

Forest Carbon Partnership Facility (FCPF)

Readiness Fund

Comments received on FMT Note 2011-12 and Draft PC Resolution (“Enhancing Capacity for Dispute Resolution”)

Please note that the references to the paragraph numbers in the responses refer to the new numbering of FMT Note 2011-12 rev

Comment	Response
General	
1 Thank you for the opportunity to provide comments and questions on the draft of FMT Note 2011-12 on Enhancing Capacity for Dispute Resolution. This Note is significantly strengthened and incorporates information on our earlier comments and questions which is very much appreciated (Australia).	Thank you.
2 Thank you for this revised FMT Note 2011-12 on dispute resolution and the comprehensive responses to questions arising from both Resolution PC/10/2011/4 and FMT Note 2011-11. This latest FMT proposal is stronger and more complete than the previous version and now addresses the substantive concerns that Canada had expressed to the FMT in late-November. Canada supports the revised approach to address dispute resolution and the costs of accountability as proposed in FMT Note 2011-12. The FMT’s significant and ongoing efforts to address these difficult REDD+ financing issues highlight the important piloting function that the FCPF Readiness Fund provides to the broader international community. In this regard, Canada looks forward to our continued participation in the FCPF and towards advancing our common interests in REDD+ finance (Canada).	Thank you.
3 Thank you for the revised draft of FMT Note 2011-12 on Enhancing Capacity for Dispute Resolution. We are in general very comfortable with the constructive "in country"-approach for risk prevention/dispute resolution during implementation of REDD-readiness activities. Thanks a lot for responding to earlier concerns in that respect (Germany).	Thank you.
4 This is a sensitive issue that needs to be discussed deeply and	The discussion and resolution from PC10 recognized the urgency of reaching

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	<p>probably face to face when we meet in March. Although we wish it were not so, as it may delay our process for accessing preparation funds (Guatemala).</p>	<p>agreement on this matter so that Transfer Agreements could be signed between the trustee and DPs (starting with IDB and UNDP), so activities in those countries working with DPs other than the World Bank could move ahead. Delaying a decision on this will further delay activities in at least nine of the 37 REDD Country Participants, including Guatemala. Therefore, it is important to obtain agreement prior to PC11 as provided in the PC10 Resolution adopted in Berlin where the PC established the basis for an approval on a no-objection and intersessional basis before PC11. Most PC members who have commented seem supportive of the general principles of the proposal. The operational details would be agreed between the REDD Country Participants and the DPs and is likely to vary between countries, depending on local circumstances. The REDD Country Participant would, of course, be involved at every stage in this as in other aspects of Readiness grant administration, as the proposal does not alter the way DPs and REDD Country Participants work together but simply provides them with additional resources. An additional paragraph has been added to component 2 of FMT Note 2011-12 as follows: “These activities will always be conducted in agreement and with the involvement of representatives of the REDD Country Participant to ensure consistency with countries’ needs and ongoing capacity-building” (see new para.25). Responses to Guatemala’s specific questions are included below in row 5.</p>
5	<ul style="list-style-type: none"> a) Any of the components will affect the budgets approved by R-PP? Clearly, do all funds to implement the proposal (3 components) have been calculated additionally to the budgets that countries have in their R-PP? b) And if it is additional, there is a maximum amount per country? How to ensure equitable use of these funds? c) The note indicates some references used to calculate the amounts tan can cost the implementation of this proposal, however, the sources are not provided to be consulted and it is not detailed what activities will be funded by these budgets. d) How will decisions be made for the execution of these funds? Are the countries involved as the main REDD+ readiness activities executors? e) Lack of information on how will the implementation of activities will be evaluated, especially who and how delivery partners will 	<ul style="list-style-type: none"> a) The current Readiness Preparation grant cap of \$3.6 million (excluding the possible additional grants of up to \$5 million available to those countries making significant progress, as agreed at PC10), would be raised by \$200,000 to \$3.8 million to provide additional resources to strengthen the national feedback and grievance redress mechanisms (component 1). So there would be no reduction in the existing grant resource allocation to countries. Overall, there would be a need for additional donor resources to the Readiness Fund, which is a question already raised by the discussion on the strategic direction of the FCPF initiated at PC10. b) This increased grant level (\$3.8 million) would be available to all REDD Country Participants. Similarly, the additional resources available under component 2 are available to DPs working with all REDD Country Participants. The modalities for allocation of the additional resources available under component 3 would be determined at a later date as explained in para.33 of the Note, taking into account the principle of equal

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	<p>be assessed? (Guatemala)</p>	<p>access to all 37 countries.</p> <p>c) There are a variety of sources of the financial information in the FMT Note, including the annual budget as approved by the PC, the long-term financial plan of the Readiness Fund as updated by the FMT and presented to the PC from time to time (the overall figures from the latest long-term financial plan were presented to PA4/PC10 as part of FMT Note 2011-10 on the Strategic Direction of the FCPF). Additional budgets are best estimates based on experience in other similar operations.</p> <p>d) As mentioned above in row 4, REDD Country Participants would, as is normal practice, be involved at every stage.</p> <p>e) The details of how the evaluation would be conducted can be agreed by the PC at a later date under the same principles already in place to evaluate other Readiness activities.</p>
<p>6</p>	<p>Mexico would like to thank you for the Notes FMT 2011-12 and 2011-13. We recognize that the content of the Enhancing Capacity for Dispute Resolution (FMT Note 2011-2012) gives new details about the costs of accountability needed, and appreciate that the note describes the activities of each component and the rationale behind them. However, we consider that if the purpose of the allocation is to ensure REDD+ Readiness activities are performed as planned by providing additional investment for enhancing capacities of DP and REDD+ countries, a deeper discussion should occur at PC 11 in order to give an opportunity to REDD countries to further discuss how the support proposed in the note would be better applied at a country level, and if the activities are really based on the countries need (Mexico).</p>	<p>Thank you. It is indeed the intention of the FMT to conduct more detailed discussions on this topic at PC11 (the draft agenda for PC11 was shared with the PC Bureau for comments). It is indeed the assessment of the FMT that the proposal contained in component 1 of FMT Note 2011-12 responds to country needs. This said, if a given REDD Country Participant has a well-functioning feedback and grievance redress mechanism in place, the proposed resources of up to \$200,000 could be used for capacity building among stakeholders, enhancements to the mechanism’s accessibility and effectiveness or, if justified, be reallocated to another activity within REDD+ Readiness. A REDD Country Participant may also elect not to request this additional grant amount. Please also refer to the response to Guatemala’s comments in row 4 above.</p>
<p>7</p>	<p>The Note 2011-12 has improved a lot from the previous version that was presented at PC 10 in Berlin (Note 2011-11). We appreciate the effort you have put into the revised proposal and assume that the content is agreed between the DPs. The Note 2011-12 gives more and better background information about the need for coverage of the costs of accountability. Further, it gives a more precise and detailed overview of the activities needed to prevent and resolve disputes on an early stage. For each of the three components we would like to underline the importance of addressing countries’ needs, i.e. that the proposed activities are based on the countries’ needs all the way and that the countries/local staff are consulted and</p>	<p>Thank you. The FMT Note reflects an agreement among IDB, UNDP and the World Bank, and it is intended to support activities that are based on the countries’ needs while recognizing that different countries have different needs. REDD Country Participants would be consulted and involved in all processes and decisions, as in all other grant supported activities and as clarified in response to the comments from Guatemala and Mexico in rows 4 and 6 above.</p>

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	involved. Further, we support the proposed evaluation of the three components within 2014 (as suggested in § 36), in this regard we would like to propose that the evaluation also look into the issue of countries’ needs if possible (Norway).	
8	We would kindly ask you to specify the time period for the budget proposal in the table under § 31 (Norway).	The time period of the budgeted sums is dependent on the timing of Readiness preparation grants so is effectively part of the overall budgetary allocations over the term of the fund (i.e., until December 2020).
9	As a threshold matter, if there is now concern that the costs associated with high-risk activities are higher than standard overhead rates allow, then there are two options: (1) revise the scope of planned activities to decrease risk; or (2) increase funding to cover increased costs. The first is the more cost effective option and desired from the perspective of protecting biodiversity and respecting the rights of indigenous peoples and local communities. At present, the note addresses only the latter option. In future discussions, the FMT should address the latter option (a viable alternative) and its associated costs and benefits (The Center for International Environmental Law, CIEL).	(For the purposes of this response it is assumed that the recommendation is that the FMT should address the former option, rather than the latter.) It is recognized that the capacity of operational teams deployed by the DPs should be strengthened to improve the ability of these teams to prevent, detect, analyze, mitigate and address the full range of issues and concerns associated with REDD+ Readiness. It is similarly recognized that the issues and concerns are greater than those commonly arising from grants of similar levels managed by the DPs for other activities. However, there are no standard overhead rates across Trust Funds as indicated by Annex 1 of the FMT Note on budget allocations under the Forest Investment Program. Option 1 has been considered and discussed but the consensus view that has emerged over time and is reflected in the R-PP template is that a revision to the scope of planned activities to decrease risk would likely mean that: (i) REDD+ Readiness activities would not be undertaken in some of the REDD Country Participants selected into the FCPF; (ii) some essential readiness activities would not be undertaken; or (iii) some increasingly recognized risks of REDD+ would not be fully addressed. The reduced scope option would only be cost-effective if the underlying assumption is true, that the drivers of deforestation, which the FCPF is designed to address, can be tackled without dealing with the high-risk issues. From the perspective of protecting biodiversity and respecting the rights of Indigenous Peoples and local communities, avoiding high-risk countries, areas or activities is likely to have adverse impacts. All three components outlined in the Note are, in fact, designed to better protect all REDD+ stakeholders, particularly Indigenous Peoples, local communities and relatively less empowered groups.
10	As a matter of principle, it is critical to ensure adequate funding for dispute resolution and due diligence costs. To this effect, we welcome discussion of how to ensure funding for the social and environmental costs associated with high-risk activities such as REDD. High-risk activities do entail greater costs, and international and governmental institutions wishing to undertake high-risk activities	It is inherent to the design of the FCPF (see Charter Section 19.2 (a) (iv)) that the Readiness Fund should cover “the costs in connection to application of the Bank’s Operational Policies and Procedures”. There has been an agreement since the inception of the FCPF that the World Bank’s due diligence costs would be covered by the Readiness Fund (the PC has

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<p>should do so with an informed understanding of those risks and associated costs. While this discussion is best suited to much earlier stages of decision-making, based on a secondary principle of “better late than never,” we appreciate the efforts now being made to ensure that dispute resolution and due diligence are receiving adequate funding for FCPF activities.</p> <p>At the same time, implementation costs are a core operational cost of international institutions. When implementation activities are the proximate cause of conflicts and/or violate laws, policies or procedures, the costs of addressing these is also a core operational cost. When the cost of compliance and conflict is internalized by the implementing entity, it enables decisions that have effectively incorporated the risks associated with non-compliance or escalated conflict. These internalized costs enable institutions to take appropriate precautionary actions to help minimize conflict and promote compliance. As such, to avoid perverse incentives, the primary costs of due diligence and the dispute resolution costs associated with non-compliance of laws, policies or procedures should be borne by the implementing entity. This was reflected in the Common Approach by requiring each delivery partner to have policies and procedures substantially equivalent to the World Bank’s safeguards and by requiring each partner to have an accountability mechanism. To suggest now that due diligence costs generally--and the cost of management responses to allegations of significant violations of laws, policies and procedures--need to be funded with additional resources based on well-established risks would be against the spirit of our understanding of the Common Approach outcome. At the same time, we recognize that there may be unforeseen circumstances where REDD-related activities genuinely yield more conflicts than anticipated, and it is important to make sure that those are adequately addressed (CIEL).</p>	<p>approved annual budgets that include allocations for this purpose). Likewise, it has been understood, since the design of the Multiple Delivery Partner arrangement, that the operating costs of the DPs would be covered (please refer to the PC9 Resolution on MDPs). If the costs of due diligence and dispute resolution activities were to be borne by the DPs, as suggested, this would mean cost-cutting and lowering quality of due diligence for high-risk programs by overstretching resources or having to reallocate resources by dropping other commitments, and could lead to DPs not taking on that role.</p> <p>The core of the proposal is to enhance the REDD Country Participants’ and DPs’ capabilities to engage with a wide variety of stakeholders involved in the Readiness phase of REDD+, identify and mitigate risks, and address disputes as early as possible in order to achieve better development outcomes. This can be deemed a precautionary approach. Indeed, approaches to safeguards in REDD+ Readiness are still being tested, and special care must be taken to protect a variety of communities and social groups to avoid potential adverse impacts.</p> <p>The Common Approach entails requirements related to safeguards and accountability, but does not address the financial implications of these requirements. It is the subsequent PC9 Resolution that provides the framework for dealing with these costs, and it precisely states that the “FCPF Readiness Fund shall cover the full operational costs necessary for Delivery Partners to fulfill their obligations, provided the costs are reasonable”, in line with Charter Section 19.2 (a) (iv).</p>
Component 1:	
<p>11 It would be good to have a focus on transferring the capacity being built by the FCPF-FMT to the country level. As it stands, this component seems to focus on hiring staff to support the REDD+ country’s grievance mechanism, without including the capacity</p>	<p>Capacity building and transfer are the core of the proposals in components 1 and 2. Version 6 of the R-PP template (available since November 23, 2011 on the FCPF website) requires an outline of the proposed feedback and grievance redress mechanism as part of the country’s REDD+ management framework.</p>

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	transfer aspect to the country government (or other relevant stakeholder) itself. Perhaps this is assumed in the component, but it would perhaps be helpful for it to be made more explicitly. This would increase the sustainability of the activities the FCPF is proposing (Canada).	Advice on the mechanism is provided in the R-PP itself (pages 16-17) and the operational teams from the DPs would provide appropriate advice and guidance on this mechanism, as for all other aspects of REDD+ Readiness. This capacity transfer has now been made more explicit in the FMT Note by adding the following sentence in para.19: "Where appropriate and necessary, operational teams from the DPs would provide appropriate advice and guidance on strengthening national feedback and grievance redress mechanisms."
12	In future R-PP submissions will countries need to self-identify and provide breakdown for the exact \$100-200K request towards early establishment of national grievance mechanisms? In the case " <i>for larger countries the funding required might be greater than \$200K</i> " (page 5), is it correct to assume that based on the budget need provided for this component in the proposal that the Fund's contribution will still be limited to \$200K? This criteria of " <i>up to \$200K</i> " might be clarified in the draft Decision being presented for PC consideration (Canada).	Future R-PP submissions are expected to provide a similar level of detail on the budget for the feedback and grievance redress mechanism as on other aspects of the REDD+ management framework through Table 1a and Component 5 of the R-PP template. The draft PC Resolution (circulated on January 6, 2012) spells out that this component only involves an "incremental allocation of US\$200,000 raising the total grant amount to US\$3.8 million per REDD Country Participant". If Countries need additional resources they would have to arrange for additional funding, as is already the case at the moment for other R-PP components.
13	Funding here focuses on resources deployed in the capital, no funding seems to be foreseen for costs for investigating claims in remote forest areas (transportation costs or staff costs of relevant authorities at local level). Clarification requested (Germany).	The mechanism ought to be set up to receive and initiate the process to respond to requests or complaints wherever they come from, and address access issues for vulnerable, isolated or culturally differentiated groups, including remote forest areas. This may also justify the allocation of more funding where appropriate and in agreement with the national government, as is the case for other components of REDD+ Readiness. Para.18 has been modified accordingly to specify that requests or complaints may be placed by any REDD+ Readiness stakeholder in the country. The text in para.19 of the FMT Note has also been revised to read "the additional funding would <i>normally</i> cover the following, <i>or similar</i> , activities".
14	We would like paragraph 18 ii) to be slightly revised to underline that this is about additional staff costs locally and not about employing a consultant or similar. We would in this regard like to underline the importance of building capacity at national level (Norway).	Said paragraph (now para.19) has been revised to clarify the point that the arrangement should reflect country needs and be agreed by the national and local authorities.
15	(re para. 21) Will it be possible to know exactly how much grant is needed in advance? From our point of view, any unused funds should be returned or reallocated if possible (Norway).	The amount of grant would vary from country to country, although the PC is requested to approve a general increase in the cap of Readiness Preparation grants from \$3.6 million to \$3.8. Budgets for this part of the overall REDD Country Participant's management framework would be detailed by the individual countries either as part of their R-PP or as part of the process of amendment of existing grants. The expectation is that countries would only request the amounts they plan to implement as justified in their grant request

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		and, therefore, there would be no unused funds to be returned.
16	<p>Clarify the relationship between national level dispute resolution and the national justice system. The relationship between “national” grievance mechanisms and national judicial systems is unclear (see, e.g. paras 17 & 23.I(c)). The costs of reforming national justice systems would seem to overwhelm the funds available under FCPF. At the same time, there may be certain particular circumstances for which additional funding at the national and subnational levels could yield effective results. For example, FCPF funds could be used to support local level grievance mechanisms for activities that include subnational pilot projects. Additionally, funding could be utilized to train existing officials regarding REDD, safeguards, and international obligations such as human rights (particularly customary rights associated with lands, territories and resources). As such, it would be helpful to provide more clarity on the activities contemplated for national level dispute resolution and its complementary role to the formal justice system (CIEL).</p>	<p>It is not the intention of the FMT’s proposal to reform national justice systems but to build on existing systems to the extent possible. The way this mechanism would operate would vary from country to country depending mainly on whether an existing in-country institution can take on the role or a new entity is required, what capacity exists or needs to be built or transferred, and what obstacles to access need to be addressed. The clarity would come as each country refines the details of its mechanism. It is possible that the additional funding could be utilized to train existing officials, as noted in para.19 (iii) of FMT Note 2011-12.</p>
Component 2:		
17	<p>Footnote 9 indicates that Delivery Partners could use some funding under this component to address claims that are brought to their independent accountability mechanisms. We are concerned that if funding is used for this purpose, there is possibility for the funds to be eroded and not adequately used for the main purpose of strengthening the quality of services provided to the REDD Country Participants by the Delivery Partners. As previously mentioned, we are supportive of this main purpose of Component 2. If some of the funds could be used by DP’s to address claims, we would ask that a cap amount is included in the Note to ensure adequate funding for the main purpose of Component 2 (Australia).</p>	<p>This comment raises a legitimate concern and the DPs are also concerned that critical funds are not used up in the context of an investigation. Nevertheless, it is difficult to agree to a cap without knowing the nature of claims that may be raised. The history of the types of claims that have been raised demonstrates that some claims are relatively concise, and others can be quite broad. For this reason, there has been a fair variability in costs and under the terms of the accountability mechanisms, the DPs do not have discretion as to which claims they answer.</p> <p>The Note proposes that the FCPF follows standard trust fund practice, such as the GEF and the FIP, in providing the necessary resources to operational teams to carry out their overall administrative responsibilities. These responsibilities include assisting DP management in responding to claims brought to their accountability mechanisms. The proposal, particularly component 2, is actually designed to resolve issues before they go to these mechanisms panel and hence to minimize related costs.</p> <p>Not only would the imposition of a cap on any operational function set a precedent, but the lack of flexibility for the DP in the context of a trust fund such as the FCPF, with all of its challenges as outlined in the Note, could impair the</p>

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		<p>DP's ability to respond in an optimal manner. For these reasons, a cap is not recommended. Instead, the annual PC approval of the FCPF budget functions as a control mechanism, through which the PC can make sure that resources are allocated to its satisfaction.</p> <p>As noted in para.29, the PC would be provided with reports on actual costs and experience would be reviewed and reported as part of the agreed lessons learned exercise on the Common Approach.</p>
18	<p>The FMT has made clear that this component includes the core "costs related to DP's formal accountability mechanism." However, (to reiterate our initial comment) given that this was the original focus of the first proposal, it would be helpful to make it even clearer - <i>ie.</i> in the body of the text, rather than in footnote 9, and repeated in the summary table on page 8 (Canada).</p>	<p>As requested, the content of footnote 9 has been moved to a new para.26 in the body of the text. Similarly, the text "including compliance assurance and accountability where needed" has been added to the goal of Component 2 in the summary table in para.34.</p>
19	<ul style="list-style-type: none"> a) Little detail on how costs are executed only indicates when disbursed, but need to indicate how and under what premises the expenditure is approved and disbursed, probably not all countries have the same needs and not the same costs. b) Countries should participate more directly in the implementation and decisions to ensure that proposed activities meet the needs of country c) Will be useful to propose a route or procedure for approval of activities and allocation of respective funds, as well as to evaluate the performance of implementing partners to ensure adequate implementation of funds. (Guatemala) 	<ul style="list-style-type: none"> a) This is an allocation only and, as described in para.29, actual usage would need to be reported. The fact that not all countries would have the same needs and the same costs is also recognized in para.29 of the Note: "(iii) the DP would be able to use the funds differentially across countries". Other modalities are described in para.29 which cater for these variations: "(iv) the DP would be able to carry over funds from one fiscal year to the next; and (v) unused funds would be surrendered at the end of the reference period, as agreed with the Trustee." b) As explained above in rows 4 and 6, DPs would coordinate these activities with REDD Country Participants to ensure that the proposed activities are consistent with needs of the countries, in the same way the DPs and countries work together on other issues, always involving and consulting local staff. To make this clear a new para.25 has been added: "These activities will always be conducted in agreement and with the involvement of representatives of the REDD Country Participant to ensure consistency with countries' needs and ongoing capacity-building". c) The additional activities would always be agreed between the DP and the REDD Country Participant, in the same way they are at present. This Note does not change the way the performance of the DPs would be evaluated.
20	<p>We support the overall idea of strengthening the capacity of the DP's operational teams. Still, we would like to have further information</p>	<ul style="list-style-type: none"> a) As explained above, some of the operational and financial details would still have to be agreed between each REDD Country Participant and its DP.

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	<p>on:</p> <ul style="list-style-type: none"> a) How component 2 will be operational? b) Information on how the budget would be distributed among the subsections presented in paragraph 23. Would REDD countries be consulted? c) What happens if the DP’s technical expertise doesn’t match the county’s needs? Would TDRs be prepared by DP’s and REDD countries together? d) How would it be measured that enhancing capacities of DP’s operational teams will help REDD+ countries on the activities specified in paragraph 23? e) Information on how the 4 million required were calculated (paragraph 24) f) What is the total amount that has already been approved (paragraph 24) g) We consider that the operational teams should have a way to ensure that national talents are also involved h) Who will evaluate the activities of the Delivery Partners? i) Safeguards and rules should be defined to guarantee that the money is spent adequately. (Mexico) 	<ul style="list-style-type: none"> b) The specific budget allocations would likely vary between countries, often depending on the country’s progress. The REDD Country Participant would, of course, be involved at every stage, as noted in the response to Guatemala in row 19 above. c) The proposal is for <i>enhancing</i> DP support to REDD Country Participants and stakeholders. The arrangements between the DPs and the REDD Country Participants will not suddenly change because of this <i>enhanced</i> support. Technical expertise would be procured in the same way it is under current support arrangements and all technical documents should be prepared jointly. The REDD Country Participant is always encouraged to express its needs for technical expertise and discuss those with its DP. d) As mentioned above in the response to Guatemala (see row 19), the Note changes nothing with regard to the evaluation of the performance of the DPs, in particular through the lessons learned from the implementation of the Common Approach. In addition, the PC could request evaluations on specific topics, e.g., the performance of the DPs. The Note seeks to have the PC allocate a realistic level of resources so that the DPs can provide the enhanced support specified in para.24 differentiated according to each REDD Country Participant’s specific needs. e) Additional information on how the \$4 million is calculated has now been provided in the Note and in the response to Norway in row 22 below. f) Additional information on the total amount that has already been approved has now been provided in the Note and in the response to Norway in row 22 below. g) National talent should be involved as much as possible and be fostered through capacity transfer. The operational arrangements between DPs and REDD+ Countries should ensure this, regardless of this proposal for enhanced support. h) With regard to evaluation of DPs, please see response to Guatemala above. i) The Note changes nothing with regard to any mechanisms within the DPs or within the fund to ensure that money is spent effectively.
21	Norway supports the overall idea of better equipped operational teams on the ground. We also support the idea of increased visits to	Thank you. As explained in the response to Guatemala in row 4 above, the REDD Country Participant would, of course, be involved at every stage in all aspects of

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	<p>the countries as it might raise the quality and the knowledge of the operational teams, and hopefully more country knowledge will be made available as a result. We also support the enhancement of stakeholder engagement through more involved DPs. However, it is from our point of view important that the proposed activities are in line with the countries' needs, feasibility and capacity. The proposal must secure that the local staff working with FCPF and REDD+ are always consulted and involved. We would therefore request FMT to add this information and highlight the importance of countries' needs and their capacity (Norway).</p>	<p>Readiness grant administration, and the proposal does not alter the way DPs and REDD Country Participants work together but simply provides them with additional resources. This has now been clarified in the FMT Note with the insertion of a new para.25.</p>
22	<p>The calculation that is provided is a bit unclear: An estimate of \$ 650 000 is needed per country. \$80 000 per year is being allocated to World Bank team, but the Note doesn't give information about the <i>total</i> amount that is already provided/approved, which should be subtracted from the total amount of \$25 mill (\$650,000 per country). We would kindly ask you to clarify and to specify the amounts. Further, it must be consistency between the specific proposal in the Resolution and the Note in this regard. We would also request more detailed budget information for each of the proposed activities (i-iii) (Norway).</p> <p>Is it possible to provide estimates for how much money will be provided for each activity, e.g. roughly quantify the share of possible accountability costs within the overall 650.000 \$? (Germany)</p>	<p>The Note refers to the latest long-term plan estimate although the actual figure included in the long-term plan (about \$20 million), which was not previously mentioned, has now been made explicit in para.27. It is on this basis that an additional \$4 million is required to meet the overall estimate of about \$24 million (\$650,000 x 37 countries).</p> <p>What was footnote 10 (now footnote 9 in the revised version of FMT Note 2011-12) provides more detailed budget information. In any given country, this additional budget would be allocated among the proposed at the discretion of the DP according to technical criteria and in agreement with the REDD Country Participant. Different countries face different needs, so the actual composition of the expenditures would vary considerably from one country to another, as they do now already.</p>
23	<p>Due diligence costs should be covered by the appropriate institution. Safeguards and compliance matters are clearly already a part of the Common Approach. If an institution is unable to adequately cover these costs, it is not yet ready to be a Delivery Partner. As such, it is unclear what the value added is of the approach articulated in paragraph 23. Additionally, the World Bank/IBRD, as both Secretariat and Trustee, retains a level of supervisory responsibility for the implementation of FCPF activities, the costs of which it assumed when it agreed to be both Secretariat and Trustee. It is unclear why existing funding doesn't cover costs, why these are the costs proposed in this note, and why the FCPF is expected to cover costs to the delivery partners beyond what has already been agreed (see, e.g. para 24) (CIEL).</p>	<p>As mentioned above, it is standard procedure for all trust funds and is part of the FCPF Charter and procedures since its inception, that DPs, including the World Bank, recover the costs of due diligence on FCPF supported activities from the FCPF. If the costs of due diligence and dispute resolution activities were borne by the DPs, as suggested, this would decrease the number of DPs willing to serve and/or lead to cost-cutting and lower-quality due diligence for high-risk programs or avoidance of challenging situations.</p> <p>DPs add value through their involvement in preparation support and direct engagement with the REDD Country Participant and enhanced monitoring/supervision during REDD+ Readiness activities because, among other things, they have: (i) project experience; (ii) safeguard systems and the capacity to comply with the Common Approach; (iii) reporting systems that</p>

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		<p>facilitate oversight; (iv) multidisciplinary international teams and networks they can draw on; and (v) other products that can be coordinated with grants to increase effectiveness and efficiency.</p> <p>For clarification, upon the transfer of funds to the DP, the World Bank, as Trustee, shall have no responsibility, fiduciary or otherwise, for the use of the funds transferred, including the implementation or supervision of Readiness activities financed by such funds. Each DP will be directly accountable to the PC.</p> <p>For the reasons explained in the Note, the DPs estimate that existing funding does not provide for a sufficient level of support and engagement to properly address the full range of issues as outlined in the FMT Note. DPs are therefore exercising their responsibility to request the necessary funding to perform their function in an appropriate manner.</p>
24	<p>FCPF dispute resolution funding should not include the cost of management to respond to complaints. It appears that cost estimates may have included the cost of management to respond to complaints and create action plans for requests for investigation. Management costs are core operational functions (see comment number 1 [row 23 above]) and should be significantly lower where international obligation and institutional policies and procedures have been complied with at the outset. To avoid perverse incentives, it is important to specify that any additional dispute resolution funding should not include management response costs. Instead, funds should go to support some portion of the costs associated with additional burdens on the accountability mechanisms themselves. Additionally, given the rapid rate at which REDD is developing, consider providing the additional funding needed to expedite complaints, where appropriate (CIEL).</p>	<p>Please refer to the response to Australia in row 17 above. Enhancing local mechanisms and providing better responses to concerns at the outset should considerably expedite the resolution of issues. Regarding funding the costs associated with the accountability mechanisms themselves, this was not the guidance provided by the PC at PC9 and PC10, with the notable exception of the PC9 decision on “coverage by the FCPF Readiness Fund of reasonable costs to UNDP in making an independent safeguard expert or consultant available to receive and provide expert guidance on eligible complaints related to safeguards and the Common Approach”.</p>
25	<p>Clarify the reasons for disbursing additional funding at the national level and include a review of how these funds are spent. At the national level, it is unclear from the note why a large supplemental grant is appropriate all cases (see para 25). Second, a single disbursement makes accountability and supervision difficult, and reduces the likelihood of generating lessons learned (CIEL).</p>	<p>It is not clear to which component(s) this comment refers given that grants are allocated to countries and are covered in component 1, while the comment makes a reference to para.25, which is in component 2. Regarding component 1, the level at which the Readiness funds are managed is national, in accordance with the Charter and the PC’s resolutions to date. The use of these funds will be subject to monitoring, as specified in the Common Approach.</p> <p>The FMT Note is not suggesting a single disbursement to the DPs (please see</p>

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		para.28, which recommends channeling the additional resources to each DP according to its administrative procedures).
26	Unexpended funds should be dedicated to outreach and training. Instead of disbursing in large sums up front (see e.g. para 25), money should be available on an as-needed basis. Consider offering additional incentives to expedite complaints and to train staff regarding REDD, international obligations, and safeguards (CIEL).	The PC will continue to approve budgets on an annual basis and unexpended funds will form part of the funds available for use at the PC’s discretion for additional Readiness activities, which have outreach and training at their core. As explained in row 25 above, the additional resources available to DPs under component 2 would be channeled to each DP according to its administrative procedures. Training of and outreach to staff in DPs and in REDD Country Participants on REDD+ and safeguards already forms a large part of the activities of the Readiness Fund.
Component 3:		
27	We would like to understand when a DP will access the resources described at paragraph 29. Only in cases of dispute? (Mexico)	DPs would only request funds from this temporary reserve if a conflict has arisen which cannot be resolved through the national grievance and redress mechanism or through support from the DP’s team. Criteria and procedure s would be agreed by the FMT and the DPs with PC consultation (para.33). As proposed by the FMT, the use of the reserve would be in response to a request by the DP, in agreement with the REDD Country Participant.
28	We think the idea of setting \$2 million aside for complex issues that require additional efforts and resources to solve are OK as long as this is support for mediation efforts and not for management response to inspection panel claims (Norway).	This \$2 million set aside under component 3 is for mediation and dispute resolution efforts, not for management response to claims received by the World Bank’s Inspection Panel or the other DPs’ accountability mechanisms.
29	Clarify more precisely what dispute resolution funds intend to support. Based on the principle that institutions are responsible for their own operating costs, this note should avoid creating any expectations that institutions can agree to undertake an activity and then worry about the risks at a later time. To do otherwise risks a situation where an institution could cite lack of funding as a justification for shirking due diligence obligations and accountability. At present, a certain percentage of FCPF funds is already allocated to institutions to cover operating costs. Delivery partners unable to cover the basic costs associated with due diligence and dispute resolution as a part of their existing overhead are not ready to be delivery partners for REDD-related activities. However, if REDD-related activities do generate increased numbers of complaints, additional funding could assist accountability mechanisms in the cost of processing these complaints. Alternatively, the activities currently	Dispute resolution funds under component 3 would support primarily independent mediation and other informal problem solving efforts to address concerns and complaints early and to work with the relevant parties to come to appropriate outcomes consisting of practical remedies and solutions on the ground. The increased allocation of costs under component 2 is designed to ensure that the DPs fulfill their responsibilities. With regard to the last point on the lower-risk option, this has been addressed in row 9 above.

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	planned for implementation could be revised to be lower-risk in order to bring the costs more in line with standard overhead rates (CIEL).	
30	Instead of covering the overall costs of dispute resolution as discussed in the note, specify the additional costs eligible under this fund. One example is to provide funding for of international mediation where it is not currently available at the institutional level. It is our understanding that IDB and UNDP may both have mediation functions available as a part of their grievance mechanisms. As such, it is unclear what the value added is of this proposal (see e.g. para. 27), other than to provide supplemental funding to existing operational costs. Additionally, the note should reaffirm that mediation is not a requirement to pursuing more formal dispute resolution measures such as judicial recourse and accountability claims (CIEL).	This component proposes to cover the marginal costs of deploying either the DPs' internal capacity for dispute resolution or external resources at the national or international level. The Note does not suggest that mediation is a requirement to pursuing more formal dispute resolution measures. The procedures of national judicial recourses and DP's accountability mechanisms are specified elsewhere and do not need to be restated in this Note.
Draft PC Resolution:		
31	The total allocation (budget) for all the three components should be made visible in the Resolution (Norway).	The Resolution was revised accordingly to indicate a total authorized allocation of \$13.4 million.
32	We would like to add information about the total budget proposed for [Component 2 in para. 2.ii of the resolution]. The proposal should also say how much the notional administrative funds used to be (raising from \$400,000 to \$650,000 ?) (Norway)	Para. 27 of FMT Note 2011-12 has been revised accordingly. Given that this information pertains to the long-term plan estimate, it is better located in the FMT Note than in the PC Resolution.