participants). Various REDD+ countries are actively pursuing a wide array of analytical activities, consultations and pilot interventions on the ground. These countries are generating knowledge. The FCPF could systematically harvest the products emerging from REDD+ countries, systematize them and make them available for the broad REDD+

community. These would include the dissemination of completed studies, Terms of Reference, evaluation reports, policy notes, etc. In addition, the FCPF would actively explore existing knowledge and learn from previous experiences, a need highlighted by the evaluation;

- iii. Continue to foster South-South cooperation. There is wide agreement that the FCPF should further support South-South exchange activities. Once countries' specific needs are known, the FCPF FMT could identify those countries with leading experience in a given topic and facilitate knowledge-sharing activities. The FCPF will continue to pursue strategic partnerships for knowledge management, including with other departments of the WB as well as with the UN-REDD Programme, Delivery Partners and other initiatives.

4. The PC may consider and decide on the following:

- i. Need for FMT to conduct a survey across REDD countries to identify priority needs and demands for knowledge products;
- ii. Based on the feedback received from the survey, request the FMT to prepare and present a detailed plan with budget estimates at PC meeting in March 2012 including proposals for organizing South-South exchange activities in FY13 and FY14.

Annex 3

Strengthening Engagement of Indigenous Peoples and Civil Society Organizations in REDD+

Findings and recommendations from the external evaluation of the FCPF

1. The recent independent evaluation of the FCPF acknowledged the concerted efforts that the FCPF has made to facilitate the active inclusion of Indigenous Peoples (IP) and civil society organizations (CSOs) in the REDD+ readiness process in participating countries as well as their active role in the governance of the FCPF. Meanwhile, it also identified the need for a more sustained and systematic approach to effective participation of IPs and civil society in public dialogues about REDD+. Specifically, the evaluation calls for enhanced support for CSO and IP engagement in REDD+ at every level: “Consider provision of dedicated funds available to national civil society actors (where other sources of funding do not exist) to support a more deliberate process of civil society and IP engagement. Funding support should be made available through global mechanism [sic] rather than through country grants channeled to government, to avoid risks of conflict of interest. This funding could be for two purposes – namely to increase their capacity to engage in national and global policy processes, but also covering the costs of organizing a coherent civil society voice and ensuring it reaches decision-making forums.”

Examples of effective CSO/IP engagement in REDD+ by the FCPF

2. One of the key early successes of the FCPF has been the promotion of multi-stakeholder dialogue at both the national and international levels and the active inclusion of CSOs and IPs in its program, putting the FCPF in a good position to further contribute to stakeholder engagement in REDD+. At the national level, the FCPF has been instrumental in ensuring the institutionalization of IP and CSO participation in national REDD+ planning and formulation. Examples include IPs and CSOs in the Democratic Republic of Congo (DRC), Ghana, Kenya, Liberia, the Republic of Congo and Uganda, who have partnered with the national REDD+ technical bodies to conduct consultation activities. To ensure active participation and inclusion of CSOs and IPs in national decision-making processes, the national REDD+ technical bodies in these countries also have representatives from CSOs and IP organizations. In DRC, for example, the Decree signed by the Prime Minister calls for institutionalizing the participation of national CSO representatives in the National REDD+ Committee. International and national CSO participation in FCPF visits to Costa Rica, DRC, Mexico and Peru has contributed to significant improvements in R-PPs prior to their submission to the PC, as well as enhanced transparency of World Bank due diligence. Furthermore, side events at PC meetings organized by governments, the FMT or CSOs in Guyana, Vietnam, and Norway have created important spaces for dialogue and the building of mutual trust and confidence.

3. At the international level, the FMT maintains regular contact with CSO and IP representatives. The FCPF funds IP Observers to participate in PC meetings and frequent meetings take place with IPs and Washington-based or visiting CSOs. Furthermore the FMT has participated in numerous IP regional meetings on REDD+ and climate change, and continues to participate in the annual meetings of the UN Permanent Forum on Indigenous Issues in New York and in semi-annual direct dialogues between IPs and World Bank management.

4. Since 2009, the Readiness Fund of the FCPF has supported an Indigenous Peoples Capacity Building Program for REDD+ that specifically targets forest-dependent indigenous peoples and other

traditional groups. \$1 million was allocated to this program over five years (\$200,000 per year). The objectives of this program are to provide forest-dependent Indigenous Peoples and other forest dwellers information about REDD+ in order to enhance their awareness and understanding of REDD+ to enable them to participate actively in the preparation of REDD+ strategies.

5. To date the program has funded 11 global, regional, and national activities. One of the lessons learned has been that the provision of direct financial support for capacity-building of IPs on REDD+ has been critical in: (i) disseminating information on climate change and REDD+ in a manner that is easily accessible to IPs; (ii) facilitating an informed discussion around REDD+ in countries; (iii) facilitating participation of IPs in national REDD+ decision-making structures; and (iv) setting the stage for consultations with local stakeholders in the context of REDD+ readiness preparation.

Examples of effective CSO/IP engagement in REDD+ by other entities

6. Programs have emerged in recent years that provide grant financing to strengthen civil society actors' participation around climate change mitigation and REDD+. These include the following:

- i. **UN-REDD Programme:** UN-REDD provides travel support for IP and southern CSO observers and some funds for communications and networking (around \$17,000 per year per observer), which permits observer organizations to travel to relevant meetings and organize a limited number of coordination and information-sharing activities with their constituency.
- ii. **Forest Investment Program:** The FIP provides travel support to self-selected observers to participate in the FIP Sub-Committee meetings. More importantly, an expected \$50 million Dedicated Grant Mechanism for Indigenous Peoples and Local Communities, which would channel grants to IP organizations and communities in FIP pilot countries and beyond, is being designed.
- iii. **Norway:** Beginning in 2008, funding from the Climate and Forest Initiative through NORAD has ramped up significantly, with grants totaling about \$30 million to 38 civil society actors by 2010. The majority of recipients are Northern or international organizations, with some support for a handful of CSOs from the global South¹⁵.
- iv. **CLUA:** The Climate and Land Use Alliance is a consortium of U.S. foundations (Ford, Packard, Moore and Climate Works) with a funding strategy that explicitly prioritizes REDD+. In 2010 CLUA awarded 67 grants totaling \$22.5 million, of which about \$8 million was under the International Mechanism and Finance program that includes REDD+. All but one recipient under this program are Northern or international organizations. CLUA also directs its funds to priority geographic areas: Brazil (\$8.3 million), Indonesia (\$2 million) and Mexico/Central America (\$1.2 million). The majority of the organizations under these windows are from the global South.

7. Two relevant trends are notable from the above:

¹⁵ <http://www.norad.no/en/about-norad/news-archive/funding-to-civil-society-actors-within-the-climate-and-forest-initiative-2010>

- i. The other major international REDD+ financing mechanisms provide travel support and some networking funds to IP and CSO observer organizations to enable effective participation in policy discussions; and
- ii. Significant funding for CSO work around REDD+ has emerged, but is directed overwhelmingly to Northern or international organizations, with few resources available to Southern CSOs.

Rationale for Strengthened CSO/IP Engagement

8. The FCPF FMT has tapped into a broad network of CSOs in REDD countries, is knowledgeable of CSO engagement issues in places where additional leverage and investments can make a difference, and is in a position to link participant countries and their CSOs in identifying and prioritizing issues that, if left unresolved, may constitute significant obstacles to successful REDD+ implementation. Strengthening capacity of CSOs to further engage in REDD+ dialogues and processes is a natural next step for the FCPF.

9. With respect to the IP Capacity Building Program, over the last year and a half requests for support from IP organizations have outstripped available funding. In FY11 the FMT rejected five proposals due to insufficient funding. Furthermore, the FMT has seen a shift in proposals received to date—away from general capacity building on REDD+ toward more thematically focused proposals. Notable examples include a proposal from Kenya on community-based MRV and a Congo Basin proposal on land tenure review and community-based participatory mapping of land territories. This trend has been accompanied by calls for the FCPF to respond to the growing demand by providing additional funds for the program.

Proposal: Expansion of the IP Capacity Building Program

10. The FMT proposes that the PC consider an increase in funding for the IP Capacity Building Program, in order to better respond to increasing demand. It is important to continue supporting IP organizations and communities through this program given the success it has enjoyed over the last three years. During the recent Global Dialogue with Indigenous Peoples on the FCPF of September 2011, the IPs called for the expansion of the program from \$1 million to \$4 million to enable the implementation of the Action Plan they adopted on that occasion. Specific items in the Action Plan for which IPs are requesting support funding include three regional dialogues (in Africa, Asia and Latin America) and one more global dialogue on specific topics relating to the FCPF; activities that will continue to build the capacity of IPs on REDD+ and the FCPF and enhance their inclusion and active participation in REDD+ readiness; and continued funding for the five self selected IP observers to attend FCPF meetings; the provision of operational budget to the IP observers in planning the regional and global dialogues; and IP attendance to other regional and international processes relating to the FCPF.

11. If the PC agrees to some or all of these items, the FMT will further investigate the best modalities for channeling or managing the corresponding resources. Adjustments to the way that proposals are received, reviewed and selected may be needed to ensure fairness, transparency and effectiveness. For example, calls for proposals based on identified thematic or geographic priorities should be envisaged. This could be handled by a supervisory body, the composition of which would have to be discussed and agreed. Likewise, adjustments to the way funds are allocated may be needed. So far the funds have been made available through consultant contracts as opposed to grants. The choice between consultant contracts and grants should be revisited.

Proposal: Creation of a Southern CSO Capacity Building Program

12. The FMT also proposes that the PC consider funding a new Southern CSO Capacity Building Program to enhance the capacity of national CSOs (that is, CSOs active at the national and/or sub-national levels within FCPF REDD Country Participants) to engage in REDD+. Activities to be supported could include the following:

- i. The financing of three Southern CSO observers—one from each region (Africa, Asia and Latin America)—to travel to and participate in the meetings of the FCPF governing bodies (PA and PC), similar to the current practice followed for IPs. The three CSOs would self-select amongst themselves to determine who would occupy the chair as the Southern CSO observer. The Environmental Defense Fund and the Bank Information Center have offered to lead a self-selection process to select the three regional southern CSO observers. Using past budget estimates, the expected cost of participating in meetings is approximately \$45,000 per year (3 observers x 3 meetings x \$5,000 per meeting);
- ii. An additional budget, e.g., \$45,000 per year, would support the three observers (\$15,000 each) in their role, namely to attend country, regional, and global meetings to discuss the FCPF and to prepare materials that discuss the FCPF;
- iii. A Southern CSO Capacity building Program where CSOs from developing countries would apply for funding to implement activities related to REDD+ readiness, which would enhance their capacity to contribute to REDD+ readiness at the national level. Areas of consideration for funding could include the following items:
 - a. Research on drivers of deforestation, land tenure, social and environmental issues;
 - b. Training, outreach and awareness building;
 - c. Preparation for and participation in SESA processes;
 - d. Community-based MRV;
 - e. Design of benefit sharing and feedback and grievance mechanisms;
 - f. Mapping of IP/community lands and land use; and
 - g. Support for CSO-Government collaboration and multi-stakeholder dialogues.

13. Eligibility criteria for proposals would tentatively mirror those of the IP Capacity Building Program, where proposals should:

- i. Be proposed by CSOs or networks of CSOs;
- ii. Prepare CSOs for their national REDD+ processes;
- iii. Include regional and/or national capacity building workshops and initiatives;
- iv. Emphasize the dissemination of capacity building benefits to CSOs and local communities;
- v. Encompass capacity building activities to be conducted in FCPF REDD Country Participants and reflecting country-specific situations.

14. As for the IP Program, a supervisory body would be set up to help guide and manage the CSO Program, and precise modalities would have to be established from the start to ensure the fairness, transparency and effectiveness of the program.

Budget and Coordination with other Initiatives

15. The FMT proposes a budget of \$5 million over 4 years, as presented in the table below, for the PC's consideration.

16. In designing or refining the modalities for the two programs, further fact-finding would be carried about the objectives and modalities of other relevant initiatives and efforts would be made to harmonize, align or synergize with these initiatives. The FMT would liaise with the PC Bureau in the process.

	FY12	FY13	FY14	FY15	TOTAL
Southern CSO Capacity Building Program	\$470,000	\$530,000	\$500,000	\$500,000	\$2,000,000
Grant funding (through contracts)	\$410,000	\$410,000	\$410,000	\$410,000	\$1,640,000
Travel budget for FCPF meetings	\$30,000	\$75,000	\$45,000	\$45,000	\$195,000
Travel budget for other events & operational budget	\$30,000	\$45,000	\$45,000	\$45,000	\$165,000
Indigenous Peoples Capacity Building Program	\$665,000	\$990,000	\$690,000	\$655,000	\$3,000,000
Grant funding (through contracts)	\$475,000	\$600,000	\$600,000	\$565,000	\$2,165,000
Observers' travel budget for FCPF meetings (5 observers)	n.a.*	\$75,000	\$75,000	\$75,000	\$275,000
Operational budget	\$15,000	\$15,000	\$15,000	\$15,000	\$60,000
Regional Dialogues on FCPF (3 regions)	\$200,000	\$100,000	\$0	\$0	\$300,000
Global Dialogue on FCPF	\$0	\$200,000	\$0	\$0	\$200,000
TOTAL	\$1,135,000	\$1,520,000	\$1,190,000	\$1,155,000	\$5,000,000

* An amount of \$75,000 was previously approved as part of the FY12 budget