

Forest Carbon Partnership Facility (FCPF)

Readiness Fund

Proposal for Alignment between the FIP Dedicated Grant Mechanism's Global Component and the FCPF Capacity Building Programs in the Context of their Work with Indigenous Peoples Groups and Local Communities

October 12, 2012

This note details the proposed alignment between the global component of the Dedicated Grant Mechanism (DGM) for Indigenous Peoples and Local Communities under the Forest Investment Program (FIP) and the Forest Carbon Partnership Facility (FCPF) Capacity Building Programs for Indigenous Peoples and Southern Civil Society Organizations and Local Communities. This alignment is designed to increase benefits to Indigenous Peoples and local communities and makes for a more cost-effective coordination of the efforts of both programs. The eight national components of the FIP DGM do not form part of this proposal.

Introduction

1. Support to forest-dependent Indigenous Peoples and local communities is seen as a key element in the global strategy to reduce emissions from deforestation and forest degradation (REDD+), protect biodiversity and promote the multiple economic, cultural and spiritual values of forests.
2. Specific language to this effect was introduced in the UNFCCC COP decisions from Cancun and Durban, and in the Rio+20 Declaration. Funding for these efforts has been provided by the international community through three major REDD+ initiatives: Forest Carbon Partnership Facility (FCPF), Forest Investment Program (FIP) and UN-REDD Programme.
3. As these programs are designed to be complementary despite some overlap in terms of activities and geographical focus, their governing bodies have requested that collaboration should be strengthened and synergies sought, including under the umbrella of the REDD+ Partnership.
4. Close collaboration and alignment is of particular importance under these initiatives as they all provide support to Indigenous Peoples and local communities through various channels. In a number of countries these stakeholders have limited administrative and technical capacity to comply with various mechanisms and funding criteria, and hence, are challenged to fully participate in the REDD+ process at the country, regional and global levels. Simplification is therefore in order.
5. To this end the FCPF Participants Committee and the FIP Sub-Committee have requested their respective secretariats to explore options for increasing synergy and collaboration so as to streamline support processes to Indigenous Peoples and local communities.

Background

Governing Body Decisions

Decision by the FCPF Participants Committee

6. In October 2008, the FCPF Readiness Fund launched a \$1 million capacity building program for REDD+ targeting Forest-Dependent Peoples. The program was conceived to be a demand-driven one, in which Forest-Dependent Peoples' organizations in FCPF REDD+ countries make proposals to the FCPF based on their needs. The initial program has funded 14 proposals around the globe in FY09-13.

7. At its meeting in October 2011, the FCPF Participants Committee decided to expand the capacity building program. The Participants Committee has since allocated \$1.79 million for contracts/grants to Southern Civil Society Organizations (CSOs) and local communities and \$2.2 million for contracts/grants to Forest-Dependent Indigenous Peoples, for FY12-15. The purpose of these contracts/grants is to build the capacity of these groups to engage in REDD+ and contribute to the national Readiness efforts. The FCPF Participants Committee also requested the Facility Management Team to explore modalities for channeling these resources in an efficient and transparent manner.

Decision by the FIP Sub-Committee

8. During its meeting in October 2011, the FIP Sub-Committee approved the design of the Dedicated Grant Mechanism for Indigenous Peoples and Local Communities as a framework for the work of the Dedicated Grant Mechanism (DGM) and took note of the request for \$50 million to finance the mechanism.

9. Regarding the global component of the DGM, the Sub-Committee requested "the Administrative Unit, the MDBs and the representatives of the indigenous peoples groups and local communities to explore synergies with similar efforts supported by other REDD+ institutions such as the FCPF and the UN-REDD Programme and to report at the next meeting on options as to how the programs may be cost-effectively coordinated and considerations with respect to the possibility of providing financing to indigenous peoples groups' and local communities' REDD+ efforts in non-FIP pilot countries".

Resource Allocation

10. The following grant resources have been allocated to the FCPF capacity development program and the FIP DGM:

	Indicative FIP Allocation	FCPF allocation
National Components	\$4.5-6.5 million per country (Brazil, Democratic Republic of Congo, Ghana, Indonesia, Burkina Faso, Lao PDR, Mexico, Peru)	Allocation for FY12-FY15 inclusive: \$3.99 million (36 countries)
Global Component	\$5.0 million	
Total	\$50.0 million	\$3.99 million (\$1.79 million for southern CSOs and local communities, and \$2.2 million for IPs)

11. The FCPF will continue to use the vendor system for grants under this capacity building program until the DGM is operational. Assuming the FCPF continues to use the vendor system until June 30, 2013 and the budgeted grants from the FCPF capacity building program for FY13 of \$1.7 million are utilized in FY13, the FCPF allocation through the new aligned FIP DGM-FCPF program in FY14 and FY15 would amount to \$2.29 million (\$1.2 million for the IP Program, \$1.09 million for the southern CSOs and local communities Program).

Proposal for the Collaboration between the FCPF capacity building programs and the FIP DGM through the Global Component of the DGM

12. During the past few months, the FMT of the FCPF, the World Bank as the lead MDB of the global component of the DGM supported under the FIP and the CIF Administrative Unit discussed ideas on how to coordinate the programs in a way to achieve maximum benefits in terms of benefits for the indigenous peoples groups and local communities as well as in terms of a cost-effective and efficient coordination of the efforts of both programs, FCPF and FIP/DGM.

Collaboration Principles

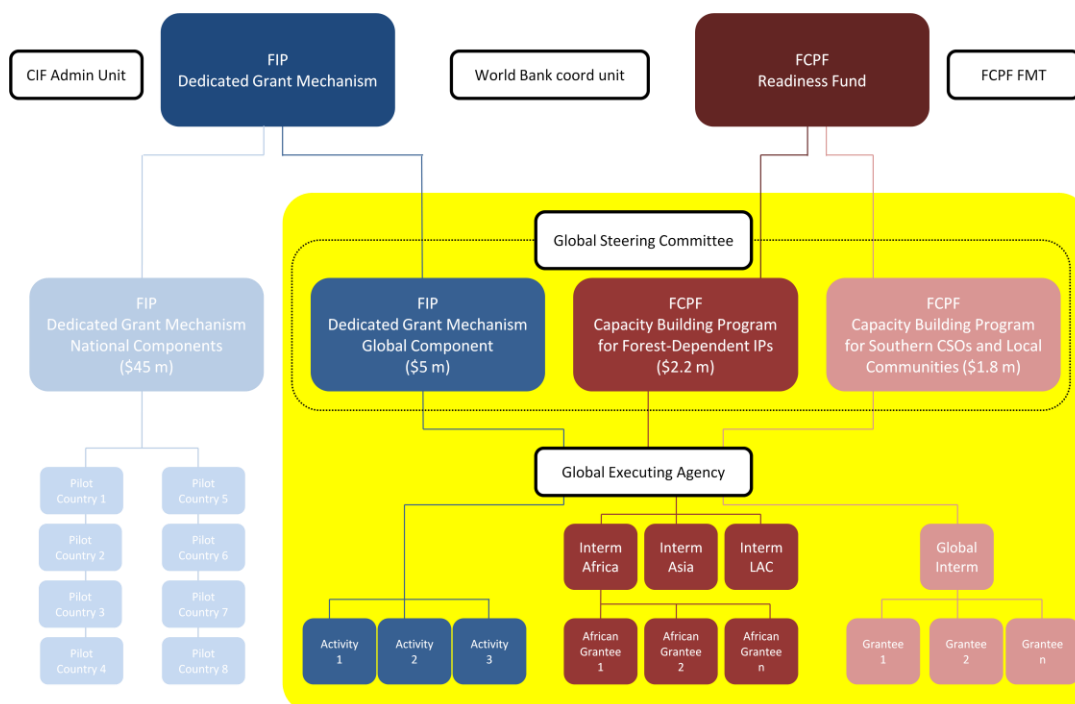
13. The collaboration and proposed mechanism is driven by three principles:
- (i) No FCPF resources will be allocated to the six FCPF countries that are also FIP pilot countries (Democratic Republic of Congo, Ghana, Indonesia, Lao PDR, Mexico and Peru);
 - (ii) FCPF resources will be used for country-specific activities, coordinated and optimized at the regional level by the Regional IP Organizations; and
 - (iii) Cross-country, regional and global activities will be financed only through the global component of the DGM. Relevant FIP and FCPF as well as other interested countries will benefit from these activities.¹

Proposed Mechanism

14. The scope of the alignment is shown in the figure below. The yellow frame in the middle indicates that the alignment relates to the global component of the DGM, not the national components.

15. A single unit in the World Bank will coordinate the two programs. In the case of the FIP, this unit is also the pass-through entity for the \$5 million allocated to the DGM's global component. A Global Steering Committee made up of representatives of Indigenous Peoples and local communities provides general guidance to and oversight of the programs. A Global Executing Agency is tasked with the day-to-day implementation of the programs, including leading the knowledge management function. In this context the Global Executing Agency funds activities in the case of the FIP, and channels funding to the beneficiary entities through intermediaries in the case of the FCPF. More details are available in the section on Detailed Roles and Responsibilities below.

¹ For example, a cross-country study on land tenure would be financed through the global component of the DGM whereas dissemination of awareness raising material on REDD+ in a specific country but repeated in several countries would be funded from FCPF resources.



16. The proposed alignment does not entail co-mingling funds from the various programs or changes to the governance of the programs. It aims to increase the strategic impact of the programs and make them more cost-effective, thus making better use of available donor resources. While the alignment involves the use of new administrative features for the on-going FCPF programs, these features are either contemplated for the FIP in any event (e.g., the creation of the Global Executing Agency) and will also be useful to the FCPF, or they will be streamlined thanks to the alignment (e.g., the creation of a single Global Steering Committee instead of two, namely one for the FIP and another one for the FCPF).

Expected Benefits

17. It is expected that the proposed collaboration arrangement will produce significant benefits, including:

- (a) Strategic alignment of FCPF and FIP efforts in support of Indigenous Peoples and local communities for REDD+;
- (b) Meaningful and concrete example of a strategic collaboration between the FCPF and FIP leading to streamlined procedures, operational efficiency and reduced administrative costs;
- (c) No duplication of activities in countries;
- (d) Potential for additional co-financing for a joint effort targeting Indigenous Peoples and local communities to enhance their engagement in REDD+;
- (e) Indigenous Peoples and local community groups from FCPF countries which are not FIP countries will benefit from the global component of the DGM which will focus on sharing of experiences and lessons learned across countries and regions;

- (f) Indigenous Peoples and local community groups from FIP pilot countries which are not FCPF countries will have the opportunity to engage with and learn from indigenous peoples groups and local communities from FCPF countries involved in the FCPF readiness process;
- (g) Proposed collaborative arrangement is flexible enough to address the specifics of the FCPF and FIP in terms of governance body decisions and program-specific policies;
- (h) Efficiency gains in terms of fund administration and reporting. In the event that the programs are scaled up in the future, the long-term efficiency gains would be greater due to economies of scale.

Detailed Roles and Responsibilities

18. The various entities involved in the mechanism have the following roles and responsibilities:

World Bank

- (a) enters into legal agreements with the Global Executing Agency and transfers funds for execution of agreed tasks;
- (b) if necessary given the timeline, selects the intermediary Indigenous Peoples and CSO organizations for the purposes of the FCPF-funded capacity building programs. This need would materialize if these intermediaries are ready to be selected before the Global Executing Agency is operational;
- (c) provides oversight of Global Executing Agency, as appropriate, in accordance with World Bank policies, including fiduciary standards and safeguards;
- (d) prepares reports on the fund utilization and project implementation progress to the CIF Administrative Unit and to the Facility Management Team (FMT) of the FCPF;
- (e) participates as an observer in the Global Steering Committee.

Other FIP MDBs and FCPF Delivery Partners

- (a) participate as observers in the Global Steering Committee;
- (b) FIP MDBs participate as observers in relevant National Steering Committees;
- (c) FCPF Delivery Partners communicate with the intermediary Indigenous Peoples and CSO organizations to maintain awareness of capacity building activities being selected and supported in their respective countries and consistency with country-level dialogue.

Global Executing Agency

- (a) implements global knowledge sharing and REDD+ networking component of the DGM, organizes knowledge exchange, learning exchange within and across regions on guidance by Global Steering Committee, and prepares learning and knowledge products and events;
- (b) reports to the World Bank for the global component on fiduciary and safeguards responsibilities;
- (c) serves as secretariat to Global Steering Committee and organizes regular GSC meetings;

- (d) prepares reports on progress for the Global Steering Committee;
- (e) supports the participation of representatives of Indigenous Peoples and local communities from both the FIP and FCPF programs in global and regional meetings and conferences;
- (f) responsible for reporting on the learning and knowledge outcomes of the overall program;
- (g) facilitates mediation and grievance redress if required;
- (h) enters into agreements to provide funding to the intermediary Indigenous Peoples and CSO organizations and transfers funds for execution of agreed tasks in FCPF countries. As noted below, these intermediaries may have been selected by the World Bank prior to the GEA becoming operational;
- (i) supervises financial management and implementation performance of the intermediary Indigenous Peoples and CSO organizations.

Global Steering Committee

- (a) coordinates and ensures consistency across the DGM;
- (b) keeps under review and approves the annual work program of the Global Executing Agency and monitors progress in implementation of the DGM as a program and implementation of the FCPF Capacity Building Program;
- (c) initiates needs assessment and identifies key activities for the global knowledge sharing and learning component, and allocates resources to it;
- (d) drafts and approves its decision-making rules and by-laws for the FIP/DGM;
- (e) reviews and synthesizes progress reports from each National Steering Committee in FIP pilot countries;
- (f) helps in wider dissemination of the lessons and results and reports to the FIP Sub-Committee and the FCPF Participants Committee on an annual basis.

Regional IP Organizations for Implementation of FCPF grants (intermediaries)

- (a) conduct competitive call for proposals from IPs if desired and appropriate and selects country-specific, sub-nationally-based, and regionally based proposals to be implemented in FCPF pilot countries;
- (b) monitor/oversee the implementation process and process of proposed activities;
- (c) inform and communicate with the relevant FCPF Delivery Partner on grant selection and progress;
- (d) prepare reports to the Global Executing Agency on progress as well as fiduciary and safeguards responsibilities;
- (e) identify needs and ideas for learning and knowledge exchange for the region;
- (f) consult on conflict resolution and mediation with the Global Executing Agency, if required;
- (g) enter into agreements to provide funding to local IP groups and transfers funds to the IP groups for implementation of agreed tasks;

- (h) provide financial and technical reports to Global Executing Agency.

International Civil Society Organization for Implementation of FCPF grants (intermediary)

- (a) conducts competitive call for proposals from local community groups if desired and appropriate and selects country-specific, sub-nationally-based, and regionally based proposals to be implemented in FCPF pilot countries;
- (b) monitors/oversees the implementation process and process of proposed activities;
- (c) informs and communicates with the relevant FCPF Delivery Partner on grant selection and progress;
- (d) reports to the Global Executing Agency on progress as well as fiduciary and safeguards responsibilities;
- (e) identifies needs and ideas for learning and knowledge exchange for local community groups in FCPF countries;
- (f) consults on conflict resolution and mediation with the Global Executing Agency, if required;
- (g) enters into agreements to provide funding to local community groups and transfers funds to the local community groups for implementation of agreed tasks.

Indigenous Peoples and Local Communities

- (a) become actors in the Global Steering Committee if selected;
- (b) develop and implement grant proposals under the FCPF or FIP country components;
- (c) in FCPF countries, collaborate with the intermediary IP and international CSO organizations in the grant application, implementation and evaluation process;
- (d) for FIP countries, contribute to the work of the National Steering Committee by providing feedback on the grant process in the country.

Costs to the FCPF and Cost Sharing Arrangements

19. The FMT estimates that one full-time equivalent (FTE) member of staff would be required if the FCPF were to operate a grant-making and reporting mechanism of the size outlined in this note over FY14 and FY15 independently of the FIP DGM's global component. In addition, a Global Steering Committee would have to be created to oversee the FCPF-only programs. These costs will now be folded into the overall cost of the aligned programs. While the alignment may not lead to a net reduction for the FCPF relative to what it would cost if its capacity programs were to be operated independently of the FIP DGM's global component, it is expected that the cost will make it possible to achieve a greater impact, especially over time. Thus the alignment is both strategic and cost-effective.