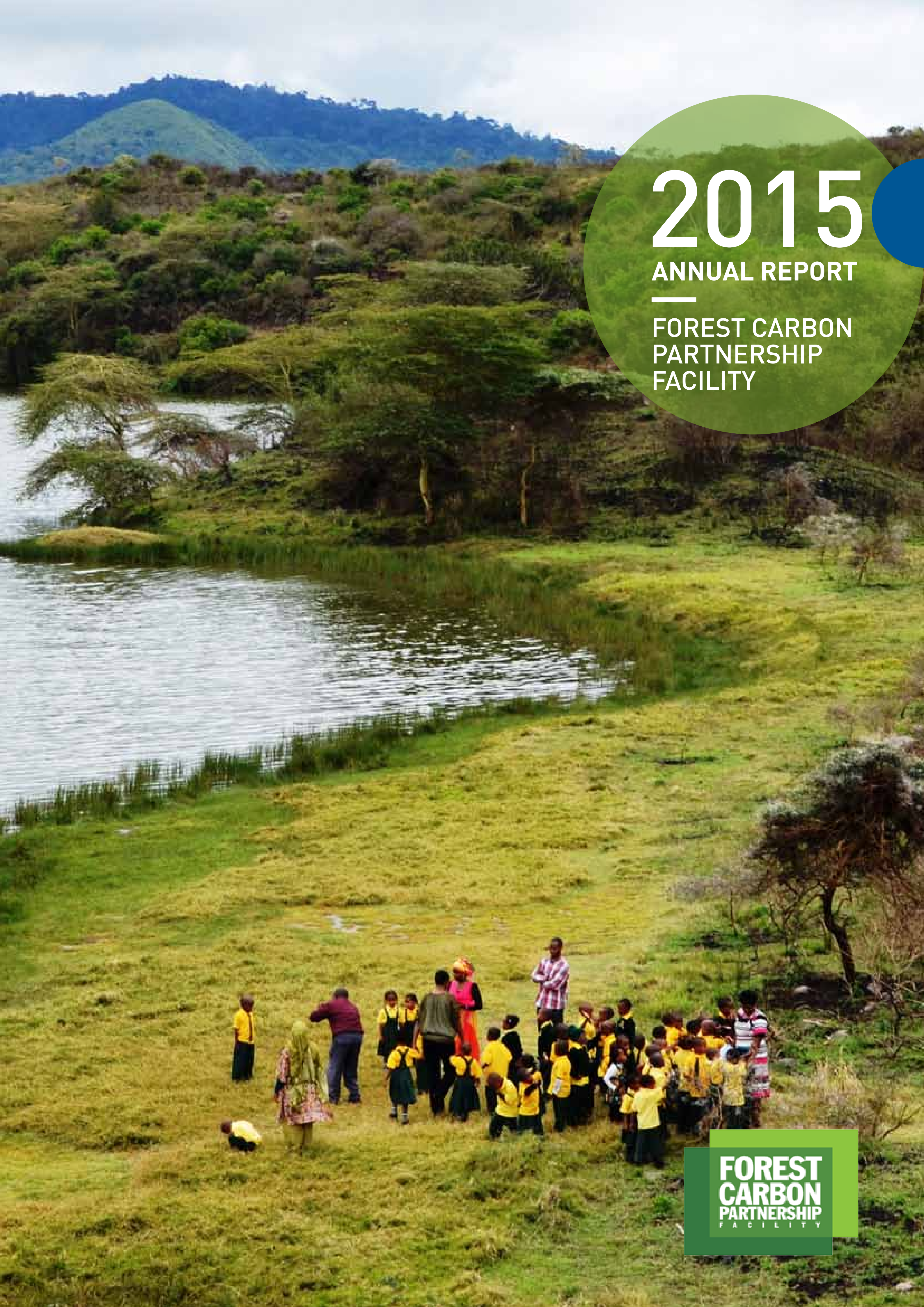

2015
ANNUAL REPORT

FOREST CARBON PARTNERSHIP FACILITY

FOREST CARBON PARTNERSHIP FACILITY

CONTENTS

THE FOREST CARBON PARTNERSHIP FACILITY

Demonstrating activities that reduce emissions from deforestation and forest degradation

Acronyms

BioCF	BioCarbon Fund
CF	Carbon Fund
CFP	Carbon Fund Participants
C&I	Criteria and Indicators
CIB	Congolaise Industrielle Des Bois
COP	Conference of the Parties (to the UNFCCC)
CSO	Civil Society Organization
DP	Delivery Partner
DRC	Democratic Republic of Congo
ER	Emission Reductions
ERPA	Emission Reductions Payment Agreement
ERPD	Emission Reductions Program Document
ER-PIN	Emission Reductions Program Idea Note
ESMF	Environmental and Social Management Framework
FAO	Food and Agriculture Organization
FCPF	Forest Carbon Partnership Facility
FGRM	Feedback and Grievance Response Mechanism
FIP	Forest Investment Program
FMT	Facility Management Team
FY	Fiscal Year (World Bank fiscal year, July 1 through June 30)
IDB	Inter-American Development Bank
IP	Indigenous Peoples
ISFL	BioCarbon Fund Initiative for Sustainable Forest Landscapes
Lao PDR	Lao People's Democratic Republic
LOI	Letter of Intent
M&E	Monitoring and Evaluation
MF	Methodological Framework
MRV	Measurement, Reporting, and Verification
NGO	Non-Governmental Organization
PA	Participants Assembly
PMF	Performance Measurement Framework
PC	Participants Committee
REDD	Reducing Emissions from Deforestation and Forest Degradation
REDD+	REDD *plus* conservation of forest carbon stocks, sustainable management of forests, and enhancement of forest carbon stocks
RL	Reference Level
R-PP	Readiness Preparation Proposal
SBSTA	Subsidiary Body for Scientific and Technological Advice (under UNFCCC)
SESA	Strategic Environmental and Social Assessment
SIS	Safeguards Information System
SMART (indicators)	Specific, Measurable, Attainable, Relevant and Time-bound (indicators)
TAP	Technical Advisory Panel
UNDP	United Nations Development Programme
UNFCCC	United Nations Framework Convention on Climate Change
UN-REDD	United Nations Collaborative Programme on Reducing Emissions from Deforestation and Forest Degradation in Developing Countries
VRD	Voluntary REDD+ Database
WB	World Bank

Foreword

"In a year from now, we will be able to see whether the momentum leading up to Paris can be catalyzed into the action needed to transform rural landscapes, conserve forests, make a difference in climate change trajectories and, most importantly, to bring prosperity to the rural poor."

Over the past year, REDD+ countries exhibited enormous momentum in developing concepts for landscape-scale programs that have the potential for long-term transformation towards a low-carbon society and economy in target jurisdictions. The FCPF Carbon Fund pipeline grew to a total of eleven countries in FY15 and to eighteen countries in early FY16.

At this time of the year, all eyes are on the upcoming climate negotiations in Paris, and on the analysis of the aggregate effect of national efforts towards low emissions and climate resilient development as outlined in countries Intended Nationally Determined Contributions (INDCs) that were submitted to the UNFCCC in advance of the Paris Climate Conference (COP21).

In the context of the FCPF, it was encouraging to see how many of the countries that presented their proposed landscape-scale programs to Carbon Fund Participants in Brussels last month anchored their proposals into the broader context of their INDCs. Overall, countries are moving away from presenting program or sector-based proposals, and are instead thinking (and acting) along the lines of economy-wide policy reforms and objectives to realize their green growth development trajectories.

It is exciting to see the role the FCPF has to support countries in turning their intended contributions to global climate mitigation targets into reality. As such, we are already focusing our eyes on the post-Paris horizon and paving the way for a proof of concept for REDD+ in a post-Paris world.

While the FCPF's partnership is energized at the prospect of the important climate, environmental, economic, and social benefits that proposed landscape programs can generate, we have to be mindful of the herculean task that countries still face to turn their landscape proposals into reality.

The cornerstone for success on REDD+ specifically, and low-carbon land use in general, will be ownership at the highest political level. National decision-makers in Ministries of Finance and Planning need to share the vision that sectoral ministries responsible for rural development, forests, and agriculture have. In fact, they need to own the aspiration to place priority on the conservation and sustainable management of forests, on climate-smart agriculture, and on making transport, mining, and energy sectors forest-friendly. To make long-lasting positive change across rural landscapes and along the forest frontier, holistic land use plans need to be high on the political agenda of forest country governments.

To scale up impact at a pace that counters global warming trends, engaging the private sector to spur innovation and capital mobilization is also critical. The FCPF, in close coordination with the World Bank's private sector arm, the International Finance Cooperation, is beginning to formalize public-private partnerships with multinational companies, who themselves are looking to forest-proof their commodity sourcing practices. While an increasing number of companies are demonstrating global commitments and pledges, there are still many challenges to overcome to match public and private interests and to turn actions into effective partnerships that deliver on conserving forests in the face of difficult underlying market, policy, and governance environments.

Looking back at FY15, I found of interest how some of the countries in the FCFP partnership have taken to implementing REDD+ readiness. In the uncertainty of significant climate finance available for forest carbon in the near term, they have focused both on designing readiness activities that contribute to adaptation, which is an imperative for many countries in the reality of a changing climate and on leveraging funds through sound strategies and investment plans. It's exciting to see the synergies between adaptation and mitigation become more apparent in our collaborative efforts around forests and REDD+.

"In a year from now, we will be able to see whether the momentum leading up to Paris can be catalyzed into the action needed to transform rural landscapes, conserve forests, make a difference in climate change trajectories and, most importantly, bring prosperity to the rural poor."

E. Baroudy

Ellysar Baroudy
Coordinator, Forest Carbon Partnership Facility

General Introduction

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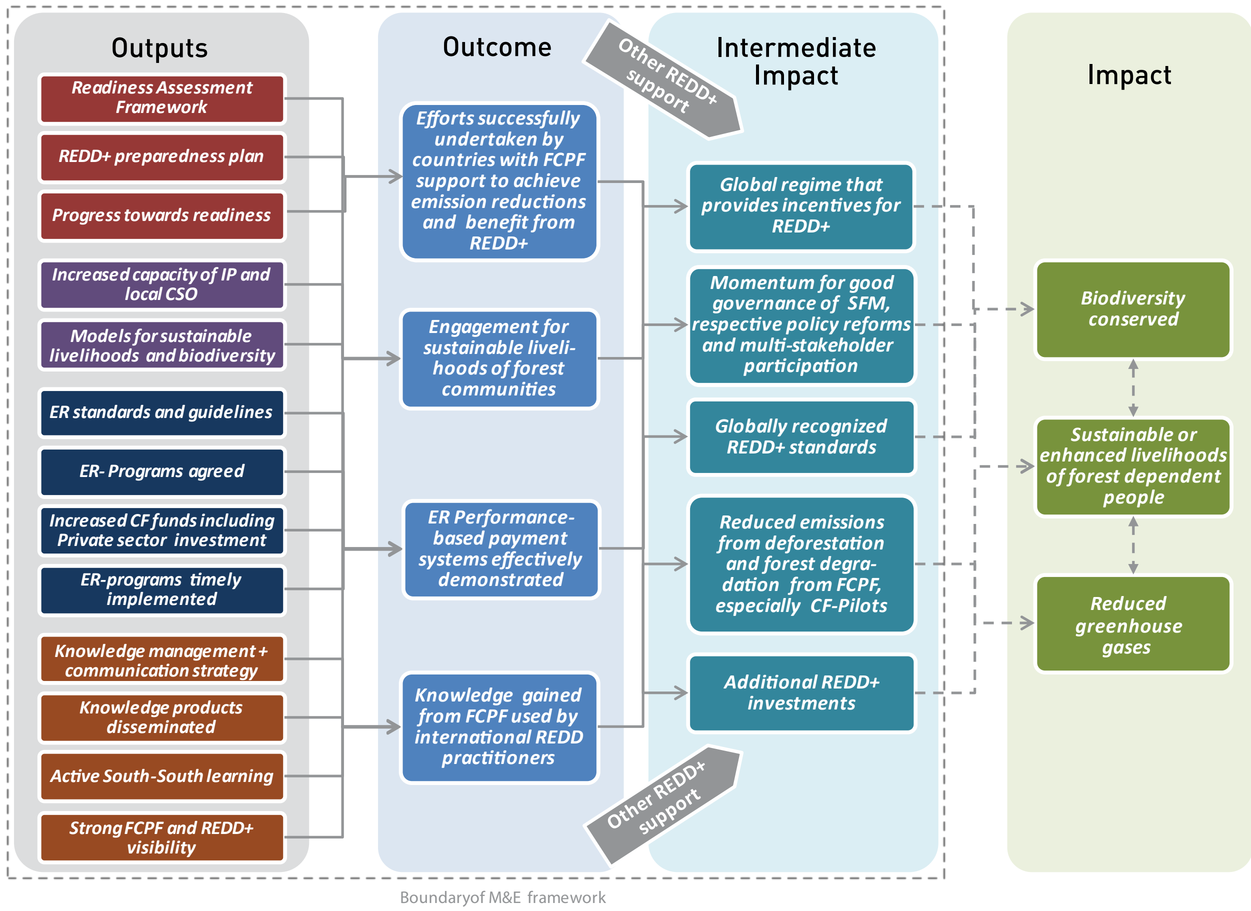
The 2015 Fiscal Year (FY15) report follows the structure of the Forest Carbon Partnership Facility (FCPF) Program Level Monitoring and Evaluation (M&E) Framework, adopted by the Participants Committee (PC) at its 14th meeting in March 2013. The M&E Framework is designed to keep track of the Facility's performance in a way that helps ensure lessons can be learned and adaptive management is possible at the Facility level.

In line with the M&E Framework's Performance Measurement Framework (PMF), this year's annual report provides information on the main achievements related to the intermediate impacts, outcomes (aligned with the four FCPF objectives), and outputs (short-term results), which together provide a strategic overview of the FCPF (see Figure 1). Specific, Measurable, Attainable, Relevant and Time-bound (SMART) indicators have been developed at the level of impact, outcome, and output to track the progress of the FCPF. The targets for each indicator have been designed in a way that ensures results can be achieved within the life span of the Facility. This report also builds on the reporting structure at the country level, which began last year—moving away from reporting on activities only and allowing for systematic, country-specific assessment of readiness progress.

As the FCPF's main focus has been on readiness and on laying the ground for future REDD+ activities and piloting performance-based payment systems, it is somewhat limited in its ability to report on longer-term and impact-level indicators at this stage. (Impact assessments will be part of the independent evaluations as planned in the M&E Framework.)

Figure 1: Result chain of FCPF interventions



Program Objectives

2

The Forest Carbon Partnership Facility (FCPF) is a global partnership of governments, businesses, civil society, and Indigenous Peoples (IP), focused on reducing emissions from deforestation and forest degradation, forest carbon stock conservation, the sustainable management of forests, and the enhancement of forest carbon stocks in developing countries (activities commonly referred to as REDD+).

As stated in its charter, the FCPF pursues four strategic objectives:

- To assist eligible REDD+ Countries in their efforts to achieve Emission Reductions (ER) 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+;
- To pilot a performance-based payments system for ER generated from REDD+ activities, with a view to ensuing equitable sharing and promoting future large-scale positive incentives for REDD+;
- Within the approach to REDD+, to test ways to sustain or enhance livelihoods of local communities and to conserve biodiversity; and
- To disseminate broadly the knowledge gained in the development of the Facility and implementation of Readiness Plans and ER Programs.

The FCPF has two separate but complementary funding mechanisms—the Readiness Fund and the Carbon Fund (CF)—to achieve its strategic objectives. Together the two funds have raised $829 million.

The Readiness Fund supports participating countries in the development of REDD+ strategies and policies, references emission levels (REL), measurement, reporting and verification (MRV) systems, and institutional capacity to manage REDD+, including environmental and social safeguards. The Readiness Fund became operational in 2008 and has a capital just under $373 million.

The Carbon Fund builds on the progress made in readiness and is designed to pilot performance-based payments for ER from REDD+ programs in a small number of FCPF countries. The CF became operational in 2011 and has a capital of $456 million.

The FCPF has grown to 47 developing countries (18 in Africa, 18 in Latin America and the Caribbean, and 11 in the Asia-Pacific Region) and 17 financial contributors (comprising developed countries, one private sector participant, and one Non-Governmental Organization (NGO)). It has six categories of observers, including IP and Civil Society Organizations (CSO). The core of the FCPF's inclusive governance structure is formed by the Participants Assembly (PA) and the Participants Committee (PC).

Executive Summary

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In its seventh year of operation, the Forest Carbon Partnership Facility (FCPF) made progress to shape an increasingly diverse portfolio of landscape-level, cross-sectoral, multi-institutional programs that bring public and private partners together around forest conservation, sustainable land use and high-quality emission reductions at scale, which underscore the FCPF's emphasis on social inclusion in program design and implementation.

In FY15, the adoption of the General Conditions for Emission Reductions Payment Agreements concluded a long, but important, chapter of collaborative work to put in place the technical and legal underpinning for future large-scale forest carbon transactions. This also reinforced the FCPF's role in setting globally recognized standards for REDD+ and pioneering a framework for reducing deforestation and forest degradation through piloting of results-based finance.

At the eleventh meeting of the Carbon Fund in October 2014, the pipeline was increased to a total of 11 ER Programs with the inclusion of Guatemala and Peru, and the provisional inclusion of Indonesia. With a view to providing adequate time for the development and implementation of sound, high-quality Emission Reductions Programs, the term of the Carbon Fund was extended by five years until the end of 2025. The extension was accompanied with pledges for additional contributions and the prospect for pipeline expansion subject to high-quality proposals. This created momentum amongst REDD+ countries, which competed to develop and present a record number of nine new ideas for landscape programs at the twelfth meeting of the Carbon Fund in April 2015.

As countries continued to advance the development of their ER Programs, options to address financing gaps in Emission Reductions Programs received increasing attention and discussion within the partnership. Countries will need to leverage additional upfront investment finance to secure sufficient resources to deliver program implementation and generate results for which carbon payments are proposed. Countries are also looking into financing options that go beyond traditional bilateral, multilateral and public investment finance, and are exploring private sector investments, national budgets, as well as innovative financing options such as bonds, guarantees, and advances, among others.

To achieve impact at scale, countries are further starting to engage proactively with the private sector to identify partnership opportunities for zero-deforestation supply chains around commodities such as cocoa, coffee, cotton, and timber. The FCPF is facilitating this dialogue at both the local and global levels.

The momentum with which countries have been developing landscape programs has positively impacted readiness progress. As landscape programs shape up, readiness activities, including consultations and participatory processes, become more relevant and concrete. Progress under the Readiness Fund included a record number of 13 Readiness Preparation Grants signed in FY15, bringing the total number of countries implementing readiness activities to 35. Another highlight included the endorsement of the Readiness Package from the Democratic Republic of Congo by the FCPF Participants Committee as the first country to advance REDD+ readiness to this important milestone.

Looking ahead to FY16, REDD+ countries will focus on following in the footsteps of DRC and carrying out self-assessments of their readiness progress and submission of Readiness Packages as a prerequisite for subsequent submission of full-fledged ER Programs for selection into the portfolio of the Carbon Fund.

At the country level, REDD+ Countries will aim to implement their national REDD+ Strategies, which propose actionable multi-sector strategy options to address the drivers of deforestation and the underlying barriers such as natural resource rights, land tenure, and governance.

A substantial number of mid-term reviews, Readiness Packages, and ER Program documents are expected to be delivered in the next year. With the volume of analysis as well as country and expert reflection feeding into this, the FCPF will increasingly focus on harvesting and disseminating knowledge that has been collectively gained in the Partnership at both country and global levels.

Meanwhile, an independent second program evaluation will be carried out to review relevance, effectiveness, impact, sustainability, efficiency of the FCPF. The evaluation is expected to provide guidance on how to improve effectiveness and delivery of the Facility by learning lessons from REDD+ implementation and to improve the strategic alignment with the priorities of REDD+.

Main Achievements and Results During the Period

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4.1. Highlights

A new milestone in REDD+ readiness was reached when the Democratic Republic of Congo became the first country to present its readiness package in May 2015. While readiness is a relative concept and the readiness package a snapshot of progress made, reaching this important milestone brought the readiness process full circle for the first time since the Readiness Fund became operational in 2008.

Increasing maturity in the Readiness Fund is further reflected in the growing number of countries that reported on their mid-term progress. In FY15, six additional countries (Costa Rica, Ghana, Liberia, Mexico, Republic of Congo, and Vietnam) reached this milestone demonstrating important achievements in institutional, technical, and social REDD+ readiness and provided important lessons learned for other REDD+ countries.

Over the last year, another 13 countries entered into readiness grant agreements. This brings the total number of countries implementing readiness activities to 35, significantly higher than last year's total of 22. Eight of the 13 readiness grant agreements were signed by countries that were only selected into the Readiness Fund in FY14. This demonstrates significantly faster progress by the new countries.

By end of FY15, $211 million in readiness grant funding had been allocated, and nearly $107 million had been made available with signed grants, leveraging at least $186 million in non-FCPF investments in readiness (this figure is based on country reporting and may not be exhaustive). The Readiness Fund also received new donor contributions of $27 million over the past year. This was made up of $23.8 million from Germany, and $3.2 million from Finland.

The Common Approach was fully implemented in FY15 manifesting the FCPF's commitment to social inclusion. As such, awareness raising and capacity building around social inclusion shifted to country-level activities led by each Delivery Partner. This included guidance to countries on applicable policies and procedures on environmental and social safeguards, access to information, and feedback and grievance redress mechanisms.

The extension of the term of the Carbon Fund to 2025 created a lot of momentum for pipeline development. In FY15, three additional ER-PINs were presented and Guatemala and Peru were selected and Indonesia provisionally selected into the pipeline, which consequently grew to a total of eleven countries. Further, eight new countries presented their early ideas with the aim to receive feedback from Carbon Fund Participants to develop ER-PINs for presentation and potential selection in FY16.

With the approval of the General Conditions for Emission Reductions Payment Agreements (ERPA) in November 2014 a long, yet important, chapter on the development of the technical and legal underpinning of future ERPAs was closed. The FCPF consequently turned its full attention to extending country-tailored technical support to countries as they design and develop their program ideas and advance important analytical work. Such support included technical assistance to respond to the criteria and indicators of the Methodological Framework, including on reference levels and MRV design. Responding to the demand from countries on guidance on technical aspects of carbon accounting, the FCPF further launched a web-based decision support tool on reference levels and MRV design.

Over the last year, emphasis was also placed on the early analysis and on planning for ER Program's implementation costs. This effort is intended to support countries with structuring their programs and to align different streams of up-front investment finance and ensure financial soundness of proposals.

1st R-Package endorsed

Large-scale Programs in the Carbon Fund Pipeline

REDD+ countries continue to make strides in developing large-scale REDD+ program proposals that have the potential to transform rural landscapes. As of the end of FY15, the Carbon Fund pipeline includes programs in Chile, Costa Rica, Democratic Republic of Congo, Ghana, Guatemala, Indonesia, Mexico, Nepal, Republic of Congo, Peru, and Vietnam. These eleven programs take a landscape-level approach engaging actors in agriculture, energy, transport, land, mining, and forestry to achieve climate-smart land-use, protect forests, restore degraded land, and improve local livelihoods. The Carbon Fund pipeline remains under development in FY16.

Chile

Chile's program to reduce emissions from degradation in temperate forests is a cornerstone for the country's national forestry strategy. This program—which spans 16.5 million hectares over five regions in Chile—takes action to address the three main drivers of deforestation and degradation: illegal logging, forest fires and replacement of native forests by exotic plantations. The Government of Chile is committed to the development of this large-scale program to reduce deforestation and forest degradation by improving forest management and focusing on cross-sectoral issues which impact areas with most forest cover. The high-level political support for Chile's program helps generate lessons learned for other emission reductions programs under development.

Costa Rica

Costa Rica is currently concluding its REDD+ readiness phase and is designing an emission reductions program. The program includes a wide range of policies and measures to conserve and enhance carbon stocks based on more than 20 years of experience with forest conservation and management. At the heart of the program is Costa Rica's successful Payment for Environmental Services Program and an extensive protected area system that gradually incorporates additional REDD+ activities. The program is developed with the active participation of relevant stakeholders. It complies with social and environmental safeguards and will be implemented at a national level. The program along with the National REDD+ Strategy will promote the country's commitment to carbon neutrality and will contribute to poverty reduction by expanding an inclusive forestry and agroforestry-based development model.

Democratic Republic of Congo

The Maï N'dombe emission reductions program is a jurisdictional program which serves as a model for green growth in the Congo Basin and significant climate action on the African continent. The Government of DRC is committed to this innovative large-scale program integrated in DRC's National REDD+ Strategy framework. Aligned with the investments of Forest Investment Program (FIP) and Congo Basin Forest Fund (CBFF), the Maï N'dombe Emission Reductions Program includes a balanced combination of enabling activities (strengthening governance, capacity building, local level land-use planning, securing and modernizing land tenure, demography) and sectorial activities (reduced impact logging, agroforestry, conservation concessions) over 12.3 million hectares of land in DRC. The program represents a unique partnership to secure a long-term public and private commitment to reducing deforestation and finance for delivering emission reductions, poverty reduction and sustainable development at scale.

Ghana

Ghana's Cocoa Forest REDD+ Program is the first REDD+ program in the world to focus on an ecological landscape that is defined by the production of a globally important agricultural commodity—cocoa—which is responsible for significant emissions in the landscape. The program seeks to significantly reduce emissions driven by expansion of cocoa into forest areas, coupled with illegal logging. By tackling these drivers, Ghana aims to secure the future of its forests and significantly improve income and livelihood opportunities for farmers and forest users across the program area. Ghana's Forestry Commission and Cocoa Board are committed to jointly pursuing a programmatic, landscape strategy to reduce deforestation and forest degradation in the Cocoa Forest Mosaic Landscape, including working with the private sector.

Guatemala

Building on existing legal and financial frameworks for forest governance developed over the past 15 years, the emission reductions program in Guatemala will be a national-level initiative with the power to impact 15 million lives. The program will engage in six areas of REDD+ activity: incentives to increase carbon stocks, sustainable forest management, strengthening protected areas co-management, agroforestry systems and forest plantations, governance and law enforcement on forest lands, as well as development of forest productions value chain. In additional to benefitting from strong political commitment of the Guatemalan Government, a supportive institutional setting for linking REDD+ activities in close collaboration with key government institutions has been cultivated. These framework conditions enable consultation with and participation by local communities, and are expected to result in a high degree of involvement of these local communities in forest management in the program. The program will strongly benefit from the Pro-Bosque law, recently approved by Congress, which ensures domestic finance to support the activities proposed in the Emission Reductions Program Idea Note. Investment finance will also be obtained from the Forest Investment Program (FIP).

Indonesia

Indonesia's REDD+ program focuses on East Kalimantan, an area that contains 14.7 million hectares of forest, including 400,000 hectares of peat lands. The province is promoting its development objectives through a low-emissions development initiative, which is implemented through provincial strategies and actions plans that build on the strong leadership in the region on climate change. The program is designed to address the over-exploitation of forests for timber production, illegal logging, forest encroachment, forest fires and the impacts of infrastructure development through actions that include improvements in forest licensing and small-scale plantations, and the promotion of community-based planning. Key interventions also target actions on agricultural land to reduce pressure on the forest estate by minimizing the impact of slash-and-burn agriculture, plantation development, and the expansion of mining. With the implementation of the program, Indonesia hopes to contribute to the national goal of reducing the country's emissions by 26 percent through its own efforts (and 41 percent with international support).

Mexico

Building on more than 10 years of experience in sustainable forest management, Mexico's program for a Community-Based Landscape Approach to Reduce Greenhouse Gas (GHG) Emissions aims at transforming the management of forests at the territorial level, and even goes a step further to take an integrated approach at the landscape level. Under the FCPF Carbon Fund, Mexico is developing a community-level program spanning five states and almost 18 million hectares of land. Working in conjunction with the Forest Investment Program (FIP), the program will support rural communities in the development of low-carbon investment plans that aim to reduce carbon emissions from deforestation and forest degradation. The program will scale up the lessons learned from previous experience and give continuity to the management of natural resources at the landscape level.

Nepal

Reaching a population of seven million people, 80 percent of which are forest dependent, the emission reductions program in Nepal's Terai Arc Landscape is poised to transform the landscape and many communities in the program area. The main drivers of deforestation are unsustainable and illegal wood harvesting, overgrazing, forest fires, land conservation (encroachment, resettlement). The Government of Nepal is committed to this landscape-level program, which is estimated to generate 14 million tons of CO_2 emission reductions in five years. This program will provide substantial learning value for Nepal and for other REDD+ programs globally, as it is testing the community-based forest management model as a building block for scaled up REDD+ programs. The government is dedicated to making this REDD+ initiative successful in reducing emissions, improving forest governance, and enhancing the livelihoods of forest dependent communities.

Peru

Peru´s large emissions reduction program targets two political regions which encompass most of the drivers of deforestation in the Peruvian Amazon. The Ministries of the Environment and Agriculture, Livestock, and Irrigation, regional governments, and indigenous and private sector organizations will collaborate on an integrated landscape approach aimed at improving enabling conditions related to land-use and increasing agricultural and forestry productivity and competitiveness through increased institutional, organizational, and productive capacities and access to markets. The program forms an important part of Peru´s emerging strategy for LED and green growth and presents multiple synergies with multilateral efforts focusing on the Peruvian Amazon.

Republic of Congo

The Emission Reductions Program in Northern Congo proposed by the Republic of Congo is a collaborative public-private partnership with CIB-Olam, the leading logging concessionaire in the country. Program activity is built around addressing the drivers of deforestation and degradation based on sustainable forest management in the logging sector and avoiding unplanned deforestation from shifting slash-and-burn agriculture in the program area. These interventions have substantial non-carbon benefits that support the national vision for a green economy building on sustainable management of natural ecosystems, participatory management and the fight against poverty. The emission reductions program works hand-in-hand with the National REDD+ Strategy. The World Bank is exploring opportunities to provide technical and financial support to this project through the Projet Forêt et Diversification Economique (PFDE), which would support agroforestry approaches in the cocoa and banana supply chains, as well as tools, training and plantation monitoring.

Vietnam

The North Central Agro-Ecological Region is a landscape that is economically, environmentally and socially significant. The jurisdictional program impacting six provinces in the Northern Annamite Mountains aims to make substantial achievements through catalytic carbon finance for sustainable forest-agriculture. Vietnam's emission reductions program works across key sectors driving deforestation and forest degradation (agriculture; infrastructure; shifting cultivation; unsustainable forest harvesting; illegal logging) which can serve as a paragon of green growth for Vietnam and the wider Association of Southeast Asian Nations (ASEAN) region. The Government of Vietnam is committed to these interventions working with civil society and development partners.

4.2. Progress at the Impact Level

In the following section, progress is reported based on indicators at impact, outcomes, and output level in line with the Performance Measurement Framework (PMF) as per the FCPF's Monitoring and Evaluation (M&E) Framework that was adopted in March 2013. Several indicators including those related to emission reductions program implementation under the Carbon Fund (CF), are not yet applicable. Accordingly, they are not referred to in the narrative below. Please refer to Section 8 (Results Measurement Reporting Framework) for a tabular aggregation of targets and outputs.

Impact-level Results 1.1: The FCPF has contributed to the design of a global regime under or outside UNFCCC that provides incentives for REDD+

Impact-level indicator 1.1.B: Examples of how FCPF learning and experience has fed into UNFCCC REDD+ decisions

The Standing Committee on Finance (SCF) of the United Nations Framework Convention on Climate Change (UNFCCC) made a call for inputs to the Working Paper on Coherence and Coordination for Financing to Forests. The World Bank made a submission in response to the call on January 30, 2015. The submission draws upon the World Bank's experience in extending finance to its client countries and in implementing projects and programs that address socio-economic, environmental, and global good dimensions of forests. The submission covered aspects related to committing finance to REDD+ readiness; augmenting resources for investment; financing results-based actions; and improving coherence and coordination in delivery of adequate and predictable financing in support of climate change mitigation and sustainable forest management objectives.

The Green Climate Fund adopted a Performance Measurement Framework where performance measurement for REDD+ will be informed by the FCPF Methodological Framework. This highlights the learning value the FCPF can offer from initial application of the FCPF Methodological Framework.

Impact-level Results 1.2: Reduced emissions from deforestation and forest degradation from FCPF, especially CF portfolio countries

This impact-level result is not yet applicable.

Impact-level Results 1.3: FCPF has catalyzed the creation of recognized standards for REDD+

In previous years, the FCPF established global standards for REDD+ with the adoption of the Readiness Assessment Framework and the adoption of the Methodological Framework for the Carbon Fund. The Readiness Assessment Framework guides REDD+ countries on how to measure and communicate their relative progress on REDD+ readiness, and builds on the foundation and multi-stakeholder platforms created during the readiness preparation phase. It supports countries to make the transition from readiness to results-based payments. The Methodological Framework for the Carbon Fund provides a global standard for REDD+ transactions at scale and guides the piloting of results-based carbon finance transactions through the FCPF Carbon Fund.

In FY15, the adoption of the General Conditions for Emission Reductions Payment Agreements (ERPA) was another important contribution to global standards for REDD+. The approval of the General Conditions at PC18 in November 2014 followed a collaborative and inclusive process that took more than two years due to the many critical, complex, and sensitive technical, environmental, social, cultural, and legal issues involved in large-scale REDD+ finance, and the lack of UNFCCC regulatory guidance on many issues. The General Conditions provide the technical and legal underpinning of large-scale carbon transactions that will result from future ERPAs entered into between Carbon Fund Participants and forest countries.

Impact-level indicator 1.3.A: Examples of non-participant countries that have adopted FCPF standards in their own REDD+ process

No concrete country examples have been recorded in FY15. As per the FCPF's M&E framework it is also not expected that new examples and results can be reported at the impact level for each fiscal year.

However, other funds which provide results-based finance, such as the World Bank's BioCarbon Fund are carefully reviewing the FCPF's Methodology Framework to inform their own emerging performance measurement frameworks and may adapt certain standards of the Methodological Framework.

Impact-level indicator 1.3.B: Common Approach successfully implemented

FY15 represented a roll-out of implementation of the FCPF Common Approach. For the first time, both Delivery Partners (DPs), the Inter-American Development Bank (IDB) and the United Nations Development Programme (UNDP), submitted full reports on the implementation of the Common Approach for those countries with active FCPF-financed implementation of readiness activities. Reports from the IDB covered Guatemala and Peru, and reports from the UNDP covered Honduras and Suriname.

In addition, the UNDP reported on the progress made in setting up an accountability mechanism for REDD+. Key advances included:

- Between June 2011 and June 2014, UNDP consulted extensively on the proposed procedures and institutional set-up for a) the Social and Environmental Compliance Review and b) the Stakeholder Response Mechanism (SRM), reaching out to over 10,000 people and receiving more than 300 contributions from civil society, external experts, and UNDP Country Offices, Regional Service Centers, and all Bureaus.
- Standard Operating Procedures for the Social and Environmental Compliance Unit (SECU) were approved by the Director of UNDP's Office of Audit and Investigations in December 2014 and SECU became effective starting January 1, 2015. SECU is now accepting complaints from affected people for all UNDP-supported projects approved after that date.
- In June 2014, UNDP approved Social and Environmental Standards and the SRM to be integrated into UNDP's policies and procedures and effective for all new projects starting January 1, 2015.

In FY14, a series of FCPF-sponsored regional workshops aimed to build capacity on the Common Approach and on social inclusion. Consequently, in FY15, awareness raising and capacity building around the Common Approach shifted to the country-level activities led by each DP. This included guidance to countries on applicable policies and procedures on environmental and social safeguards, access to information, and feedback and grievance redress mechanisms.

In FY15, the three active FCPF DPs further produced a joint guidance note on *Establishing and Strengthening Grievance Redress Mechanisms*, which has been made widely available.

Training for operational staff of the DPs included a session on "Safeguards for REDD+" that was conducted for WB staff in March 2015. The training session touched on a number of areas relating to the Common Approach, in particular SESA/ESMF implementation. In June 2015, a calibration workshop was held for IDB and FMT staff on a number of FCPF operational issues, including Common Approach implementation.

The FCPF continues to look for opportunities to collaborate with other REDD+ initiatives, such as the United Nations Collaborative Programme on Reducing Emissions from Deforestation and Forest Degradation in Developing Countries (UN-REDD) and the Climate, Community & Biodiversity Alliance (CCBA), on social and environmental sustainability issues of mutual concern, including the Common Approach and its provisions.

Impact-level Results 1.4: FCPF has catalyzed investment in REDD+ (CF, and grants)

Impact-level indicator I.4.A: Amount of non-FCPF investments under R-PP process in Participant countries and for implementation of ER Programs (e.g., FIP, bilateral donors, private sector)

The cost of REDD+ readiness often exceeds grant funding available from the FCPF Readiness Fund. Countries have been increasingly successful in leveraging additional external funding to finance the cost of readiness activities. As countries demonstrate initial results in readiness implementation, strong government ownership in REDD+ objectives, and participatory and inclusive stakeholder engagement, they gain donor confidence and attract additional investments from mainly bilateral and multilateral sources. Reported non-FCPF investments received under the R-PP process is captured in Table 1 below and has grown significantly compared to last year's figures. Figures in Table 1 below are based on progress reporting by countries and may not be exhaustive. The 23 countries that reported on non-FCPF investments for readiness together leveraged cumulative finance of $186 million, which represents a 1:1.7 ratio compared with the total volume of FCPF readiness grants ($107 million) made available to these countries. It should be noted that increased cumulative non-FCPF investments in FY15 are not only due to increased leveraging, but also due to improved reporting by countries compared to FY14.

Over the past year, an increasing number of countries have been actively focusing on the design of future ER Programs. Significant upfront investments are needed to implement ER Programs and are critical to achieving results for which Carbon Fund payments are proposed. However, Carbon Fund payments are downstream payments that are received only subsequent to verification of achieved emission reductions. Countries are therefore seeking investments to cover substantial upfront financing needs that are not limited to the forestry sector, but more importantly cover a spectrum of other sectors which impact deforestation and forest degradation, such as agriculture, infrastructure, mining, and others. Table 2 below provides examples of non-FCPF investments received for implementation of proposed ER Programs. The 14 countries that reported on non-FCPF investments received for implementation of ER Programs together leveraged cumulative investment finance of $1.112 million, or an average of $83 million per country. Figures in Table 2 are not exhaustive and only capture reported funding.

Combined upfront investment finance typically exceeds the scale of downstream climate finance that countries foresee. Countries are therefore also looking into financing options that go beyond traditional bilateral, multilateral and public investment finance, and are exploring private sector investments, as well as innovative financing options such as bonds, guarantees, advances, and others.

Table 1: Amount of non-FCPF investments received under the R-PP process for REDD+ (in $)*

REDD+ Country	Source	Amount Provided
Bhutan	UN-REDD Programme	$345,000
Burkina Faso	FIP	$30,000,000
	FIP DGM	$4,500,000
Cameroon	Government of Cameroon (MINEPDED)	$169,348
Cambodia	UN-REDD Programme	$4,001,050
	Government of Japan (JICA)	$14,000,000
	UN-REDD Programme–FAO	$650,312
	UN-REDD Programme–UNDP-TRAC	$126,326
	UN-REDD Programme–Target Support	$200,000
	UN-REDD Programme–UNEP	$140,000
Colombia	Government of Germany (GIZ)	$4,402,000
	UN-REDD Programme	$4,000,000
	BioREDD	$518,000
	Government of the US (USAID/FCMC)	$149,000
	Government of Germany (BMU)/ Winrock/Climate Focus	$1,844,000
	Moore Foundation	$2,480,000
	GEF (Corazon Amazonia)	$2,180,000
	Government of the UK	$326,000
	Government of Colombia	$3,444,000
	Others	$6,131,000
Côte d'Ivoire	Government of Côte d'Ivoire	$1,270,110
	UN-REDD Programme	$3,210,000
	Government of France (AFD)	$3,333,150
Chile	Government of Switzerland (NAMA Forest)	$1,800,000
	IADB	$190,000
	Empresa Minera Barrick Zaldivar	$137,500
Costa Rica	Government of Germany (GIZ)	$1,600,000
	UN-REDD Programme	$760,000
	Government of Norway (NORAD)	$114,000
	Government of the US (USAID)	$500,000
	Government of Costa Rica	$200,000
Republic of Congo	UN-REDD Programme	$4,000,000
	Government of Republic of Congo	$600,000
	COMIFAC (Regional REDD+ Project and Regional Project MRV)	$200,000
Democratic Republic of Congo	UNDP	$3,110,690
	FAO	$2,926,450
	UNEP	$1,346,060
Ethiopia	Government of Norway	$5,000,000
	Government of the UK (DFID)	$5,000,000
Fiji	Fiji Ministry for Fisheries and Forests (MFF)	$42,563
	Government of Germany (GIZ)	$13,572
Ghana	Gordon and Betty Moore Foundation	$170,063
	Government of Switzerland—Swiss State Secretariat of Economic Affairs (SECO)	$400,000
Guatemala	Government of the US (USAID)	$200,000
	USAID/CNCG	$100,000
	USAID/PRCC	$50,000
	IUCN	$20,000
	IADB	$100,000
	UNDP	$30,000
Guyana	Government of Norway	$3,110,690
	Guiana Shield Facility	$490,000
	Government of Germany (KfW)	$627,000
	Guyana REDD+ Investment Fund	$1,708,000
Lao PDR	Government of Germany (CliPAD Project through GIZ and KfW)	$15,554,700
	Japanese Government (FIM Project, PAREDD Project, NFIS)	$9,000,000
Madagascar	Government of Germany (GIZ)	$13,333
	UN-REDD Programme	$297,000
	FA/PE3/GVT	$1,412,000
Mozambique	UN-REDD Programme	$4,000,000
Nepal	Government of the US (USAID)	$1,136,600
	Government of the UK (DFID/SDC)	$1,467,500
	Government of Finland	$780,000
	Government of Japan	$360,000
Nicaragua	Government of Germany (GIZ)	$100,000
	FAO	$5,000
Peru	Gordon and Betty Moore Foundation	$2,010,000
	Government of Germany (KfW)	$3,980,000
	UNREDD	$960,000
Tanzania	Government of Norway (Civil Society Organization program)	$17,000,000
Togo	Government of Germany (GIZ/ ProREDD)	$1,367,000
	World Bank/PGICT	$1,289,000
Uganda	Government of Austria	$830,286
	CIF/FIP (in preparation)	$250,000
	UN-REDD Programme (in preparation)	$1,867,000
TOTAL		**$185,645,303**

*It should be noted that figures are based on country reporting and may not be exhaustive.

Table 2: Amount of non-FCPF investments received for implementation of ER Programs (e.g., FIP, bilateral donors, private sector), if relevant (in $)*

REDD+ Country	Source	Amount Provided
Colombia	BioREDD	$14,070,000
Côte d'Ivoire	FIP	$20,000,000
Democratic Republic of Congo	FIP	$60,000,000
	FIP DGM	$6,000,000
	Government of Norway	$2,500,000
	Congo Basin Forest Fund (CBFF)	$25,000,000
	International Tropical Timber Organization	$600,000
	COMIFAC	$305,000
	UNEP	$40,000
Ethiopia	Government of Norway (for Oromia REDD+ readiness program)	$3,000,000
	Government of Norway (official pledge)	$50,000,000
	Government of Norway (for national readiness performance)	$10,000,000
Ghana	Japanese Funded Forest Preservation Programme (FPP) Technology Transfer and Support for trend analysis of forest land change, Forest resource map, biomass and C-Stock estimation and Capacity building	$7,800,000
	Government of Germany (GIZ) Forest Monitoring based on German Remote Sensing Technology	$555,525
	FIP	$55,330,000
	Gordon and Betty Moore Foundation for biomass map	$126,063
	UN-REDD Programme	$40,000
	IUCN Global Gender Office	$15,000
Guatemala	IADB	$500,000
	FIP	$24,250,000
Indonesia	Government of Germany (KfW)	$29,371,000
	Government of Germany (GIZ)	$22,348,000
	FIP	$105,000,000
	FIP DGM	$6,500,000
Lao PDR	Government of Germany (KfW)	$12,770,000
	Government of Germany (GIZ)	$5,683,000
	FIP	$30,000,000
	FIP DGM	$4,500,000
	FIP (sub-projects)	$61,900,000
Madagascar	AFD	$333,315
Mexico	FIP	$60,000,000
	FIP DGM	$6,000,000
	UN-REDD Programme	$650,000
	Government of Norway	$15,356,000
	International Bank for Reconstruction and Development (IBRD)	$25,660,000
	Government of France (AFD)	$2,418,000
Nicaragua	GEF	$1,494,320
	FIP	$50,000,000
Peru	FIP DGM	$5,500,000
	IADB to FIP	$450,000
	GEF	$6,000,000
RoC	Government of Germany (GIZ/ ProREDD)	$3,633,000
Togo	GEF/West African Economic and Monetary Union/UNDP/ Ministry of Environment and Forest Resources	$93,358
	World Bank/Project Management Integrated Disaster and Land	$1,561
TOTAL		**$1,112,238,748**

*It should be noted that figures are based on country reporting and may not be exhaustive.

Acronyms:
US United States
UK United Kingdom

Impact-level Results 1.5: The FCPF has generated momentum to address governance and transparency issues and policy reforms related to sustainable forest resource management and REDD+

Impact-level indicator 1.5.B: Number of policy reforms initiated, completed or underway complying with REDD+ standards in Participants' country, potentially include issues of land tenure

Policy reform must be considered as part of larger, dynamic national processes, to which FCPF Readiness Grants can make important contributions, but which are entirely driven by autonomous national governments. In many countries, FCPF REDD+ readiness funding is essential to promote capacity building, analytical work, social inclusion processes, and highly technical work related to forest carbon assessments and monitoring. While these activities support and feed policy reform processes in support of REDD+, initiation and completion of policy reform requires collective action across sectors and leadership at national and sub-national levels that go beyond the leverage of FCPF readiness grant funding. As such, the following examples provide a snapshot of important progress made in FY15 on policy reform that guides and informs REDD+, but that must be viewed in the context of broader national processes.

DRC has integrated REDD+ into the country's Economic Governance Matrix and progress is regularly monitored under the supervision of the Ministry of Finance. More specifically, the following three measures directly relate to REDD+: i) completion of the conversion process of legal forest titles and efforts to combat illegal logging; ii) enhanced transparency in the forest sector; iii) implementation of the REDD+ process.

While the land tenure reform process began slowly in 2012, the inclusion of issues such as land-use planning in the governance matrix has provided new momentum for the reform process. As a result, a Ministry of Land-use Planning was recently created and the national commission has been deployed to provincial and local levels. A dialogue has started around the development of a national land-use plan.

In Colombia, for the first time, a chapter on green growth has been included in the National Development Plan for the period of 2014-2018. One of the main objectives is to focus on sustainable and low-carbon growth, with reduction of deforestation stated as one of the priority actions. The National Development Plan provides an important frame of action for further policy reform around REDD+.

In Mozambique, sectoral mandates were aligned in January 2015 with the creation of a new Ministry (Ministry of Land, Environment and Rural Development, MITADER) responsible for land, environment, rural development, protected areas and forests. This brought together partly overlapping mandates of the previous Ministry for Coordination of Environmental Affairs (MICOA) and the Ministry of Agriculture (MINAG). The creation of the new Ministry has streamlined policy reform and coordination of activities in the land use sector, including on REDD+ activities. As part of the institutional reorganization, a new unit was created that is responsible for managing externally funded projects, fund raising, and donor coordination. With several new and existing large-scale investment operations active around land use, forestry, and REDD+ in Mozambique, the new institutional structure has proven efficient. Over the course of the last year it contributed significantly to the acceleration of the roll-out and implementation of several landscape initiatives on the ground, as well as REDD+ strategy development at the national level.

Legislative reform in Ethiopia further brought the environment and forest under a single institutional arrangement under the new Ministry of Environment and Forest, which was established in 2013. This institutional reform has made forest issues (conservation, management and restoration) much more prominent in the national agenda. The recently-elected new Government has reorganized the Ministry into the Ministry of Environment, Forestry and Climate Change with the objective to align coordination around forest management, climate change adaptation, and mitigation matters.

In Guatemala, Congress approved the Probosque Program, through Law Number 02-2015, which will help scale up existing forest incentive programs, by devoting 1 percent of the national budget to incentivize the establishment of an additional 40,000 hectares of natural forest protection, reforestation and agroforesty. Beneficiaries of the Probosque Program include small land owners, cooperatives, and indigenous communities with communal tenure. The incentive program promotes compensation for ecosystem and environmental services associated with the management and protection of forests.

In Mexico, the Integral Territorial Management Model, with its approach to sustainable forest development, and REDD+ have been successfully incorporated in the 2014-2018 National Forestry Program (PRONAFOR), which sets forth the objectives, strategies and lines of action for the period of 2014-2018. Amongst others, the National Forestry Program aims to apply multisectoral territorial management models for rural communities with a view to enhancing land-use methods in the rural sector. Moreover, forest governance systems will be promoted and social participation will be strengthened to support planning, consultation and dialogue between government and broader society. The law includes measures to ensure that rural land owners, rural communities and Indigenous Peoples can contribute to program implementation.

In Peru, a new Ecosystem Services Law was passed in June 2014. The law was adopted on World Environment Day and provides a legal framework to recognize the maintenance of ecosystem services, including greenhouse gas emissions reductions, biodiversity conservation, and the preservation of natural beauty. Investments in watershed services are also incorporated. The law and related regulations will contribute to the development of local, regional, and national initiatives to reward actions that ensure the provision of ecosystem services, including REDD+, which generate economic, social and environmental benefits.

4.3. Progress at the Outcome Level

Outcome-level Result 1: Efforts successfully undertaken by countries with FCPF support to achieve ER from deforestation and/or forest degradation, and to benefit from possible future systems of positive incentives for REDD+ (Readiness Fund)

Outcome-level indicator 1.A: Number of Readiness Packages endorsed by PC (R-Packages are in line with assessment framework)

Target: 2 R-Packages by 2014, 8 R-Packages by 2015, 20+ R-Packages by 2018

In FY15, DRC was the first country to have its Readiness Package endorsed by the PC. The R-Package provided a snapshot of DRC's readiness progress relative to the country's circumstances and recognized that capacity continues to be built beyond the R-Package milestone. An important value of the R-Package was the participatory and inclusive multi-stakeholder self-assessment conducted by the country. The PC was pleased with new legislation under preparation related to Indigenous Peoples' rights. DRC was encouraged to continue to strengthen institutional arrangements to coordinate and implement REDD+ activities and to make progress on REDD+-related policy reforms including land-use planning and land tenure.

While the submission and endorsement of the first R-Package at PC19 in May 2015 represented an important milestone for the FCPF, overall progress towards reaching this important readiness milestone is slightly lagging behind earlier anticipated targets. For PC20 in November 2015 only one additional R-Package is expected to be submitted. However, a number of additional R-Packages are expected to be ready for PC21 in May/June 2016. The parallel progress on ER Program design has helped countries focus, strengthen, and even accelerate readiness activities as gaps in institutional and technical arrangements, as well as policy reform objectives, become more concrete.

Outcome-level Result 2: Selected FCPF countries demonstrate key elements (carbon accounting, programmatic elements and pricing) of performance-based payment systems for ER generated from REDD+ activities with a view to ensuring equitable benefit sharing and promoting future large-scale positive incentives for REDD+ (Carbon Fund)

This outcome-level result is not yet applicable.

Outcome-level Result 3: Engagement of all stakeholders (governments, CSO, IP, private sector, delivery partners) to sustain or enhance livelihoods of local communities and to conserve biodiversity within the approach to REDD+

Outcome-level indicator 3.A: Design of national REDD+ strategies, monitoring systems and ER Programs addresses indicators for enhancement of livelihoods of local communities and for biodiversity conservation

Ghana completed its National REDD+ Strategy in January 2015. The strategy will be implemented in a three-phased approach, with the initial implementation phase focusing on Avoided Deforestation, Carbon Stock Enhancements, and biodiversity conservation. The strategy does not yet include concrete indicators related to non-carbon benefits, but states that Ghana is expected to have a functional MRV system in place and use existing methodologies, such as from the Climate Community and Biodiversity (CCB) standards for monitoring biodiversity impact.

It is important to emphasize that in the context of Ghana, efforts are already underway to implement REDD+ activities at the jurisdictional and project levels which may be premised on Verified Carbon Standard (VCS) and CCBA standards, but also a national monitoring and reporting regime of greenhouse gases (GHGs) to the UNFCCC is already on-going, under the National Greenhouse Gas Inventory (NGHGI). Thus, as Ghana's REDD+ implementation structure evolves, it will be important to consider MRV systems and modalities for project, jurisdictional and national levels, including possible options for combining these modalities in a seamless MRV implementation system.

Ethiopia issued a first draft of its National REDD+ Strategy in November 2014. The Strategy envisages that implementation of REDD+ is based on a set of principles that ensures climate benefits along with co-benefits, such as biodiversity and livelihoods, while respecting the rights of local communities and forest dependent communities. The strategy states that Ethiopia plans to develop a MRV system that will help track a range of non-carbon benefits, such as biodiversity and social benefits

Outcome-level Result 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 shared, disseminated and used by international REDD+ practitioners

Outcome-level Indicator 4.A: Number of new countries/ stakeholders requesting to become FCPF members/observers

In FY14, 11 new countries (Belize, Bhutan, Burkina Faso, Côte d'Ivoire, Dominican Republic, Fiji, Nigeria, Pakistan, Republic of Sudan, Togo and Uruguay) were selected into the FCPF. This followed a decision by the PC to reopen the partnership to new countries. In FY15, a reopening of the partnership was not under consideration and no additional countries submitted expressions of interest to become FCPF members or observers.

Outcome-level indicator 4.B: Examples of utilization of/or reference to FCPF knowledge products

The *Guide to the FCPF Readiness Assessment Framework* continues to be the most utilized knowledge product to inform countries at different stages of readiness preparation. In FY15, six countries applied the Assessment Framework as they took stock of readiness progress at mid-term stage. Several new countries used the Assessment Framework to strategically plan and prioritize their readiness activities. Most prominently, DRC became the first country to advance to preparation of the Readiness Package, and to apply the Assessment Framework to document the country's self-assessment of its readiness progress.

In FY15, the FCPF Secretariat continued to place its emphasis on providing customized support to countries that were preparing early ideas, ER-PINs, as well as draft ER-PDs for presentation to the Carbon Fund. Several countries received technical assistance to respond to the criteria and indicators of the Methodological Framework for the Carbon Fund. Responding to the demand from countries on guidance on technical aspects of carbon accounting, the FCPF launched a web-based decision support tool on reference levels and MRV design (see Box 1), which is supporting countries with the technical preparation of ER Programs.

A well-received knowledge product in FY15 was a study on *Early Lessons from Jurisdictional REDD+ and Low Emissions Development Programs* that was jointly published by The Nature Conservancy and the FCPF. The study features eight of the most advanced jurisdictional REDD+/Low Emissions Development programs worldwide designed to reduce forest-related emissions. Six of these programs have also been selected into the pipeline of the FCPF Carbon Fund. The report provides insights into the dynamics and realities on the ground experienced in these jurisdictions and serves as a resource for practitioners, forest country governments, donors and others working to advance jurisdictional REDD+ at landscape scale. The joint study finds that with appropriate investment and support, jurisdictional REDD+ programs have the potential to become transformational models of forest-friendly development.

BOX 1: WEB-BASED TOOL ON REFERENCE LEVELS AND MRV DESIGN

The FCPF REDD+ Decision Support Toolbox is a new internet-based, interactive and data-driven decision support tool to help countries build their REDD+ programs. Users can explore options to develop a forest reference emission level and a forest monitoring system, both of which are essential to measure, report and verify the impact of REDD+ interventions. The toolbox is intended to be used by forest countries as they consider key design and technical components of their national or subnational REDD+ programs. It provides practical guidance based on existing REDD+ frameworks including the UN Framework Convention on Climate Change and the FCPF's Carbon Fund Methodological Framework.

Complementary to the REDD+ Decision Support Toolbox, a comprehensive set of training material was produced jointly with the Global Observation of Forest and Land Cover Dynamics (GOFC-GOLD) initiative. This training material provides additional in-depth technical guidance and reference material. The material was developed with a network of international technical experts and peer-reviewers and builds on established international good practice guidance on pertinent methods and technology for forest monitoring. A modular structure allows the material to be used in different settings (workshops or hands-on training) and be tailored to different audiences (REDD+ policy or in-country technical experts). The material includes 14 technical modules with practical country examples and training exercises.

4.4. Progress by Output

Output 1.1: Readiness Assessment Framework is agreed upon and disseminated

Output-level indicator 1.1: Existence of published assessment framework on Readiness Package

The Readiness Assessment Framework was adopted in FY13 as per the target set in the FCPF M&E Framework. It has since been a widely used tool that countries have applied for a self-assessment of their readiness progress. In FY15, six countries (Costa Rica, Ghana, Liberia, Mexico, Republic of Congo, and Vietnam) applied the Readiness Assessment Framework as a tool for stock-taking to inform their mid-term review and focus readiness activities going forward. In addition, DRC was the first country to present a Readiness Package based on the Assessment Framework.

Output 1.2: Countries demonstrate an adequate plan to achieve preparedness for REDD+ funding

Output-level Indicator 1.2.a: Number of R-PPs endorsed by PC

Target: 30+ R-PPs by 2015

Since the end of FY14, the R-PPs of all 45 active FCPF countries of the total 47 REDD+ countries[1] have been endorsed by the PC. No additional R-PPs were endorsed in FY15. The current status of 45 endorsed R-PPs well exceeds the PMF's target and amounts to a total of $211 million[2] in grant resources allocated for REDD+ readiness preparation.

Output-level Indicator 1.2.b: Number of Readiness Preparation Grant agreements signed

Target: 30+ signed grant agreements by 2015

Continuing the positive trend established in FY14, a large number of countries progressed to the next milestone in the stepwise approach to readiness and signed their Readiness Preparation Grants. In FY15, 13 additional Readiness Preparation Grants were signed by Bhutan, Burkina Faso, Colombia, Côte d'Ivoire, Fiji, Lao PDR, Madagascar, Nigeria, Pakistan, Papua New Guinea (PNG), Sudan, Togo, and Vanuatu. As a result, a total of 35 countries are now implementing readiness activities. This is above the PMF target of 30+ grants signed by 2015. The due diligence process on the final R-PP (the step that precedes grant signature) was completed for another three countries (Argentina, Dominican Republic, and Thailand) in FY15 and they are thus expected to sign Readiness Grants in early FY16.

The volume of funds that have been made available to countries in FY15 in signed Readiness Preparation Grants amounts to $49.4 million in FY15 alone, or a total of $133 million since the beginning of the Fund.[3] Countries that were selected into the FCPF in FY14 took significantly less time from R-PP approval to grant signature. As a result, over one-third of all Readiness Grants were signed in FY15.

The focus of the World Bank and the other DPs remains on providing technical assistance and guidance to countries to accelerate readiness implementation and disbursement of readiness funds.

Output 1.3: Countries progress adequately on implementation of their R-PP and Grant Agreements

Output-level Indicator 1.3.a: Number of mid-term progress reports presented by countries that follow agreed reporting standards and are presented in a timely manner

Compared to previous years, an increasing number of countries reached mid-term or readiness implementation. In FY15, six countries (Costa Rica, Ghana, Lao PDR, Mexico, the Republic of Congo, and Vietnam) presented their mid-term progress reports on national REDD+ readiness, compared to two countries in FY14,[4] and just one in FY13. All six countries as well as Indonesia[5] also submitted requests for additional funding and were each allocated additional grants of $5 million. Also, Ghana progressed to signing the extension of the Grant Agreement in FY15, while the other countries are expected to sign grant agreements in FY16.

These mid-term reports provided a wealth of information on progress made and valuable lessons learned for other REDD+ countries. A common point of encouragement to countries was to continue efforts to strengthen stakeholder engagement platforms, both at central and decentralized levels, to ensure participation of civil society and Indigenous Peoples, taking into account aspects of gender and youth. Countries were further encouraged to continue cross-sectoral collaboration and dialogue to substantiate integrated, multi-sector landscape approaches to national land-use planning efforts.

Output-level Indicator 1.3.b: Percentage of countries that are achieving planned milestones according to approved Readiness Preparation grant (> $3.4 million)

At the time of print, reports from the World Bank (e.g., Grant Reporting and Monitoring reports) and from other Delivery Partners were, in most part, not yet available as they are generally due by the end October of each year. The analysis for indicator 1.3.b. was therefore based on country progress reports.

Output-level Indicator 1.3.c: Percentage of countries that are overall achieving planned milestones for subcomponent as per country annual reporting scale

As per the PMF, the target by 2015 is for 50 percent of countries implementing R-PPs to show performance (at the subcomponent level) advancing with 50 percent of subcomponents rated as "further development required." By 2018, the PMF states, 100 percent of countries would be expected to have progressed to 80 percent of subcomponents rated at "progressing well" or above.

The PMF target for 2015 has been met, as only 34 percent reported to "require further development" to achieve implementation milestones, while 66 percent of countries implementing R-PPs are making either significant, good or at least mixed progress against planned milestones.[6] More specifically, the status for FY15 is as follows. Of all 35 countries with signed grant agreements,[7] 11 countries are reporting to have made significant progress against planned milestones (Cameroon, Chile, Costa Rica, DRC, Ethiopia, Ghana, Guatemala, Liberia, Nepal, Nicaragua, and the Republic of Congo). Six countries are progressing well, but need further development against some planned milestone (Cambodia, Côte d'Ivoire, Honduras, Mozambique, Peru and Vanuatu). Six countries reported that they need further development to reach planned readiness milestones (El Salvador, Guyana, Indonesia, Mexico, Uganda, and Vietnam). Finally, 12 countries are in the very early stages of R-PP implementation (i.e., grant agreements have been effective for less than a year and countries are generally in the process of staffing implementation structures, operationalizing implementation arrangements, and planning readiness activities). These 12 countries consequently reported the need for further development to reach implementation milestones (Bhutan, Burkina Faso, Colombia, Fiji, Lao PDR, Madagascar, Nigeria, Pakistan, PNG, Sudan, Suriname and Togo).

Output-level Indicator 1.3.d: Percentage of countries with a disbursement rate that is in line with agreed Readiness Preparation Grant (> $3.4 million) disbursement plans of grant agreement (up to 10% variance with plans)

While disbursement rates have improved significantly over the last two years, the portfolio-level target of "60 percent of countries disburse with up to 10 percent variance of their disbursement plans" is not yet being met. Currently, only 26 percent of countries with Readiness Preparation Grants are disbursing within 10 percent variance of their plan, while 28 percent of countries are disbursing within 50 percent of plan, and 46 percent are either disbursing at less than 50 percent of plan or are not yet disbursing.

One of the reasons for not meeting portfolio targets is due to the number of new countries that were accepted into the FCPF and that consequently signed Readiness Grants only very recently. Another reason may be that countries set overly ambitious disbursement targets. For example, the costs of large contracts (e.g., for technical studies, SESA process and safeguards documents) typically are not disbursed until final deliverables have been submitted. As such, disbursements tends to lag behind actual implementation, and does not immediately reflect implementation progress.

Table 3: Disbursement rates of countries with Readiness Preparation Grants signed by end of FY15

More than plan (>100%)	Within 90% of plan	Within 50% of plan	Less than 50% of plan	Not yet disbursing
Bhutan	Chile	Costa Rica	Cambodia	Burkina Faso
DRC	Côte d'Ivoire	Cameroon	Guyana	Colombia
Ghana	Mexico	Ethiopia	Indonesia	El Salvador
Honduras	Mozambique	Guatemala	Lao PDR	Fiji
Uganda		Nepal	Liberia	Madagascar
		Nicaragua	Papua New Guinea	Nigeria
		Republic of Congo	Peru	Pakistan
		Togo	Suriname	Sudan
		Vanuatu		
		Vietnam		
5 countries	4 countries	10 countries	8 countries	8 countries

A more detailed overview of disbursement rates for the 35 countries that had signed grant agreements by the end of FY15 is provided as follows (see Table 3). Five countries are disbursing beyond targets, they are: Bhutan, DRC, Ghana, Honduras, and Uganda. Four countries are disbursing within 90 percent of plan, these are: Chile, Côte d'Ivoire, Mexico, and Mozambique. Ten countries are disbursing within 50 percent of plan: Costa Rica, Cameroon, Ethiopia, Guatemala, Nepal, Nicaragua, Republic of Congo, Togo, Vanuatu, and Vietnam. Eight countries are disbursing at less than 50 percent of plan: Cambodia, Guyana, Indonesia, Lao PDR, Liberia, Papua New Guinea, Peru, and Suriname. Eight countries are not yet disbursing, they are: Burkina Faso, Colombia, El Salvador, Fiji, Madagascar, Nigeria, Pakistan, and Sudan. While El Salvador signed its grant in mid FY14, the other seven countries only signed their grant agreements in the last five months of FY15 and were thus focused on getting accounts, financial management systems, and other fiduciary requirements set up.

Disbursement rates across the portfolio are expected to increase in FY16, as countries with recently signed Grant Agreements progress with procurement and implementation.

Output 2.1: Standards and preparations in place for high-quality ER Programs discussed and endorsed by CF Participants and/or PC

Output-level Indicator 2.1: Number and types of standards and management tools discussed and endorsed by CF participants and/or PC for ER programs including:

2.1.a: Methodological Framework and Pricing Approach

[1] Two countries are currently not active in the FCPF: Bolivia and Gabon.
[2] This figure includes initial readiness funding of $3.8 million as well as additional funding of $5 million for selected countries.
[3] These figures do not include additional funding of $5 million.
[4] Costa Rica and Ghana presented at PC17 in early July 2014 in Lima. While they were already reported on in the 2014 Annual Report, strictly speaking they fall into FY15.
[5] Indonesia presented its mid-term progress report in FY14, but only requested additional funding in FY15.
[6] The remaining 6 percent represent the two countries that did not submit progress reports for FY15.
[7] Countries who have not yet signed grant agreements and are thus not implementing FCPF-financed readiness activities are not required to use the PMF's reporting format.

Methodological Framework

The Methodological Framework (MF) was adopted by Carbon Fund Participants at the eighth Carbon Fund meeting (CF8), in December 2013, in Paris. It provides a global standard for REDD+ transactions at scale and guides the piloting of results-based carbon finance transactions through the FCPF Carbon Fund.

Pricing Approach

Discussions on the Pricing Approach for the Carbon Fund were on hold in FY15. Previously, Carbon Fund Participants had indicated a preference for fixed pricing under current conditions and a willingness to pay up to $5/t CO_2e, while recognizing that the ultimate price is subject to negotiations at the time of ERPA negotiations.

REDD+ Countries have not yet provided signals on their price expectations, and first requested support on cost assessment and financial analysis of ER Programs to better understand the cost associated with ER Program implementation. While countries understand that REDD+ is an incentive mechanism that helps to co-finance the implementation of REDD+ activities that a country may put in place, a better understanding of ER Program implementation costs is critical to countries as they can factor these into price negotiations.

In FY15, the FMT has been working with a number of countries, especially those in the Carbon Fund pipeline, to perform early analysis and planning for financing of Carbon Fund ER Programs using the cost assessment tools developed previously. Such upstream analysis has allowed countries to start structuring ER Programs and to align various streams of finance, including the resources provided through the FCPF Readiness Fund, other investment finance and results-based finance through the Carbon Fund.

Output-level Indicator 2.1.c: Legal documents (General Conditions, ERPA term sheet)

Target: ERPA Term Sheet by PC14, General Conditions for ERPA by PC16

The ERPA Term Sheet was endorsed at the fourteenth Participant Committee meeting (PC14) in March 2013 (FY13) meeting the PMF target.

In FY15, another important milestone was reached with the adoption of the General Conditions for Emission Reductions Payment Agreements (ERPA) at PC18 in November 2014.

This milestone was reached after a collaborative and inclusive process that lasted over two-and-a-half years and included several informal and formal sessions and workshops, outreach to countries, and informal expert discussion groups. A thorough and inclusive process was followed, due to the many critical, complex, and sensitive technical, environment, social, cultural, and legal issues involved in large-scale REDD+ finance, and the lack of UNFCCC regulatory guidance on many issues.

The approval of the General Conditions closed a long, yet important, chapter on the development of the technical and legal underpinning of future ERPAs. The delay of approval to PC18, compared to the original PMF target of PC16, was due to fact that the General Conditions hinged upon the finalization and approval of the Methodological Framework for the Carbon Fund (see Box 2).

BOX 2: GENERAL CONDITIONS FOR EMISSION REDUCTIONS PAYMENT AGREEMENTS (ERPA)

The General Conditions (GCs) are the legal underpinning of large-scale carbon transactions. They provide for general rules and procedures for the sale and payment for Emission Reductions (ER) to be generated and verified under an Emission Reductions Program. The General Conditions will be incorporated into each Emission Reductions Payment Agreement (ERPA) by way of reference and are non-negotiable.

Relation to the Methodological Framework: The General Conditions build on the criteria and indicators specified in the Methodological Framework and provide, among others, for the general legal rules and procedures that are expected to be followed during Emission Reductions Program design, preparation, and, implementation.

Content of the General Conditions: Whereas the Emission Reductions Payment Agreement (ERPA) will cover the commercial terms of a carbon transaction that are negotiable on a case-by-case basis, the General Conditions provide for a set of (non-negotiable) general rules and procedures that apply to each transaction. Such rules and procedures cover, among other things, issues related to the sale, transfer and payment for verified ERs, the allocation of responsibilities in terms of ER Program development, ER Program Registration, ER Monitoring and ER Verification, ER Program/Sub-Project implementation and operation, application of World Bank Operational Policies (including environmental and social safeguards policies), benefits and benefit sharing principles, Reversals, Reversal Management Mechanisms, ER Program Buffer, transfer of Title to ERs, Events of Default and related remedies, governing law and dispute settlement.

Output 2.2: Countries have entered in the portfolio of the CF

Output-level Indicator 2.2.a: Number of early ideas or ER Programs presented by countries to the CF

To date, 24 countries have presented an Early Idea with the aim of receiving early feedback and expert advice and/or have also presented a full-fledged ER-PIN with the aim of being selected into the Carbon Fund pipeline (see Table 4).

By the end of FY14, ER-PINs from eight countries (Chile, Costa Rica, DRC, Ghana, Nepal, Mexico, Republic of Congo, and Vietnam) had been selected into the pipeline of the Carbon Fund. In FY15, three additional ER-PINs were presented. Guatemala and Peru were selected into the pipeline and Indonesia was conditionally selected into the pipeline, thus increasing the Carbon Fund pipeline to 11 countries.

In FY15, Carbon Fund Participants extended the term of the Carbon Fund by five years to December 31, 2025, to allow time for the development of sound ER Programs and at least five-year terms of program implementation, as well as verification and payment of Emission Reductions generated.

With the extension of the term of the Carbon Fund, CFPs also indicated interest in increasing funding to the Carbon Fund, subject to quality proposals. As such, countries were invited to present early ideas for potential ER Programs at CF12 in April 2015. Nine new countries (Argentina, Cameroon, Côte d'Ivoire, Dominican Republic, Fiji, Guyana, Lao PDR, Mozambique, and Nicaragua) presented their early ideas with the aim to receive feedback from CFPs related to further developing the Early Ideas into ER-PINs for presentation at CF13 in October 2015.

In FY15, six additional countries negotiated and entered

Table 4: Countries that have presented early ideas or ER-PINs to the Carbon Fund

Country	CF2	CF3	CF4	CF5	CF6	CF7	CF9	CF10	CF11	CF12
Argentina										Early Idea
Cambodia								Early Idea		
Cameroon										Early Idea
Chile						Early Idea	ER-PIN	ER-PIN		
Colombia								Early Idea		
Costa Rica	Early Idea		Early Idea	ER-PIN	ER-PIN					
Côte d'Ivoire										Early Idea
Democratic Republic of Congo	Early Idea		Early Idea			ER-PIN	ER-PIN			
Dominican Republic										Early Idea
Ethiopia					Early Idea					
Fiji										Early Idea
Indonesia	Early Idea					Early Idea		Early Idea	ER-PIN	
Mexico	Early Idea					Early Idea	ER-PIN			
Ghana		Early Idea					ER-PIN			
Guatemala								Early Idea	ER-PIN	
Guyana										Early Idea
Lao PDR										Early Idea
Madagascar								Early Idea		
Mozambique										Early Idea
Nepal		Early Idea					ER-PIN			
Nicaragua										Early Idea
Peru							Early Idea	ER-PIN	ER-PIN	
Republic of Congo					Early Idea		ER-PIN	ER-PIN		
Vietnam			Early Idea	Early Idea	Early Idea			ER-PIN		

into a Letter of Intent (LOI) with the World Bank in its role as the trustee for the FCPF Carbon Fund. Therefore eight of the eleven countries selected into the Carbon Fund pipeline have now signed LOIs. Signature is pending in the remaining three countries. In Guatemala signature is awaiting election outcomes, in Indonesia signature is pending submission of a revised ER-PIN, and in Peru signature is subject to institutional discussions.

In terms of next steps, countries selected into the Carbon Fund pipeline will now advance the development of their ER Programs consistent with the MF and in accordance with the World Bank's due diligence process. They will also need to prepare their Readiness Package and have the Readiness Package endorsed by the PC before submitting their ER Program Document for potential selection into the Carbon Fund portfolio. Based on country capacity and expected timelines to progress through the Carbon Fund business process, the first ERPD submissions to the Carbon Fund are expected in FY16. Therefore, there is no possibility of signing five ERPAs by 2015 as per target in the FCPF M&E Framework.

Output 2.3: Increased levels of private sector investment for incentivizing, testing, and supporting up-scaling of ER activities

Output-level indicator 2.3: Number of private sector participants in Carbon Fund

Target: Two new private sector participants by 2014

While the FCPF Carbon Fund is no longer actively pursuing new private sector participants into the Fund itself, the FCPF is instead focusing on strengthening relationships with the private sector with a view to facilitating public-private partnerships with companies that produce, trade or buy commodities that have a role in driving deforestation or forest degradation.

The important role that the private sector can have for REDD+ featured prominently at the UN Secretary General's Summit on climate change that took place in New York in 2014, and the resulting New York Declaration on Forests. With climate change impacting the bottom line of private sector business and the security of supply chains, combined with growing consumer awareness of the deforestation impact of certain commodities, the private sector has an increased interest in developing working relationships with the public sector to address underlying constraints. Such constraints include the need for land policy reform, improved smallholder capacity in supply chain management, transformative shifts to sustainable farming practices, and improved enabling environments for private sector to decouple increased agricultural production from deforestation.

In FY15, the FCPF escalated its engagement with selected private sector companies to help facilitate public-private partnerships that take deforestation out of the commodity supply chains. REDD+ Countries are also increasingly aware of the importance of engaging the private sector to achieve impact at scale.

For example, Mondelēz International and its suppliers have expressed their support for improving cocoa farming in Côte d'Ivoire and exploring the basis for cooperation between the Côte d'Ivoire's emerging Emission Reductions Program area and the pilot of Mondelēz' Cocoa Life program. A partnership offers opportunities to scale-up investments to increase farmers' productivity, enhanced training, and increased access to agricultural inputs, which in turn contributes to reduce the pressure for agricultural expansion into forest areas. In the Republic of Congo, CIB-OLAM has been a longstanding partner, including in the development of the country's ER-PIN. OLAM has partnered with the Government to rehabilitate the Congo's cocoa market by harnessing OLAM's strategic market position in the global cocoa sector. Activities include the intensification of shade grown cocoa production with communities in degraded forests to avoid slash-and-burn practices in the primary forest.

Another example is Ghana, where the FCPF supports a partnership between the National Cocoa Board, small-scale cocoa farmers and cocoa-sourcing private sector companies. Partnership opportunities evolve around promoting climate-smart cocoa practices, agroforestry, and community-based approaches to increase cocoa productivity and meet evolving global industry demand for sustainable cocoa supply chains.

Output 3.1: Enhanced capacity of IP and CSOs to engage in REDD+ processes at the country level

Output-level indicator 3.1.a: (i) Number and type of examples of in-country REDD+ actions where IP and CSOs and local communities participate actively

Target: Various new examples exist with strong evidence of IP and CSO active participation and broad community support in REDD+ programs/readiness by 2015

In Mexico, the CONAF Roundtable for Indigenous Peoples and Rural Dwellers was established in 2014. It aims to provide support and feedback to the consultation process on the national REDD+ Strategy (ENAREDD+). Amongst others, the roundtable is intended to provide additional input to the consultation plan for the strategy; develop a joint methodology for implementing of the ENAREDD+ consultations, with emphasis on modalities directed at rural and indigenous communities, to ensure that they are culturally relevant; evaluate the ENAREDD+ consultation process and make recommendations at each phase; and help to systematize the comments and opinions expressed during the consultation phase and make recommendations for their inclusion in the final ENAREDD+ document. The following organizations are involved in the roundtable: State Union of Community Foresters of Oaxaca, A.C. (UESCO), the National Union of Communal Forest Organizations A.C. (UNOFOC), the Governing Council of the Mexican Network of Rural Forestry Organizations A.C. (RED MOCAF), the Indigenous Tourism Network of Mexico (RITA), the Wirrarica Interstate Union of Ceremonial Centers of Nayarit, Jalisco and Durango, and the Union of Sierra de Juarez Communities, A.C. (UCOSIJ).

In Nicaragua, active stakeholder engagement was achieved through the SESA and related processes (e.g., FGRM construction, social communications). Key stakeholders in the Northern and Southern Autonomous Regions of the Caribbean Coast, the sub-region of the country where MARENA expects most of REDD+ implementation activities will take place, were consulted in seven pre-SESA meetings with the objective to feed into the preparation of the national REDD+ Strategy led by the Ministry of Environmental and Natural Resources (MARENA). During the initial seven pre-SESA meetings, the need for additional awareness raising and training around REDD+ on the Caribbean Coast was identified and MARENA revised its SESA work plans accordingly. Consequently, an additional 23 consultation workshops were carried out. These not only covered topics of standard concern for SESA, such as forest governance structures at the national and subnational levels, but also other topics, such as improved forest management practices.

In Ethiopia, representatives of civil society organizations and "underserved communities" are actively engaged in the REDD+ working groups, including the SESA task force. The task force played a critical role in providing oversight to the SESA process and the development of the Environmental and Social Management Framework (ESMF) in Ethiopia. The CSOs and the organizations representing underserved communities in Ethiopia represented in the Task Force include: Climate Change Forum (CCF) Ethiopia, Ethiopia Environmental Journalists Association, Farm Africa, Initiative for Living Community Action, Pastoralist Forum Ethiopia, and SOS Sahel. Over the last year, local consultations were targeted in the Oromia region, the geographical area proposed for an ER Program and active participation of CSOs and local communities at the local-level (i.e., the Kebele and Woreda levels) was notable.

To strengthen public accountability within emerging REDD+ structures in Uganda, a self-selection process has been planned to select CSO and IP representatives for REDD+ institutional arrangements such as the REDD+ Technical Working Group, SESA Task Force, etc. This process is being supported jointly by the FCPF and the UN-REDD Programme and is aimed at increasing the representativeness of CSOs and IPs in these national REDD+ structures.

In Liberia, strong leadership by CSOs and traditional communities in the REDD+ process has been evident. The ongoing SESA process has thus far received support from local communities. Country-level CSOs are in the forefront in terms of stakeholder engagement, and they are actively participating in the community-based consultation activities.

In Mozambique, emphasis was placed on strategic communication and public consultation as part of the SESA process. In total, 22 public consultations were held and a number of additional awareness raising activities carried out. District- and community-level consultations were implemented in seven districts covering the different regions of the country. At the national level, a steering committee was created by national decree, which has civil society representation and is meeting regularly. To better engage regional stakeholders, two provincial level landscape/REDD+ Forums were established. Consultations were accompanied by a comprehensive communications plan, which included radio, TV, an online cartoon, pamphlets, and policy briefings.

Civil society actors and Indigenous Peoples representatives have been actively engaged in national- and community-level activities related to ER Program development in a number of countries. For example, in Nepal and Vietnam, IPs were included in the government's team tasked with drafting the ER-PIN. Both countries further have oversight committees for ER Program development in place in which IPs are represented. IPs have been instrumental in providing input and drafting relevant sections on consultations, SESA, land tenure, and benefit sharing. In DRC, CSO and IP platforms have been involved in drafting of the MTR and R-Package for DRC and are now actively engaging in consultations on ER Program design in the Maï N'dombe region (see Box 3).

BOX 3: EXAMPLES OF PROJECTS TO ENHANCE THE CAPACITY OF IP AND CSOS TO ENGAGE IN REDD+ PROCESSES

Nepal: Participation in REDD+ Decision-Making and Consultation of Indigenous Peoples and other Marginalized Forest Dependent Communities

From January 2012 to July 2014, the Nepal Federation of Indigenous Nationalities (NEFIN) implemented a capacity building project financed by the FCPF IP/CSO Capacity Building Program based on a set of REDD+ themes that were identified as crucial by several Indigenous Peoples' communities in Nepal. NEFIN adopted a two-tiered implementation approach, developing a capacity building and awareness-raising project at the national and local level (in six districts: Khotang, Sindhupalchok, Sankhuwashabha, Dolakha, Dhading and Rolpa). The ultimate aim was to enhance the participation of indigenous and rural communities dwelling in Tarai Hill and Mountain areas to participate in REDD+ Readiness decision-making processes and consultation. The International Work Group for Indigenous Affairs (IWGIA) and the Indigenous Peoples' International Center for Policy Research and Education (TEBTEBBA) supported the preparation of training materials led by NEFIN. Key activities included:

- Preparing training materials, including *Land, Forest and Indigenous Peoples' Rights in Relation to Climate Change* and *REDD* and *Frequently Asked Questions on Climate Change and REDD+* and a video on climate change and REDD+.
- Holding project meetings and eight capacity building workshops, with a gender balance, across the country. Altogether 143 women and 135 men participated in the various activities, including 278 Indigenous Peoples' leaders, and journalists and CSO representatives.
- NEFIN organized a consultation meeting among Indigenous Peoples and the SESA consultants' team to present Indigenous Peoples' views on SESA relevant issues.
- Developing case studies and articles on indigenous knowledge and customary institutions contributing to climate change adaptation and mitigation in Nepal.

Panama: Strengthening REDD+ Capacities of Guna Leaders, Women and Youth in the Gunayala Comarca

From 2013-2014 the Panama-based organization Fundación para la Promoción del Conocimiento Indígena (FPCI) implemented a project financed by the FCPF IP/CSO Capacity Building Program to strengthen REDD+ capacity of Guna leaders, women and youth. Following their customary consultation processes, the project included a series of workshops and activities on social and environmental safeguards issues at the community level in the Guna Yala Comarca. The project enhanced the understanding of REDD+ issues with the Indigenous Peoples' community, notably the participation of indigenous women's participation in the various capacity building activities and the informed participation of rural stakeholders in the national REDD+ Readiness process in Panama. Key activities included:

- Holding two training workshops on REDD+ topics, including climate change, adaptation, mitigation, with the participation of Guna leaders and authorities, and Guna women, and youth.
- Progressing in the study on social and environmental safeguards, which is being implemented following customary rules.
- Disseminating project activities at the local level, through community activities and local radio.

BOX 3: *continued*

Amazon Region: Developing a Forest Carbon Map for Indigenous Territories and Protected Areas (Instituto del Bien Común)

Indigenous Territories and Protected Areas account for 55 percent of all carbon stored in the Amazon; however, logging, agriculture, mining, infrastructure projects and oil drilling increasingly threaten these lands, which cover 4.1 million square kilometers spanning nine South American countries. From September 2013 to December 2014, the Instituto del Bien Común (IBC), a non-governmental organization based in Peru, developed and disseminated a Forest Carbon Map for Amazon Indigenous Territories and Protected Areas. The project, partially financed through a grant made from the Forest Carbon Partnership Facilities' capacity building program, facilitated the collaboration between a network of scientists, NGO networks, indigenous organizations and policy experts working on REDD+ and strengthened forest carbon mapping capacities of representatives of the Technical Secretariat of the Amazon level NGO Coordinadora de las Organizaciones Indígenas de la Cuenca (COICA) and representatives of several COICA member organizations. It also reinforced the centrality of the role and positioning of Indigenous Peoples and other rural stakeholders in the Amazon Region national REDD+ processes.

Subsequently, project activities included the preparation of a general outline to develop the Forest Carbon Map and a workshop allowing the review of the Forest Carbon Map design for Amazon Indigenous Territories and National Protected Areas and a draft informative document describing the approach, methodology, and results of the Forest Carbon Mapping. The peer-reviewed study was released at the UN climate conference in Peru (December 2014) and was widely disseminated via numerous international media coverage articles.

Kenya: Enhancing Indigenous and Local Community Consultation and Participation in Sustainable Forest Management

The project, implemented by the Kenyan Indigenous Peoples' organization Mainyoito Pastoralist Integrated Development Organization (MPIDO), enhanced indigenous and local community consultation and participation in sustainable forest management and REDD+ activities. The project facilitated the preparation of several studies addressing central REDD+ themes from a Kenyan Indigenous Peoples perspective. Project implementation adopted a strategic thematic approach and identified four focus areas for study: (a) land tenure, (b) benefit sharing arrangements, (c) governance and institutional frameworks, and (d) indicators on Indigenous Peoples in the context of national REDD+ design, implementation and monitoring. The studies were conducted by a team of consultants, who are themselves members of Indigenous communities in Kenya with a shared cultural background, including local knowledge and language of communities visited, familiarity with local geographical and political dynamics, and extensive contacts and relationships within some of the project sites. Key activities involved:

- Provide baseline information on land tenure status within Indigenous territories.
- Developing a report on Indigenous Peoples' REDD+ benefits sharing and financing mechanism from a Kenyan Indigenous Peoples' perspective.
- Conducting an analysis of the National REDD+ strategies to examine the extent to which Indigenous Peoples' issues have been incorporated. This included a report and documentary on community engagement.

Output-level indicator 3.1.a: (ii) Examples of resources made available to enable active participation of IP, CSOs, and local communities in national REDD+ readiness

REDD+ Countries are increasingly recognizing the value that active participation of IP, CSO, and local communities can bring to national REDD+ readiness.

The Government of Nepal, for example, allocated significant resources of $250,000 from their REDD+ readiness grant to the national CSO/IP Alliance Platform to enable its active support to the consultation process under the readiness phase. The CSO/IP Alliance allocated the funds onwards to involved IP and CSO organizations in an effort to enhance capacity at decentralized levels.

In Fiji, Vanuatu, and Thailand readiness grant resources have also been set aside to support similar efforts of organizing and strengthening of REDD+ CSO Platform.

Output-level indicator 3.1.b: Number of IP and REDD+ country CSO representatives (men/women and/or youth) that have participated and benefitted from FCPF organized workshops/trainings on SESA, governance, MRV aspects/related aspects of REDD+

FCPF observers from Africa, Asia and LAC participated in a high-level dialogue organized by the World Bank and attended by World Bank Group senior management, including the World Bank Group's President. This meeting focused on mechanisms for deepening IP inclusion in World Bank processes for sustainable development. FCPF observers have also been actively supported by the FMT to participate in other international processes and fora, like the UN Permanent Forum on Indigenous Issues, as well as in the Conference of Parties meetings organized by UNFCCC.

In FY15, FCPF observers expressed their appreciation of the role the FCPF has had in building a trustful partnership between observers, countries and the Facility itself, and its role in facilitating inclusion and participation of IPs at global, regional, and most importantly, national level.

Output-level indicator 3.1.c: Examples of IPs and REDD+ country-CSO representation in institutional arrangements for REDD+ at the national level

Governments are paying increasing attention to effective processes and institutional arrangements for engagement of IPs and civil society in national and sub-national REDD+ planning and implementation. This is not only based on the FCPF's commitment to social inclusion, but also increasingly a result of positive experiences made by countries that have led the way with inclusive institutional arrangements and seen benefits, such as constructive ways to prevent grievance, ensure input from all stakeholders, and improve the overall public perception of REDD+ processes.

As a result, IPs are now represented in many national institutional arrangements for REDD+, such as national REDD+ technical bodies and steering committees. In many countries, they are actively contributing to the planning and design of REDD+ readiness implementation as well as the design of REDD+ pilots and programs. In countries where IP and CSO groups are not yet represented in the highest-level of national REDD+ committees (typically at the ministerial level), efforts continue being made by these groups for permanent inclusion into these top-level coordination arrangements.

While not exhaustive, the countries that are known to have IPs and CSOs representation as part of national REDD+ technical bodies and/or national institutional arrangements for REDD+ include Cameroon, Chile, Colombia, Costa Rica, DRC, El Salvador, Fiji, Guatemala, Guyana, Honduras, Indonesia, Kenya, Mexico, Nepal, Nicaragua, Panama, Peru, Republic of Congo, Thailand, Uganda, Vanuatu, and Vietnam. In Bhutan, Côte d'Ivoire, Ethiopia, Ghana, Liberia, Madagascar, Mozambique, Nigeria, Uruguay, and Togo, CSOs and local communities (in the case of African countries) are part of these structures.

Output 3.2: Pilots have been successfully implemented on ways to sustain and enhance livelihoods and conserve biodiversity

Output-level indicator 3.2.a: Number of countries where stakeholder engagement platforms proposed in RPPs have taken up work and meet regularly

The majority of countries have established or are in the processes of operationalizing stakeholder engagement platforms and associated inclusion processes to deepen participation and collaboration with a wide range of local, subregional, and national stakeholders relevant to REDD+. An example is provided in Box 5.

Output 4.1: Knowledge products and lessons from piloting of REDD+ in general and FCPF activities in particular are developed and disseminated, in accordance with global knowledge management and communication strategy and annual work plans

In FY15, the FCPF continued to disseminate knowledge and lessons learned from FCPF activities through digital and print platforms. This past year, the FCPF Secretariat launched a newsletter, Inside FCPF, to share timely updates on REDD+ Country activities, FCPF deadlines, knowledge products, and images from FCPF events with stakeholders. The newsletter, produced quarterly, also drives traffic to the FCPF website, the main platform for information and knowledge sharing. The FCPF website, which continues to be updated with news from the Secretariat and country programs, had an increase in visits of 14 percent over the past fiscal year. In addition, there was a 30 percent boost in the volume of users of the website over this period compared to the previous fiscal year.

The FCPF also remains engaged in promoting its activities and knowledge through social and digital media. The FCPF Facebook page dramatically increased its outreach over the past fiscal year, starting at under 200 followers to surpassing 700 followers over only a 12-month period. Certain posts on the FCPF Facebook page have reached over 400 readers. The FCPF has also shared lessons learned through online feature stories on topics related to new programs selected into the pipeline, engagement of Indigenous Peoples in program design and the landscape approach, among others. These stories are promoted through the World Bank's communication channels focused on Climate Change, Environment and Natural Resources and Agriculture. In addition, the FCPF has an active presence on the World Bank's Climate Change Twitter account (@wbclimate) which has over 50,000 followers.

Selected knowledge products in FY15 included:

In March 2015, the FCPF hosted a webinar with three experts who collaborated on a study on the "Forest Carbon Assessment in the Amazon's Indigenous and Protected Areas." The work was led by the Amazonian Network of Georeferenced Socio-Environmental Information (RAISG) in collaboration with the Woods Hole Research Center, COICA (Coordination of Indigenous Organizations of the Amazon River Basin) and the Environmental Defense Fund, and partially financed through a grant from the Forest Carbon Partnership Facility.

BOX 4: IMPLEMENTATION OF THE FCPF CAPACITY BUILDING PROGRAM (CBP) FOR FOREST-DEPENDENT PEOPLES AND SOUTHERN CSOS

Implementation of the IP/CSO Capacity Building Program continued in FY15, with emphasis shifting to the start-up of the Program's second phase. Significant progress was made on clarifying and following the processing steps within the World Bank for the six new grants (two per regional bloc) to be provided under this phase.

A workshop was organized in May 2015 in Washington, DC, to strengthen capacity of grant recipient organizations (previously referred to as "regional intermediary organizations"). The workshop helped recipients to: i) refine the design of their projects; ii) better reflect the regional context in their nascent work plans; and iii) understand project implementation arrangements for the projects more fully.

Slower progress was seen in other areas, such as in the solicitation and securing of no-objections from REDD+ country governments to operate the CBP in their countries, in keeping with World Bank guidelines for small grants. Consequently, a self-selected group of PC members, the "FCPF Capacity Building Program Monitoring Group", was established to monitor the FMT's advances on the preparation and approval of grants under Phase 2. The FMT reports to the group on a quarterly basis.

Meanwhile, during FY15, 10 of the 12 active contracts under Phase 1 of the CBP were completed and closed. The two contracts that remain open, which have a total remaining balance of $44,688, were entered into with IP organizations in Latin America, and they are expected to conclude in the third quarter of FY16. To date, 26 contracts totaling $ 1.9 million have been completed and closed.

BOX 5: EXAMPLE OF A STAKEHOLDER ENGAGEMENT PLATFORM: MOBILIZING CIVIL SOCIETY ORGANIZATIONS FOR PARTICIPATION IN REDD+ ACTIVITY IN CAMEROON

The From March to December 2013, the REDD+ and Climate Change Platform of Cameroon (REFACOF) implemented a project financed by the FCPF IP/CSO Capacity Building Program to organize and mobilize civil society organizations from 30 of Cameroon's Sub-Districts to enhance full, direct and effective participation of indigenous and local communities in the REDD+ Readiness process. The focus areas involved monitoring and reporting on REDD+ actions including dynamics on deforestation and forest degradation, sustainable forest management, conservation of forest and biodiversity, enhanced forest carbon stock, and social, environmental, and governance-related safeguards. The project allowed the REDD+ and Climate Change Platform to reach communities at the local level and engage community focal points for REDD+ and Climate Change related initiatives. Key achievements included:

- Organizing a repertoire of 331 civil society organizations engaged in REDD+ and Climate Change activities in Cameroon (including Indigenous Peoples organizations, women's organizations, and youth organizations, among others).
- Setting community coordination structures in 10 regions in Cameroon, composed of 80 female and male coordinators.

In April 2015, the FCPF jointly published a report, "Early Lessons from Jurisdictional REDD+ and Low Emissions Development Programs," with The Nature Conservancy. The report features eight jurisdictional REDD+/LED programs designed to reduce forest-related emissions (six of these jurisdictions have been admitted into the FCPF Carbon Fund pipeline). The joint study finds that with appropriate investment and support, jurisdictional REDD+/LED programs have the potential to become transformational models of forest-friendly development.

In May 2015 the FCPF launched a report on a forest governance assessment for REDD+ implementation through application of the PROFOR forest governance tool carried out in Lao PDR. The publication includes background information on the knowledge and experience from implementing the forest governance diagnostic exercise as part of the country's REDD-readiness process.

In May 2015, the FCPF launched a Technical Decision Support Tool and associated Training Material, both of which are available through the FCPF website. The Tool guides countries with the development of forest reference emission levels (emission baselines) and forest monitoring capacity. More specifically, it supports REDD+ countries with making a variety of technical and policy decisions and with advancing capacity building and training. The REDD+ Decision Support Tool allows users to explore policy, methodological and technological options and gain deeper understanding with a set of comprehensive technical training materials. The toolbox is intended to be used by FCPF countries as they consider key design and technical components of their national or subnational REDD+ programs. It provides practical guidance based on existing REDD+ frameworks including the UN Framework Convention on Climate Change the FCPF's Carbon Fund Methodological Framework.

In June 2015, the FCPF and UN-REDD Programme jointly published a *Guidance Note on Establishing and Strengthening Grievance Redress Mechanisms*, which serves to strengthen in-country capacity for grievance resolution in order to respond to contentious issues, complaints and disputes, and provides tools to help carry out activities to assess and strengthen grievance redress mechanisms during the readiness phase.

Output as per PMF 4.2: Participants actively engage in South-South learning activities

Output-level Indicator 4.2.a: Number of S-S learning activities and/or events connecting FCPF countries

From February 23-28, 2015 representatives from government and private sector in Ethiopia and Mozambique traveled to Brazil for a South-South knowledge exchange on sustainable forest plantations. The study trip included meetings and learning sessions with government, private sector and research institutions on how forest plantations can promote rural development and reduce pressure on native forests. The study tour aimed to:

- Increase participants' knowledge on how re/afforestation activities and planted forests can contribute to poverty reduction, focusing on smallholders in the timber supply chains, organization of small producers to participate in plantations activities, extension and support services and public-private partnerships;
- Increase awareness on the latest advances on silviculture and technologies on fast-growing species with particular emphasis on applicability for smallholder forestry; environmental sustainability in forest plantation, including the relationship between forest plantations and the reduction of pressure on the native forest;
- Enable participants to bring home skills and transferable knowledge on public policies and incentives to foster forest plantations by the private sector (large, small, domestic and international) that could be applied in their country contexts and used to formulate concrete actions;
- Provide participants with knowledge on tools to access to finance, smart subsidies and innovative sources of financing for forest activities and how to create a positive investment climate for forest activities and wood industry;
- To establish and strengthen lasting partnerships with Brazilian entities and agencies working in the forestry sector that can be sustained after the study tour.

On November 4, 2014 a Joint FCPF–UN-REDD Programme Knowledge Exchange Day was held in the context of the UN-REDD Policy Board and FCPF PC meetings in Arusha, Tanzania. The event helped build capacity, foster South-South knowledge exchange, and promote mutual learning as part of the FCPF's objective to disseminate knowledge on REDD+. The knowledge day brought together 150 participants and included: i) a panel session on country perspectives on coordination of different multilateral, bilateral, and private funding streams for REDD+, ii) a technical capacity building session on forest carbon monitoring, in particular on design of the reference emission level and a forest monitoring systems, iii) several parallel South-South knowledge exchange session on six thematic topics ranging from safeguards approaches to payment for environmental services schemes.

Output-level Indicator 4.2.b: Total number of participants to South-South knowledge exchange activities by category

In FY15, the FMT's focus has been on providing targeted, country-tailored support, training, and capacity building with R-Package as well as ER Program development. In FY15, countries emphasis was more on advancing program development than on requesting South-South exchanges. More requests for South-South exchanges are expected to come in FY16.

Output 4.3: Strong visibility of REDD+ and FCPF is achieved

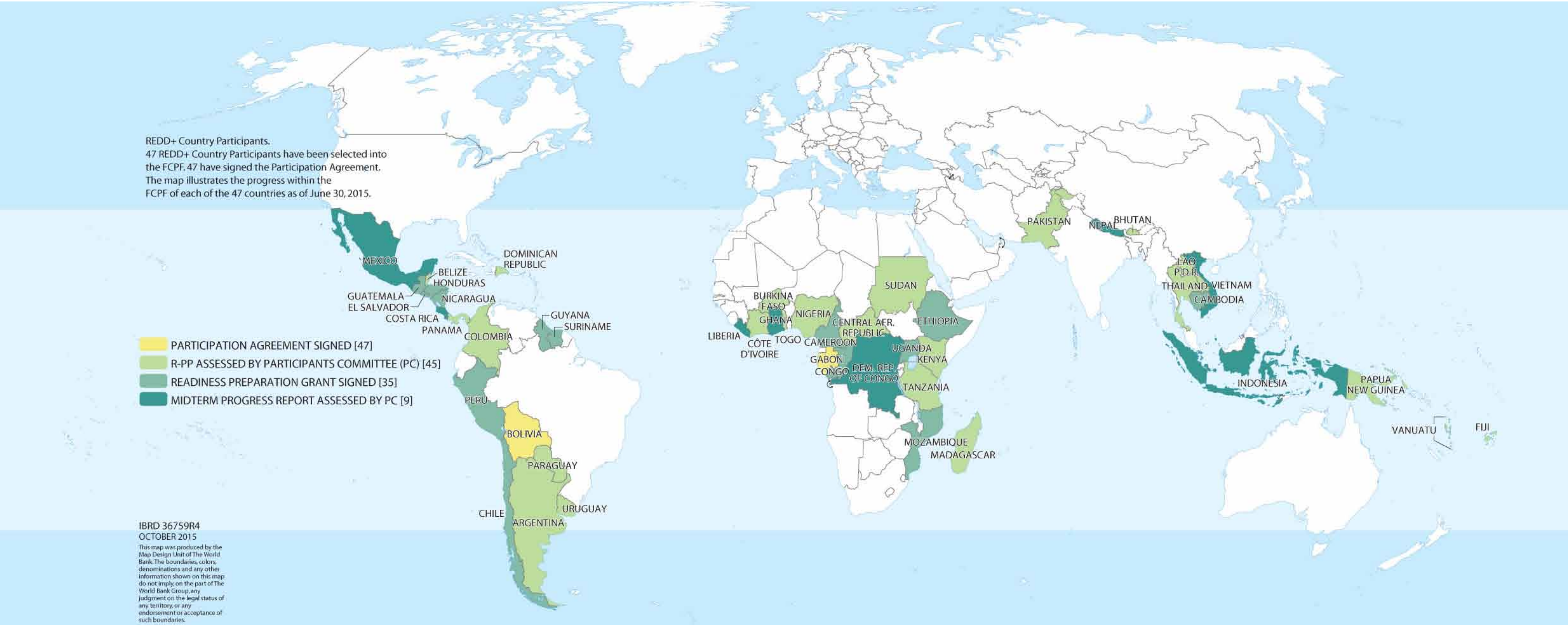
Output-level Indicator 4.3.a: Number of neutral/positive mentions of FCPF and REDD+ issues in different key media worldwide per X period

In the context of the build up to international climate negotiations at COP21 in Paris, mentions of the FCPF in the media have remained consistent and have been related to how the FCPF is piloting REDD+ at scale and putting into practice what is under discussion in the international policy forum. Media attention focused on additional selection of ER-PINs into the Carbon Fund pipeline as well as general interest in emerging engagement and partnership building with the private sector.

Output-level Indicator 4.3.b: Number of negative mentions of FCPF and REDD+ issues in different key media worldwide per year

Critical mentions of the FCPF and REDD+ issues in international media worldwide have dropped following the approval of key technical and thematic guidance, such as the Methodological Framework. Some negative mentions of the FCPF remain related to safeguards for land tenure and carbon rights. The FCPF Secretariat has responded when necessary to inconsistencies between FCPF activities and media reports.

FCPF REDD+ COUNTRY PARTICIPANTS



Coordinating with other REDD+ Initiatives

REDD+ has a challenging agenda given its multi-sectoral and multi-stakeholder dimensions, and the large financial and capacity needs involved. It is important, therefore, that development partners come together to provide a package of financial and technical assistance to better serve their client countries.

UN-REDD Programme

In FY15, the FCPF and the UN-REDD Programme continued their cooperation in providing assistance to countries to get ready for REDD+. Coordination has entailed joint country missions and sharing responsibility for financing readiness activities. At the global level, coordination between the FCPF and the UN-REDD Programme involves joint scheduling of governance body meetings, the harmonization of programmatic documents, the coordination of analytical and capacity-building efforts, and the joint delivery of secretariat services to the REDD+ Partnership. The UN-REDD Programme further consulted with the FCPF on its 2016-2020 UN-REDD Programme Strategy. In FY15, several knowledge activities were planned and carried out jointly. Further, a joint Knowledge Day was organized in conjunction with the UN-REDD Policy Board and FCPF Participants Committee meeting, that brought together over 150 participants and stakeholders from both initiatives to jointly reflect on progress and achievements made with REDD+ readiness as well as implementation since the two initiatives became operational five years ago.

Forest Investment Program

The Forest Investment Program (FIP) supports developing country efforts to reduce deforestation and forest degradation, and promote sustainable forest management that leads to ER and enhancement of forest carbon stocks (REDD+). The FIP focuses on sizable investments in 23 countries in order to achieve economic transformation and generate global knowledge. The FIP is currently active in eight pilot countries (Brazil, Burkina Faso, the DRC, Ghana, Indonesia, Lao PDR, Mexico, and Peru), and additionally 14 countries have been selected into the FIP in May 2015. The FIP and FCPF are active in the following countries: Cambodia, Cameroon, Côte d'Ivoire, Guatemala, Guyana, Honduras, Mozambique, Nepal, Republic of Congo, Uganda, Zambia.

Implementation at the country level is based on FIP investment plans that have been developed through a country-led process, that build on FCPF readiness or equivalent processes and draw on the R-PPs and the emerging REDD+ strategies. Coherence and cooperation across the different FIP and FCPF activities have been achieved especially in DRC, Ghana, Indonesia, and Mexico, as governments ensure that activity planning is closely coordinated between the two initiatives. At the secretariat level, the FCPF is an observer to the FIP governing body and has shared pertinent information with the Committee, for instance, on the FCPF Readiness Assessment Framework. FIP has equally participated in the PC19 meeting and presented an update of implementation activities in FIP countries, which are also supported by the FCPF Readiness Fund. The FIP has also continued to take advantage of the established FCPF roster of experts for the independent review of investment plans prior to their endorsement by the FIP Sub-Committee.

BioCarbon Fund

The BioCarbon Fund (BioCF) is a public-private carbon fund, operational since 2004, that pioneers projects that sequester or conserve carbon in forest- and agro-ecosystems, mitigating climate change and improving livelihoods. The overall goal of the Fund is to demonstrate that land-based activities can generate high-quality emission reductions with strong environmental and socio-economic benefits for local communities. In the first-generation trust funds, about 80 percent of the BioCF's resources were earmarked for afforestation and reforestation projects under the Clean Development Mechanism (CDM); the remainder was allocated to REDD+ and sustainable land management projects (including agriculture). BioCF projects have a range of different objectives, including fuel wood production, timber production, and environmental restoration. With the development of 10 CDM- or VCS-approved methodologies and a variety of capacity and outreach activities, the BioCF has actively promoted the development of the forest carbon market and pioneered forest carbon transactions on the basis of local know-how. The BioCF delivered 80-90 percent of the carbon assets to its Participants. Most of the carbon assets will be used to meet compliance targets under the UNFCCC's Kyoto Protocol, which ended in 2012.

Leveraging lessons and experience from a successful track record on project-based carbon finance in the land-use sector, the BioCF embarked on a new initiative in FY13, the Initiative for Sustainable Forest Landscapes (ISFL). The ISFL builds on the lessons and experience from a successful 10-year track record on project-based carbon finance in the land-use sector. The multilateral facility promotes and rewards reduced greenhouse gas emissions from the land sector, including REDD+, more sustainable agriculture, as well as smarter land-use planning and policies. ISFL will help countries identify and promote climate-smart agricultural and low-carbon land-use practices in selected geographical areas where agriculture is a major cause of deforestation. The initiative will build a portfolio of jurisdictional programs spread across diverse geographies that have significant impact and transform rural areas by protecting forests, restoring degraded lands, enhancing agricultural productivity, and by improving livelihoods and local environments.

The ISFL has made progress since its inception in 2013, establishing policies, guidelines, and processes essential for the administration of the Initiative. Further, the Initiative has identified, selected, and opened jurisdictional windows as part of its portfolio. The first jurisdiction to be added to the ISFL pipeline was Oromia, Ethiopia. In FY15, the ISFL also added a program in Zambia's Luangwa valley.

REDD+ Partnership

During FY15, the FMT again served as Secretariat of the REDD+ Partnership. The FMT oversaw the completion of key priorities of the REDD+ Partnership's 2014 work program, including organizing the final REDD+ Partnership global meeting in Lima (November 2014), contracting a scoping paper on public private partnerships, and procuring an analysis of the 2014 data from the Voluntary REDD+ Database. At the Lima meeting, partners decided to close the REDD+ Partnership, but opted to continue the internet-based Voluntary REDD+ Database for two more years in order to collect and publish transparent data on international public funding for REDD+. Responding to this request, the FMT developed a detailed work plan and two-year contract, which was awarded to FAO. The FMT will continue to manage and provide quality control for the contract throughout 2015 and 2016, thus ensuring the continuation of the database.

Issues and Challenges

5

The overall progress on FCPF outputs and outcomes as intended for the FY15 reporting period has been satisfactory. While progress has been made to resolve previously identified challenges related to disbursement and country-level Monitoring and Evaluation (M&E) reporting, the Facility Management Team (FMT) will continue its efforts to monitor and address these with further follow-up action in FY16.

5.1. Disbursements

In FY15, the recent trend of an acceleration in grant disbursements continued. The $16.4 million in grants disbursed during FY15, represented an increase of over 100 percent compared to the previous year. In addition, the number of new readiness grants signed in FY15 increased from 22 to a total of 35. Six countries reached mid-term status in the past year and are now in the process of signing additional grants of $5 million each. It is therefore expected that disbursement will continue to increase significantly in the coming year.

However, several countries are yet to sign their grant agreements and others may benefit from increased attention to disbursement targets. The FCPF will continue to assist countries in meeting disbursement targets based on a set of actions presented and discussed at PC16 in December 2013 (refer to FMT Note 2013-6).

5.2. Country-level M&E Frameworks and Readiness Reporting

Compared to the previous year, country progress reporting in line with the FCPF's Monitoring and Evaluation Framework improved in FY15. All countries with signed grant agreements reported on progress. While countries applied the PMF's new reporting format, the quality of the reporting continues to vary widely.

A number of countries (i.e., Ghana, Kenya, Liberia, and Nepal amongst others) can draw on their national M&E systems for robust monitoring data of national REDD+ readiness and emerging REDD+ programs. A national M&E system helps countries keep track of activities and results, as well as identify and address gaps. However, at the overall portfolio level, progress with the development of national level M&E frameworks has been slow.

In FY15, the FMT continued to reach out to countries to offer guidance and support for preparation of M&E frameworks, but demand has remained low.

The independent evaluation of the FCPF in FY16 may provide an opportunity to review the FCPF's M&E Framework, consider the relevance of all criteria and indicators in the current PMF and identify barriers for country reporting.

5.3. Operationalizing Private Sector Commitments

In FY15, the FCPF engaged with private sector companies in the context of emerging ER Programs to identify opportunities for facilitating partnerships between REDD+ country governments and companies that produce, trade, or buy agricultural commodities that impact on forests. One of the main challenges encountered was a disconnect between company commitments and pledges made at headquarters and the reality in decentralized company offices on the ground. In some instances, local company representatives were not ready to commit to deforestation-free products. To bridge this gap, the FCPF has reached out to both company headquarters and local country offices in parallel in an effort to achieve shared objectives. The FCPF is further exploring partnership opportunities by focusing on existing sustainable agriculture activities and initiatives by companies in the ER Program area.

5.4. Leveraging Investment Finance

The cost of ER Program implementation may often exceed potential carbon payments that countries can generate from verified emission reductions. Countries are aware that REDD+ is not serving to provide full cost recovery of the implementation cost of REDD+ activities that a country may carry out. As such, countries are increasingly focusing on identifying and aligning various streams of upfront investment finance to cover implementation cost. The FCPF has been supporting countries in identifying potential sources of investment finance. However, additional sources, including through innovative financing mechanisms may be needed. In FY16, the FCPF will continue to provide guidance on innovative financing options as well as support countries with leveraging traditional investment finance.

FCPF

supports countries efforts to achieve emission reductions from deforestation and/or forest degradation, and to benefit from possible future systems of positive incentives for REDD+.

Risk:

Across the portfolio completion of SESAs and ESMFs is still low.

Monitoring of Assumptions and Risk

6

The following table presents a snapshot of assumptions identified in the Log Frame against key impacts, outcomes and outputs, the level of risk associated with these assumptions, and the proposed mitigation measure as relevant. An assumption in most cases indicates areas/circumstances that are beyond the control of the governance framework of the FCPF.

However, tracking of assumptions is important to gauge unforeseen consequences in case the assumptions did not hold true. Reference to the impact, outcome and output where the assumption was referenced in the Log Frame of the M&E Framework is included in Column 1 of the table. A second table with new risks that were previously not identified in the Log frame is also included.

Level at which assumption is referred to in LF	Original assumptions from LF	Current level of risk	Explanation of risk rating	Mitigation measure proposed
Impact 1.1 Outcome 1 Output 2.3 Outcome 3 Outcome 4 Output 4.3	Global climate change negotiations under UNFCCC remain supportive.	Low	Technical aspects on REDD+ have been agreed on and the remaining uncertainty is the inclusion of REDD+ in a new climate agreement.	The risk associated with this assumption is beyond the direct control of the FCPF. The FCPF continues to remain responsive and to inform the negotiation process.
Outcome 1 Outcome 3 Outcome 4	The incentives provided by REDD+ schemes are sufficient.	Low	The risk relates to incentives for countries to advance to the Readiness Package, stakeholder engagement, and knowledge dissemination of experiences. Sufficient resources are available to countries through the FCPF, other bilateral and multilateral resources to advance to the R-Package, while maintaining adequate levels of stakeholder engagement.	No mitigation measure is required at this stage.
Outcome 1	For purposes of the Readiness Fund, submission of the R-Package by REDD+ Participants is voluntary.	N/A	–	The assumption does not require monitoring.
Outcome 1	There are no extraordinary circumstances in the country that prevent submission of RPs.	Medium	At the portfolio level, some countries have socio-political circumstances that could slow submission of the R-Package.	No mitigation measure is required at this stage at the portfolio level.

Level at which assumption is referred to in LF	Original assumptions from LF	Current level of risk	Explanation of risk rating	Mitigation measure proposed
Output 1.2	Plans and targets were realistically assessed by technical experts before approval in view of existing baseline capacities and participant countries' contexts.	Low	R-PPs of all 45 active countries have been assessed by the PC. At the portfolio level, signing of grant agreements has significantly increased with 35 signed grants. It is expected that all grant agreements will be signed by end of FY16, with the exception of special circumstances.	DPs are actively pursuing signed grant agreements.
Output 1.3	The political and socio-economic context in the Participant countries remains stable enough over the implementation period so that the capacity built remains in place.	Low	The overall risk at the portfolio level associated with the political and socio-economic context for readiness implementation remains low.	The diversity of REDD+ countries in the portfolio is a built-in mitigation measure.
Outcome 2	Interest in performance-based payments remains high enough.	Low	The interest of donors in performance-based payments schemes has been high in the reporting period. Interest in performance-based payments by REDD+ countries is evident from the additional ER-PINs and early ideas presented to the CF.	The risk will be monitored continuously in the forthcoming periods.
Output 2.2	A large enough number of countries have the capacity to meet all standards and FCPF/DP administrative processes do not put undue burden on the CF operation.	Medium/ High	The assumption is in relation to the likelihood of countries entering the CF portfolio. The risk rating is subjective and based on the early feedback from REDD+ countries in the course of the development of the MF.	Piloting of the MF in the first few REDD+ countries is proposed and will provide a realistic assessment of country capacity to meet the standards.
Output 2.4	Five REDD+ countries have signed ERPAs by 2015.	High	The successful selection of ER-PDs will indicate the timelines for ERPA signing and program implementation. The term of the Carbon Fund has been extended until 2025 to allow adequate time for ER Program development and implementation.	The business process (under preparation) is realistic.
Output 3.1	Relevant guidelines in the Common Approach are followed and processes such as SESA are actually implemented in countries, providing for a receptive environment.	Low/ Medium	The SESA process is starting to be rolled out in readiness implementation in several countries.	At the portfolio level, some stakeholder groups identified a need to enhance in-country understanding of the SESA. Among other efforts, the FMT has held regional-level, social inclusion workshops to mitigate this gap and ensure proper SESA implementation.

Level at which assumption is referred to in LF	Original assumptions from LF	Current level of risk	Explanation of risk rating	Mitigation measure proposed
Output 4.2	Events managed directly by countries (not organized by FMT itself) are timely and effectively planned to feed into the process of learning and involve key stakeholders.	Medium	There is diversity in the FCPF portfolio on how events are managed at the country level. Assessment is based on feedback. Broad feedback received by the FMT from country stakeholders suggests that processes in country have been inclusive.	Countries continue to enhance communication and stakeholder engagement capacity through readiness grants and other bilateral sources.

New risks/previously unidentified risks that have a bearing on annual work planning and intervention logic	Mitigation measure proposed
1. Weak procurement capacity has delayed the start of readiness implementation in some countries.	Readiness grants are recipient-executed and are supporting the hiring of procurement experts and/or the procurement training needs of relevant staff of the national REDD+ coordination office.

FY15 Financial Report of the Facility

7

The value of grant allocations to REDD+ Countries at the end of FY15 was about $211 million whilst signed grant agreements represent firm commitment of over $143 million.

7.1. Financial Overview of the Facility

Committed funds to the Readiness Fund and the Carbon Fund of the FCPF at the end of FY15 total almost $829 million, with $373 million committed to the Readiness Fund and $456 million committed to the Carbon Fund (see Tables 6 and 12). Both funds are well-resourced with committed funding more than adequately covering *current* funding needs.

Fund balances at the end of FY15 total $723 million, made up of $276 million in the Readiness Fund and $447 million in the Carbon Fund, with cash balances of $227 million in the Readiness Fund and $351 million in the Carbon Fund (see Tables 5 and 11).

The value of grant allocations to REDD+ Countries at the end of FY15 was $211 million (Table 10) whilst signed Grant Agreements represent firm commitments of over $143 million. Grant disbursements from the Readiness Fund have continued to accelerate such that at the end of FY15 they were $61 million, including transfers to Delivery Partners other than the World Bank for onward transfer to REDD+ Countries of $26.6 million (Table 5). That end of FY15 figure equates to a nearly 50 percent increase of the cumulative grant disbursement figure in a single fiscal year.

7.2. The Readiness Fund

7.2.1. Fund Balance

Table 5 shows the summary financial statement for the fund from the opening of the fund to the end of FY15. The Readiness Fund balance at the end of FY15 is a healthy $276 million, with a cash balance of $227 million. The difference of $49 million is represented by outstanding contributions from the European Commission and Norway as shown in Table 6.

Total Donor Contributions received to date are $324 million. Investment income of $9.9 million brings the total receipts to date to nearly $334 million. Total disbursements to the end of FY15 are nearly $107 million and consist of $45.7 million in cash disbursements, $34.4 million in grants to REDD+ countries, and $26.6 million in disbursements to Delivery Partners for Readiness Grants to countries.

Total new funds into the account during FY15 amounted to about $29 million, made up of donor contributions of $27 million (see Table 6) and investment income of $2 million earned on the account balance. Total disbursements on a cash basis during FY15 were $27 million, made up of cash expenditures of $6.9 million, grant disbursements of approximately $16.4 million, and disbursements to Delivery Partners for grants of $3.8 million.

7.2.2. Funding Sources

a) Donor Contributions

Table 6 presents the committed contributions to the Readiness Fund as at the end of FY15. The fund continued to grow in financial terms during FY15, with total contributions of $373 million at the end of FY15 compared to a total as at the end of FY14 of $357 million. The additional commitment from Germany during FY15 of almost $24 million represents a good portion of this increase. However this gain was offset slightly by unfavorable exchange rates affecting outstanding contributions.

In terms of cash, the Readiness Fund received donor contributions of $27 million over the past year. This was made up of $23.8 million from Germany, and $3.2 million from Finland. This brought the total cash contributions to the end of FY15 to $323.6 million. This leaves outstanding contributions of $49 million from existing signed agreements to be paid by Norway ($47.8 million) and the European Commission ($1.1 million) into the Readiness Fund in the coming years. These outstanding contributions represent agreed phased contributions spread out over a number of years.

b) Investment Income

Table 5 shows Investment Income figures over the life of the fund. Amounts paid into the trust fund, but not yet disbursed (the fund balance), are managed by the International Bank for Reconstruction and Development (IBRD), which maintains a pooled investment portfolio (the Pool) for all of the trust funds administered by the World Bank Group. Because all Participation Agreements with Carbon Fund Participants indicate that any interest generated by prepaid contributions shall be channeled to the Readiness Fund, the Readiness Fund receives an allocated share of investment income from this Pool which consists of interest for both the Readiness Fund and the Carbon Fund. The total investment income deposited into the

Readiness Fund (on the Readiness and Carbon Fund balance) up to the end of FY15 was $9.9 million. During FY15, investment income on the combined Readiness and Carbon Fund balances amounting to $2.0 million has been credited to the Readiness Fund.

Table 5: FCPF Readiness Fund Summary Financial Statement FY15 (in $ thousands)

Description	Total	FY15	FY14	FY13	FY12	FY11	FY10	FY09
Beginning Balance		224,870	195,830	189,999	165,804	77,695	50,945	
Donor Contributions	323,631	27,014	54,004	30,009	31,538	94,880	32,290	53,895
Investment Income	7,889	2,008	1,960	897	924	732	821	547
Investment Income (transferred from the Carbon Fund)	2,023		2,023					
Total Receipts	333,543	29,022	57,987	30,906	32,462	95,612	33,111	54,442
Cash Disbursements	45,742	6,914	9,373	8,752	5,383	6,421	5,402	3,497
Grant Disbursements*	34,400	16,380	8,173	4,923	2,884	1,082	959	
Disbursements to the DPs for Grants	26,600	3,800	11,400	11,400				
Total Disbursements	106,742	27,093	28,946	25,075	8,267	7,503	6,361	3,497
Fund Balance (cash)	226,801	226,801	224,870	195,830	189,999	165,804	77,695	50,945
plus Outstanding Contributions	48,934							
	275,735							
Fund Balance								

*Includes $599,694 of Bank-executed grant disbursements (FY15 $6,159).

Table 6: FCPF Readiness Fund Donor Contributions as of end of FY15 (in $ thousands)

Participant Name	Total	Outstanding*	FY15	FY14	FY13	FY12	FY11	FY10	FY09
Australia	23,892					6,330	7,997		9,565
Canada	41,360						41,360		
Denmark	5,800							5,800	
European Commission	5,172	1,120		1,364		2,688			
Finland	23,196		3,230		5,261	5,749			8,956
France	10,340					5,136		592	4,612
Germany	76,766		23,784	13,913	13,113		25,956		
Italy	5,000						5,000		
Japan	14,000					4,000		5,000	5,000
Netherlands	20,270				7,635	7,635			5,000
Norway	116,740	47,814		38,727			8,801	16,398	5,000
Spain	7,048								7,048
Switzerland	8,214								8,214
United Kingdom	5,766						5,766		
United States of America	9,000				4,000			4,500	500
Committed Funding	372,565	48,934	27,014	54,004	30,009	31,538	94,880	32,290	53,895

*Amounts may vary due to exchange rate fluctuations.

7.2.3. Funding Uses

a) Cash Disbursements

Cash disbursements represent all non-grant disbursements and total $45.7 million from the opening of the fund to the end of FY15. Table 7 shows the annual expenditures by activity, whilst Table 8 compares the approved budget with the actual expenditures by activity for FY15.

As the FCPF continues progress on grant implementation, annual expenditures have predictably increased in areas with a focus on country support. This is the case for the REDD Methodology Support, Country Advisory Services and Country Implementation Support activities. Total cash disbursements for these country focused activities over the lifetime of the fund represent 75 percent of cash disbursements, whilst administrative costs represent under six percent of total cash disbursements. Combined, the cash disbursements for these country focused activities of $34.2 million with the grant disbursements of $34.4 million and the disbursements to Delivery Partners for grants of $26.6 million, these country focused disbursements represent 89 percent of total disbursements of $106.8 million. Administrative and Secretariat costs (which include the cost of all Participants Committee (PC) and Participants Assembly (PA) meetings, including travel costs for REDD+ country participants and some observers) over the lifetime of the fund of $13.2 million represent just 12 percent of total disbursements of $106.8 million, whilst administrative costs alone represent less than three percent of total disbursements. Refer to Tables 5 and 7 for details.

The FY15 budget for the Readiness Fund net of Shared Costs of $10.3 million compares to the total Readiness Fund expenditures for the year of $6.9 million (see Table 8). The fiscal year therefore closed with spending at 67 percent of budget and an underspend of over $3.4 million.

Expenditures on Readiness Trust Fund Administration costs were 80 percent of budget. These administrative costs reflect the work of all World Bank staff involved in fund management, contributions management, accounting, specific legal operations related to the facility as a whole, and other services required by the Readiness Fund Trustee, including making the arrangements for the Monitoring and Evaluation Framework for the FCPF. These lower than anticipated expenses reflect the team's gaining efficiencies as stability grows around key routine tasks.

FCPF Secretariat expenses were $1.3 million, or 76 percent of the activity budget of $1.7 million. Expenditures included the standard costs for program management, organization of the annual PA and PC meetings, and travel costs for REDD+ countries and some observers to those meetings. Increasingly, knowledge and learning events on REDD+ and other key partner meetings (e.g., the UN-REDD Programme or REDD+ Partnership) are jointly organized to maximize the use of participant time. FCPF Secretariat costs include the costs of hosting and maintaining the FCPF website, communications to FCPF stakeholders, and translation of FCPF materials. Part of the $400,000 underrun is due to a video communications project that was put on hold as well as lower translation costs due to fewer than anticipated large technical documents (R-Packages) requiring that costly service.

With the budget for REDD Methodology Support activities set at almost $1.3 million for FY15, and total expenditures at $1.1 million, spending was 85 percent of FY15 plans. Costs reflect the low Technical Advisory Support (TAP) expenses (consulting contracts, travel, and meeting costs) again due to fewer than anticipated R-Packages coming to the Participants Committee requiring review. The underspend of $186,000 is also due to delays in the REDD+ Program Cost Assessment work, which has been budgeted for and will be completed in FY16.

The expenses recorded for Country Advisory Services came to about $1.9 million, or about 92 percent of the $2.1 million originally budgeted in FY15. The majority of these costs came from Facility Management Team (FMT), forestry, and social development staff advice and guidance to REDD+ countries on

Table 7: FCPF Readiness Fund Cash Disbursements (in $ thousands)

Activity	% of Total	Total	FY15	FY14	FY13	FY12	FY11	FY10	FY09
Readiness Trust Fund Administration	6%	2,683	327	397	404	356	366	362	471
FCPF Secretariat	23%	10,555	1,299	1,515	1,690	2,056	1,685	1,321	989
REDD Methodology Support	21%	9,722	1,071	1,796	1,842	999	1,921	1,266	827
Country Advisory Services	20%	9,185	1,881	2,342	1,750	1,073	545	793	801
Country Implementation Support	33%	15,293	2,676	3,730	3,213	1,701	1,904	1,660	409
IP and CSO Program	6%	2,587	480	751	1,089	267			
Total Readiness Fund (including Carbon Fund Shared Costs)		50,027	7,735	10,532	9,988	6,452	6,421	5,402	3,497
Less Carbon Fund Shared Costs	-9%	(4,285)	(821)	(1,159)	(1,236)	(1,069)			
Total Readiness Fund	100%	45,742	6,914	9,373	8,752	5,383	6,421	5,402	3,497

their programs. Expenditures in FY15 included specific work on Governance and Grievance Redress Mechanisms as well as SESA and ESMF Risk Management.

Costs for Country Implementation Support totaled $2.7 million, or 69 percent of the planned budget. This spending covers the direct assistance of Delivery Partner country teams to REDD+ countries, including technical assistance, grant supervision, and assessments provided to the PC.

Overall, the largest share ($1.6 million) of the Readiness Fund underspend continues to be due to delays in implementing the new Capacity Building Program for Indigenous Peoples, Civil Society Organizations and other forest dwellers (the IP and CSO Program). The principal reason for these delays is the change to a new process and structure whereby IP and CSO Communities administer the Capacity Building Program themselves through six Regional Intermediaries (three for IP groups and three for CSO groups). The budget for this Program for FY15 of $2.1 million includes support through contracts/grants of $1.6 million. The unspent balance on contracts/grants will be carried over to future financial years since the life of the program was extended to FY17 as agreed at PC17 in Lima, Peru.

b) Shared Costs

As part of the approval of the Readiness Fund budget, the FCPF Charter indicates that the PC shall make decisions on all Shared Costs for activities that cut across and benefit both the Readiness and Carbon Funds. In practice, the Shared Costs have typically included FCPF Secretariat and REDD+ Methodology Support activities, such as the costs of travel and expenses for REDD+ countries to attend the Participants Assembly and PC meetings and the work of the TAPs.

Pursuant to the Charter, the Readiness Fund pays 65 percent and the Carbon Fund pays 35 percent of Shared Costs, unless the PC decides otherwise. The PC approved resolutions waiving cost sharing through the end of FY11 (to reflect the fact that the Carbon Fund was only fully operational as of May 2011) and paying 100 percent of the Shared Costs from the Readiness Fund. In addition, the PC agreed that cost sharing at the 65/35 level would commence from FY12 onward. However, there is an important caveat in Resolution PC/8/2011/8 approved in March 2011, in that the PC agreed to a lifetime cap of $12 million on the Shared Costs that it will charge to the Carbon Fund. This resolution responded to the concerns of several existing and potential Carbon Fund Participants that an upward limit be placed on such costs given that the PC otherwise makes all decisions regarding their composition and annual approvals.

Shared Costs transferred to the Carbon Fund for FY15 were about $200,000 under budget at $0.8 million. Shared Costs over the lifetime of the Facility up to the end of FY15 are on track to remain well under the lifetime cap of $12 million as they currently stand at $4.3 million (see Tables 7 and 8).

c) Grant Disbursements

An important aspect of the Readiness Fund is that it makes available grant funding to countries—the grants are now up to $3.8 million per REDD+ country—in support of country-led readiness work. The REDD+ countries manage and utilize the grants for REDD+ activities and expenses. These are counted as disbursements in World Bank financial statements only after the REDD+ country completes reimbursement from the grant resources. By the end of FY15, 26 Readiness Preparation Grants were disbursing—more than double the figure at end FY14. Signed Formulation, Readiness Preparation, and Additional Funding (of up to $5 million) grant agreements, represent firm commitments of over $143 million.

Grant disbursements from the Readiness Fund have accelerated as predicted and at the end of FY15 were $61 million, including transfers to Delivery Partners other than the World Bank for onward transfer to REDD+ countries of $26.6 million (see Table 5).

Grant disbursements, excluding those through Delivery Partners other than the World Bank, total more than $34.4 million at the end of FY15, a continued exponential increase on previous years. Grants disbursed during FY15 were $16.4 million, representing an increase of over 100 percent on the previous year. Of the total grant disbursements to date of approximately $34.4 million, more than $20 million of these disbursements have been made in Africa. The details of the grant disbursements are provided in Table 9.

In addition, disbursements to Delivery Partners for grants of $26.6 million represent seven Readiness Preparation Grants of $3.8 million, three each in FY13 and FY14 and one more in FY15.

Table 8: FCPF Readiness Fund Cash Disbursements for FY15 (in $ thousands)

Activity	Budget	Actual Expense	Variance	Expense Rate (%)
Readiness Trust Fund Administration	410	327	83	80
FCPF Secretariat	1,719	1,299	420	76
REDD Methodology Support	1,257	1,071	186	85
Country Advisory Services	2,050	1,881	169	92
Country Implementation Support	3,880	2,676	1,204	69
IP and CSO Program	2,065	480	1,585	23
Total Readiness Fund (including Carbon Fund Shared Costs)	11,381	7,735	3,646	68
Less Carbon Fund Shared Costs	(1,042)	(821)	(220)	
Total Readiness Fund	10,339	6,914	3,425	67

Table 9: FCPF Readiness Fund Grant Disbursements (in $ thousands)

Description	Total	FY15	FY14	FY13	FY12	FY11	FY10
AFRICA							
Burkina Faso							
Cameroon	1,047	476	379	134	3	55	
Cote d'Ivoire	728	728					
Democratic Republic of Congo	5,732	2,202	1,161	1,381	797	14	177
Ethiopia	1,552	694	258	400		100	100
Ghana	3,386	1,204	1,270	312	400		200
Kenya	170					170	
Liberia	1,458	682	289	305		107	75
Mozambique	1,849	851	911	87			
Republic of Congo	2,538	1,244	481	237	381	108	87
Togo	344	344					
Uganda	1,500	1,334			(14)	140	40
AFRICA subtotal	20,304	9,760	4,749	2,856	1,567	694	679
LATIN AMERICA & CARRIBEAN							
Chile	300	300					
Colombia	200				66	134	
Costa Rica	2,446	1,431	479	375		22	139
El Salvador	192		42	98	52		
Mexico	665	665					
Nicaragua	1,009	431	378	77	123		
LATIN AMERICA & CARRIBEAN subtotal	4,812	2,827	899	550	241	156	139
EAST ASIA & PACIFIC							
Indonesia	3,165	167	1,233	1,247	518		
Lao PDR	478	305				123	50
Thailand	200			163	37		
Vanuatu	313	186		106	21		
Vietnam	1,586	1,085	501				
EAST ASIA & PACIFIC subtotal	5,741	1,742	1,734	1,516	576	123	50
SOUTH ASIA							
Bhutan	637	637					
Nepal	2,906	1,414	792		500	109	91
SOUTH ASIA subtotal	3,543	2,051	792		500	109	91
Total Grant Disbursements	34,400	16,380	8,143	4,923	2,884	1,082	959

7.2.4. Financial Commitments over the Longer Term

Since the term of the Readiness fund runs until December 31, 2020, the annual budgets need to fit into a long-term financial planning framework consistent with World Bank policies for the financial management of trust funds. These policies generally require funds to be fully set aside for commitments made by the participants as well as for meeting the fiduciary obligations entered into by the World Bank as Trustee.

In order to plan resources over this longer-time horizon, the PC issues resolutions from time to time to establish funding priorities and commitments for the coming years. These commitments are considered "notional" when the PC has set aside or allocated financial resources of the Readiness Fund that are not yet signed into formal grant agreements or contracts. They are converted to "full" commitments once the grant agreements (or vendor contracts) are signed by recipients and/or by the World Bank as Trustee of the Readiness Fund, or expenditures are made.

As noted earlier in the report, full signed commitments amount to almost $143 million. However, there has been a considerably higher level of notional grant commitments made by the FCPF to REDD+ countries. Table 10 provides a more complete picture of the level of these notional commitments, together with the necessary notional commitments to operate the fund for its full term, including the direct implementation support costs and associated country services costs.

This long-term financial plan includes commitments for the operation of the Secretariat by the FMT and the trustee role of the World Bank over the full term of the Readiness Fund—reflecting the fact that the Facility is expected to be fully active through that time.

Table 10 shows the long-term notional commitments or planned uses of the fund. The table shows that, as of the end of FY15, notional commitments of full grants to all 45 active countries and the estimated associated costs of the fund during its lifetime amount to nearly $280 million.

Total committed funding to the Readiness Fund as of June 30, 2015, is $372.6 million (see Table 6). This level of funding is therefore adequate to meet the notional commitments of full Readiness Preparation Grants of up to $3.8 million to all 45 active selected REDD+ countries, together with the estimated costs of the fund during its lifetime, including the estimated associated country services for those countries. Funds are also available to provide additional grants of up to $5 million for up to 22 countries showing significant progress.

Table 10: Summary of Long-Term Sources and Uses of Readiness Funding as of June 30, 2015 (in $ millions)

Explanation	of which	Totals
Committed Funding		372.6
Committed Uses for Funds		
Commitments (grants) to REDD+ countries (47 @ $3.8 million)	178.6	
Additional grant funding to 8 Countries (Costa Rica, DRG, Ghana, Indonesia, Liberia, Mexico, Republic of Congo, and Vietnam) for REDD+ countries that demonstrate significant progress on readiness	40	
Less grants to REDD+ countries who did not submit R-PPs by PC14 (2 @ $3.8)[1]	(7.60)	
Net Grant Commitments		211
Administrative, Operations, and Country Support		83.5
FY09–FY15 Actual costs	47.7	
FY16–FY21 Projected costs	33.8	
Reserve for Delivery Partner capacity for dispute resolution	2.0	
Total Uses		294.5
Estimated Reserve: Committed funding less Total Uses		78.1
Proposed Commitments	Per country	Totals
Additional grant commitments for those that demonstrate significant progress on readiness ($5 million grant plus 0.3 million for support costs per country for 14 additional countries (total of 22 countries)	5.3	74.2
Total Potential Additional Uses		74.2
Total Surplus		3.9

1. Bolivia, Gabon.

7.3. The Carbon Fund

7.3.1. Fund Balance

Table 11 shows the summary financial statement for the fund from the opening of the fund to the end of FY15. The Carbon Fund balance at the end of FY15 is a healthy $446 million, with a cash balance of $351 million. The difference of $96 million is represented by outstanding balances on promissory notes, and outstanding contributions from Germany and the United Kingdom.

Total Donor Contributions received to date are $369.5 million. Total disbursements to the end of FY15 are $9.1 million, made up solely of cash disbursements. The Carbon Fund has only been fully operational since May 2011, so there are no payments for emission reductions to date.

Total receipts during FY15 were $32.1 million, all from donor contributions from Germany (see Table 12).

All Participation Agreements with Carbon Fund Participants indicate that any interest generated by prepaid contributions shall be channeled to the Readiness Fund. For this reason, there is no investment income to report for the Carbon Fund.

Table 11: FCPF Carbon Fund Summary Financial Statement FY15 (in $ thousands)

Description	Total	FY15	FY14	FY13	FY12	FY11	FY10	FY09
Beginning Balance		316,474	293,275	122,283	86,390	24,700	20,356	
Donor Contributions	369,503	32,108	27,280	171,866	36,912	71,800	4,181	25,356
Investment Income (transferred to Readiness Fund)			(2,023)	901	520	256	346	
Total Receipts	369,503	32,108	25,257	172,767	37,432	72,056	4,527	25,356
Cash Disbursements	9,109	2,846	2,058	2,117	1,539	366	183	
ER Payments								
Total Disbursements	9,109	2,846	2,058	2,117	1,539	366	183	
less Promissory Note balances	(9,569)	5,089		342		(10,000)		(5,000)
Fund Balance (cash)	350,826	350,826	316,474	293,275	122,283	86,390	24,700	20,356
plus Outstanding Promissory Notes	9,569							
plus Outstanding Contributions	86,554							
Fund Balance	446,949							

Table 12: FCPF Carbon Fund Donor Contributions as of end of FY15 (in $ thousands)

Participant Name	Total	Outstanding*	FY15	FY14	FY13	FY12	FY11	FY10	FY09
Australia	18,393					5,658	12,735		
BP Technology Ventures	5,000						5,000		
Canada	5,015					5,015			
European Commission	6,709							362	
France	5,000						5,000		6,347
Germany	126,244	15,904	32,108	27,280	6,556	15,443	21,125	3,819	4,009
Norway	171,310				161,310				10,000
Switzerland	10,796					10,796			
The Nature Conservancy	5,000								5,000
United Kingdom	88,590	70,650					17,940		
United States of America	14,000				4,000		10,000		
Committed Funding	456,057	86,554	32,108	27,280	171,866	36,912	71,800	4,181	25,356

*Amounts may vary due to exchange rate fluctuations.

7.3.2. Funding Sources

Table 12 presents the committed and pledged contributions to the Carbon Fund as at the end of FY15. While the Fund continued to enjoy great financial health during FY15, exchange rate fluctuations (a stronger USD) affecting outstanding contributions from Germany and the United Kingdom decreased the value of total contributions to $456 million at the end of the fiscal year compared to a total as at the end of FY14 of $470 million.

In terms of cash, the Carbon Fund received donor contributions of $32.1 million over the past year from Germany. This brought the total cash contributions to the end of FY15 to $370 million, leaving two outstanding contributions of $15.9 million and $70.7 million from existing signed agreements to be paid respectively by Germany and the United Kingdom into the Carbon Fund in the coming years. These outstanding contributions represent agreed phased contributions spread out over a number of years.

7.3.3. Funding Uses

Cash disbursements total $9.1 million from the opening of the fund to the end of FY15. Table 13 shows the annual expenditures by activity, whilst Table 14 compares the approved budget with the actual expenditures by activity for FY15.

The total cash disbursements from the opening of the fund to the end of FY15 of $9.1 million are made up of $3.0 million administration costs, $1.8 million of Program Development costs, and $4.3 million of Shared Costs (see Table 13).

The total Carbon Fund expenditures for the year of $2.8 million compares to the final budget for the Carbon Fund, including Shared Costs, of $7.2 million. The fiscal year therefore closed with spending at 40 percent of budget—an underspend of more than $4.3 million. Refer to Table 14 for details.

Table 13: FCPF Carbon Fund Cash Disbursements (in $ thousands)

Activity	Total	FY15	FY14	FY13	FY12	FY11	FY10
Carbon Fund Administration	3,038	741	626	652	470	366	183
Program Development	1,785	1,283	273	229			
Shared Costs	4,285	821	1,159	1,236	1,069		
Total	9,109	2,846	2,058	2,117	1,539	366	183

Table 14: FCPF Carbon Fund Cash Disbursements for FY15 (in $ thousands)

Activity	Budget	Actual Expense	Variance	Expense Rate (%)
Carbon Fund Administration	665	741	(76)	111
Program Development	5,457	1,283	4,174	24
Shared Costs	1,042	821	220	79
Total	7,164	2,846	4,318	40

Expenditures for Carbon Fund Administration costs were over budget by 11 percent. These administrative costs reflect the work of all World Bank staff involved in fund management, contributions management, accounting, legal, and other services required by the Carbon Fund Trustee, including a share of the costs of the development of the Monitoring and Evaluation Framework for the FCPF. Extensive work by the Legal team as well as extended team support to finalize the ERPA General Conditions accounts for this overspend.

Program Development costs were underspent against budget by almost $4.2 million, making up most of the Carbon Fund underspend for FY15. The bulk of the underspend on Program Development costs was related to the $650,000 allocations made to programs entering the Carbon Fund pipeline and signing a Letter of Intent (LoI). The budget for these allocations was made up of the estimated unspent allocation to the five countries that were invited to join the CF Pipeline in FY14 plus five more $650,000 allocations for countries that could be invited in FY15. Those FY14 invitees are Costa Rica, DRC, Ghana, Mexico and Nepal. The five additional $650,000 allocations were intended for countries that were anticipated to present ER-PINs in FY15, to be approved on a case-by-case basis by CF Participants.

Of the countries selected into Carbon Fund pipeline, only those that sign a Letter of Intent (LoI) gain access to the $650,000 allocations for ER-PD development. As of the end of FY15, of the eleven countries selected into the pipeline of the Carbon Fund, only eight have signed LoIs, thus releasing the $650,000 of ER-PD Development funds. Of the $4.5 million budgeted for these allocations in FY15, only about $740,000 was spent in FY15, representing an underspend of approximately $3.8 million.

As explained earlier, Shared Costs are directly related to the Readiness Fund expenses in two key cross cutting areas: FCPF Secretariat and REDD Methodology Support costs. The expenditure as a result of spending in the Readiness Fund is $220,000 below the budget of $1.0 million, an expense ratio of 79 percent.

7.3.4. Financial Commitments over the Longer Term

Diverging from the Readiness Fund, the life of the Carbon Fund was extended to December 2025 by the Carbon Fund Participants at CF12 (Resolution CFM/12/2015/1) to allow for minimal ERPA terms of at least 5 years accommodating a longer than anticipated program design phase. As outlined in the Readiness Fund section, the annual budgets need to fit into a long-term financial planning framework for each fund that is consistent with World Bank policies for the financial management of trust funds. These policies generally require funds to be fully set aside for commitments made by the participants as well as for meeting the fiduciary obligations entered into by the World Bank as Trustee. The long-term financial plan presented at CF13 in Washington in April 2015 indicates that no more than $420 million would be available for the purchase of emission reductions.

7.4. Budget Approval Process

The budgets for both the Readiness Fund and the Carbon Fund are based on the World Bank's fiscal year (beginning July 1) and are approved annually in accordance with the FCPF Charter. The Participants Committee (PC) is responsible for approval of the annual budget for the Readiness Fund and the Shared Costs of the Facility, whilst the participants of the Carbon Fund are responsible for approval of the annual budget for the Carbon Fund as a separate trust fund.

To date, the PC has approved eight budgets for the Readiness Fund for FY09-FY16, along with some revisions to those budgets during each fiscal year. Five annual budgets have been approved for the Carbon Fund (FY12-FY16). Informal guidance was sought by the Facility Management Team (FMT) for developmental expenditures prior to that time (before the fund became fully operational).

Results Measurement Reporting Framework

8

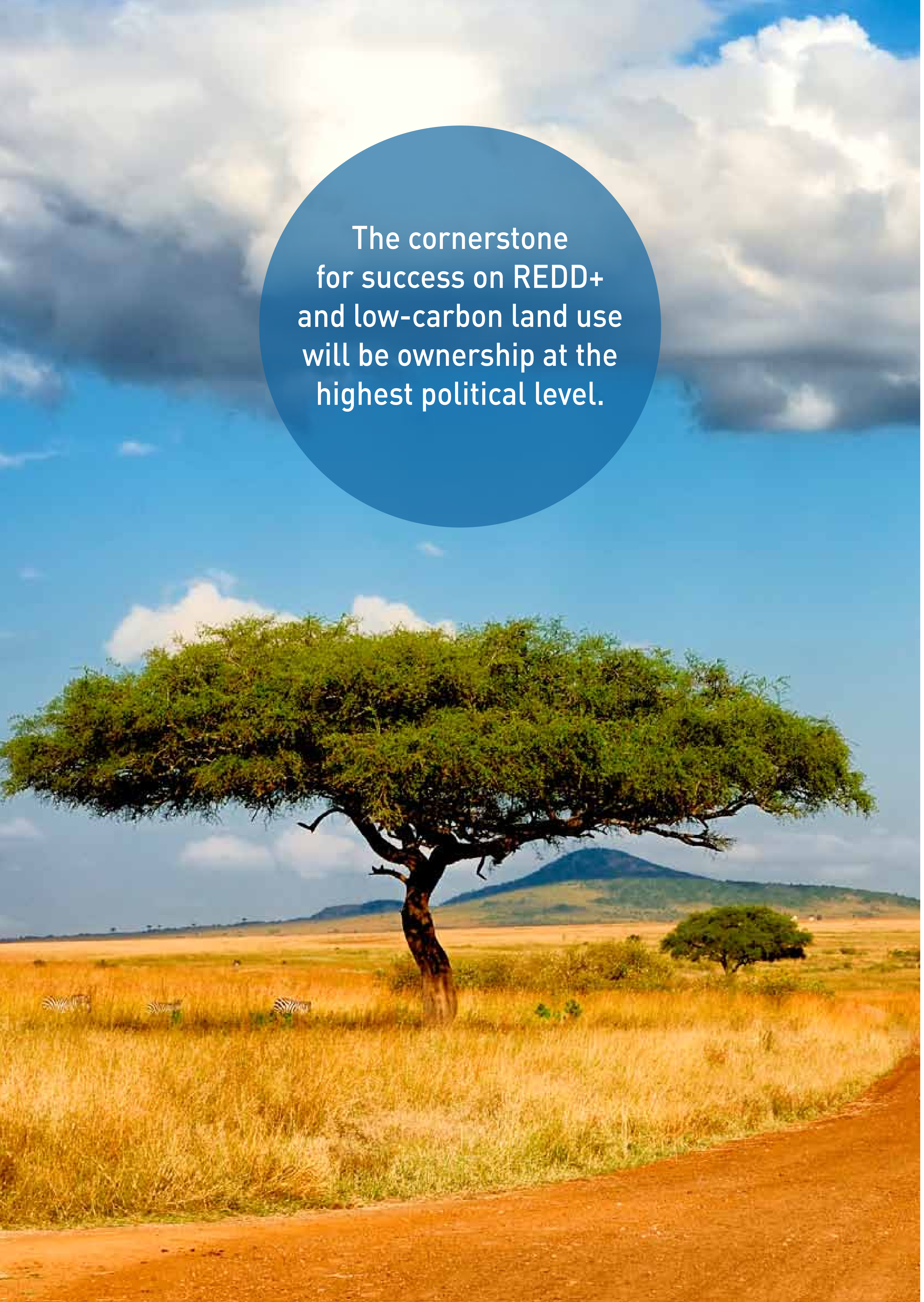
As FY15 is the year in which the FCPF and REDD+ Country Participants transitioned to a new reporting format, data is not consistently available to allow a quantitative analysis.

Impact/Outcome/ Output and Relevant Indicators	Expected #/ Target Year	Current (as of end FY15)	Traffic Light
Impact I.1. The FCPF has contributed to the design of a global regime under or outside UNFCCC that provides incentives for REDD+	Indicators for impacts 1.1 to 1.5 not yet applicable. Impact level indicators will be assessed at the time of the independed evaluation	See section 4 for examples of progress.	
Impact I.2. Reduced emissions from deforestation and forest degradation from FCPF, especially CF portfolio countries	Not yet applicable		
Impact I.3. FCPF has catalyzed the creation of recognized global standards for REDD+	Not applicable target	See section 4 for examples of progress.	
I.4. FCPF has catalyzed investment in REDD+ (CF, and grants)	Not yet applicable	See section 4 for examples of progress.	
Impact I.5. The FCPF has generated momentum to address governance and transparency issues and policy reforms related to sustainable forest resource management and REDD+	Not yet applicable	See section 4 for examples of progress.	
Outcome 1. **Efforts successfully undertaken by countries with FCPF support, to achieve emission reductions from deforestation and/or forest degradation, and to benefit from possible future systems of positive incentives for REDD+ (Readiness Fund)**			
Outcome Indicator 1.A. Number of Readiness Packages endorsed by PC	2 R-packages by 2014, 8 R-Packages by 2015, 20+ R-Packages by 2018	1 R-package	
Output 1.1. Readiness Assessment Framework is agreed upon and disseminated			
Indicator 1.1. Existence of published assessment framework on readiness package	Assessment Framework published following PC14 adoption	Completed	
Output 1.2. Countries demonstrate an adequate plan to achieve preparedness for REDD+ funding			

Impact/Outcome/ Output and Relevant Indicators	Expected #/ Target Year	Current (as of end FY15)	Traffic Light
Indicator 1.2.a. Number of R-PPs endorsed by PC	30+ R-PPs by 2015	45	
Indicator 1.2.b. Number of Readiness Preparation Grant agreements signed	30+ signed grant agreements by 2015	35	
Output 1.3. Countries progress adequately on implementation of their R-PP and Grant Agreements			
Indicator 1.3.a. Number of mid-term progress reports presented by countries that follow agreed reporting standards and are presented in a timely manner	20+ by 2015, 25+ by 2018	9	
Indicator 1.3.b. Percentage of countries that are achieving planned milestones according to approved Readiness Preparation grant (> $3.4 million)	At least 60% of countries have performance that is satisfactory or above	GRMs for FY15 not fully available at time print	
Indicator 1.3.c. Percentage of countries that are overall achieving planned milestones for sub component—as per country annual reporting scale	By 2015, 50% of countries have performance "further development required" in 50% of sub components	66% of countries have performance that is satisfactory or above	
Indicator 1.3.d. Percentage of countries with a disbursement rate that is in line with agreed Readiness Preparation grant (> $3.4 million) disbursement plans of grant agreement (up to 10% variance with plans)	60% (of countries with signed grant agreements)	9/35 or 26% of countries	
Outcome 2. **Selected FCPF countries demonstrate key elements (carbon accounting, programmatic elements and pricing) of performance-based payment systems for emission reductions generated from REDD+ activities with a view to ensuring equitable benefit sharing and promoting future large-scale positive incentives for REDD+ (Carbon Fund)**	Not yet applicable as no ERPA has been signed		
Output 2.1. Standards and preparations in place for high-quality ER Programs discussed and endorsed by CF Participants and/or PC			
Indicator 2.1. Number and types of standards and management tools discussed and endorsed by CF participants and/or PC for ER programs including:			
2.1.a. Methodological framework and Pricing Approach	Fully developed draft by CF7 and final version endorsed by CF8	MF endorsed at CF8	
2.1.b. Business processes (ER-PIN, ERPD, ERPA)	Fully developed draft by CF7 and final version endorsed by CF8	Business process defined	

Impact/Outcome/ Output and Relevant Indicators	Expected #/ Target Year	Current (as of end FY15)	Traffic Light
2.1.c. Legal documents (General Conditions, ERPA term sheet)	Fully defined ERPA Term Sheet draft by PC14 and General Conditions for ERPA endorsed by PC16	Term Sheet is endorsed at PC14; General Conditions endorsed at PC18	
Output 2.2. Countries have entered in the portfolio of the CF			
Indicator 2.2.a. Number of early ideas or ER Programs presented by countries to the CF	10 by 2015	24 early ideas, 11 ER-PINs	
Indicator 2.2.b. Number of REDD countries that have signed ERPA	5 by 2015	0 (8 LOIs signed)	
Output 2.3. Increased levels of private sector investment for incentivizing, testing, and supporting up-scaling of ER activities			
Indicator 2.3.a. Number of private participants in CF	2 new private sector participants by 2014	Target is no longer relevant. New approach for private sector engagement at program level	
Output 2.4. ER Programs are being implemented in a timely manner	Not yet applicable as no ERPA has been signed		
Outcome 3. **Engagement of all stakeholders (government, CSOs, IP, private sector, delivery partners) to sustain or enhance livelihoods of local communities and to conserve biodiversity within the approach to REDD+**			
Indicator 3.A. Design of national REDD strategies, monitoring systems and ER Programs addresses indicators for enhancement of livelihoods of local communities and for biodiversity conservation	All national REDD+ strategies, monitoring systems and ER programs incorporate indicators related related to biodiversity conservation and forest community livelihood development	See section 4 for examples of progress	
Indicator 3.B. Actual examples on the inherent social and biodiversity benefits of REDD+ and how they are used to inform REDD+ agenda and to scale up results	International REDD+ agenda by 2017 is informed by documented results from ER Programs	See section 4 for examples of progress	
Output 3.1. Enhanced capacity of IPs and CSOs to engage in REDD+ processes at the country level			

Impact/Outcome/ Output and Relevant Indicators	Expected #/ Target Year	Current (as of end FY15)	Traffic Light
Indicator 3.1.a. (i). Number and type of examples of in-country REDD+ actions where IPs and CSOs and local communities participate actively	Various new examples exist with strong evidence of IP and CSO active participation and broad community support in REDD+ programs/readiness by 2015	See section 4 for examples of progress	
Indicator 3.1.a. (ii). Examples of resources made available to enable active participation of IPs, CSOs, and local communities in national REDD+ readiness	Examples exist with evidence of resources being made available through national and/or bilateral support to IPs and CSO networks to enable active participation in national REDD+ readiness	See section 4 for examples of progress	
Indicator 3.1.b. Number of IP and REDD+ country CSO representatives (men/ women and/ or youth) that have participated and benefitted from FCPF organized workshops/trainings on SESA, governance, MRV aspects/related aspects of REDD+	At least 20 men and 20 women and/ or 20 youth reps. participated and/or trained per country, in a minimum of 15 participant countries by 2015	See section 4 for examples of progress	
Indicator 3.1.c. Examples of IP and REDD+ country CSO representation in institutional arrangements for REDD+ at the national level	Examples in all REDD+ Participant Countries, of institutional arrangements for national REDD+ readiness where IPs and CSOs are represented	32 countries See section 4 for examples of progress	
Output 3.2. Pilots have been successfully implemented on ways to sustain and enhance livelihoods and conserve biodiversity	Not yet applicable as no ERPA has been signed		
Indicator 3.2.a. Number of countries where stakeholder engagement platforms proposed in RPPs have taken up work and meet regularly	All countries that have signed Readiness Grants	See section 4 for examples of progress	
Outcome 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 shared, disseminated and used by international REDD+ practitioners**			
Indicator 4.A. Number of new countries/stakeholders requesting to become FCPF: - Observers - Members	A number of new requests to become: - country observers - country members	0 countries in FY15	



Impact/Outcome/ Output and Relevant Indicators	Expected #/ Target Year	Current (as of end FY15)	Traffic Light
Indicator 4.B. Examples of utilization of/or reference to FCPF knowledge products	An increasing number of examples exist by 2015 and remains stable afterwards until 2020	See section 4 for examples of progress	Green
Output 4.1. Knowledge products and lessons from piloting of REDD+ in general and FCPF activities in particular are developed and disseminated, in accordance with global knowledge management and communication strategy and annual work plans		See section 4 for examples of progress	
Output 4.2. Participants actively engage in South-south learning activities		Shift in FY14 to focus on country-tailored support	
Output 4.3. Strong visibility of REDD+ and FCPF is achieved			
4.3.a. Number of neutral/positive mentions of FCPF and REDD+ issues in different key media worldwide per X period	Increase in neutral and positive mentions worldwide—TBD in work plans	Yes	Green
4.3.b. Number of negative mentions of FCPF and REDD+ issues in different key media worldwide per year	Decrease of negative mentions worldwide	Improvements on FY14	Orange

Acknowledgments

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