

**Forest Carbon Partnership Facility
Fourteenth Meeting of the FCPF Participants Committee (PC14)
Washington, DC, March 19-21, 2013
Co-Chairs' Summary**

Dear Participants and Observers,

We are pleased to report that the Participants Committee (PC) of the Forest Carbon Partnership Facility (FCPF) held its fourteenth meeting (PC14) on March 19-21, in Washington, DC.

More than 130 representatives of governments, Forest-Dependent Indigenous Peoples and Forest Dwellers organizations, international and non-governmental organizations and the private sector participated in the meetings. We would like to acknowledge the participation of Minister Henri Djombo, Minister of Forest Economy and Sustainable Development, Republic of Congo, in the meetings.

We wish to thank Sri Mulyani Indrawati, Managing Director at the World Bank, and Todd Stern, Special Envoy for Climate Change at the United States Department of State for their opening remarks and welcoming participants. The PC was pleased to hear confirmations of renewed focus on climate change by the World Bank and the US Government.

Please be advised that all background materials, presentations, resolutions and this summary will be posted on the new FCPF website at: <http://www.forestcarbonpartnership.org/pc14-march-19-21-2013-washington-dc-usa>. All photos will be available at: www.flickr.com/photos/fcpf. Below you will find the main conclusions from the meeting, which are also being translated in French and Spanish.

Before the start of the meetings, Benoit Bosquet announced that he had moved to the World Bank's Africa Region as Sector Manager for Environment, Natural Resources Management, Water Resources Management and Disaster Risk Management for a number of countries in Africa and that Simon Whitehouse, FCPF Fund Manager, will be Acting Partnership Coordinator until a new FCPF Partnership Coordinator is found.

Session 1.e FMT's Progress Report

- The FCPF Facility Management Team (FMT) presented an update of progress made since the previous meeting (PC13) and targets for PC15 in June. Key achievements since PC13 include:
 - Six additional Readiness Preparation Proposals (R-PPs) submitted for formal assessment, one additional Readiness Preparation Grant signed, and funds transferred to the IDB as a Delivery Partner;
 - Finalization of the R-Package Assessment Framework and ERPA Term Sheet;
 - Development of the FMT Note on the Carbon Fund's Pricing Approach;
 - Significant progress in developing the Methodological Framework for the Carbon Fund;
 - Engagement and capacity support for Indigenous Peoples and Southern Civil Society with dialogues held in Doha and Washington;
 - Approval of the FCPF Monitoring and Evaluation Framework, and launching of the new website.
- Participants welcomed the additional financial contributions made by Finland (US\$5m), Germany (US\$74m), and Norway (US\$108m) and appreciated that more R-PPs had been submitted for review at PC14 than originally expected. PC members also acknowledged the significant progress made by the FMT in the development of technical guidance, including key components of the Methodological Framework for the Carbon Fund.

- Participants voiced concern about the slow disbursement and the high number of Readiness Preparation Grant Agreements that are still due to be signed. PC members urged the FCPF to accelerate the process of REDD+ implementation and to increase commitment and disbursement of funds. It was noted that the revision of R-PPs subsequent to PC assessment is contributing to the delays in grant agreement signature and respective disbursements.
- The PC called for the need to rationalize the use of available funds, including through setting deadlines for countries to reach certain REDD+ readiness milestones (i.e., submission of revised R-PPs, signing of grant agreements). The PC's decisions to that effect are reflected in **Resolution PC/14/2013/2** on the Status of REDD Country Participants (see Session 3b below). The FMT also committed to working with the Delivery Partners to make revisions to the FCPF Dashboard and the Country Progress Sheets to better reflect countries' progress made against expected targets.

Session 2: Readiness Package (R-Package) Assessment Framework

- The FMT presented the final draft of the R-Package Assessment Framework.
- Participants were supportive of the two-stage assessment process and the flexibility the framework provides to measure progress in REDD+ readiness preparation relative to countries' specific circumstances.
- The FMT explained the relationship of the R-Package assessment and reporting requirements under the Readiness Fund (particularly for the mid-term progress report), the requirements for emission reduction programs under the Carbon Fund, and the FCPF's Monitoring and Evaluation Framework.
- Participants encouraged the application of the R-Package Assessment Framework throughout the readiness preparation process to help guide the readiness preparation activities and discussed the purpose of the readiness assessment beyond the FCPF. Specifically, the endorsement of a country's R-Package after a comprehensive assessment may be used to attract additional funding and assistance to REDD countries, e.g., through the Forest Investment Program (or the potential selection of new countries into the FIP, subject to availability of new resources), private sector investments (e.g., in sustainable agriculture and fair trade) or bi-lateral development partners.
- The PC adopted the R-Package Assessment Framework (see **Resolution PC/14/2013/1**), and the PC asked the FMT to revise FMT Note 2013-1 to reflect additional feedback received during PC14 and in accordance with **Resolution PC/14/2013/1**. The PC also requested the FMT to develop a knowledge management product to support the application of the readiness framework in REDD+ Countries, including, on a voluntary basis, in the preparation of countries' mid-term progress reports.

Session 3a: The World Bank Independent Evaluation Group's Global Program Review of the FCPF

- The FMT presented key findings and recommendations from the review of the World Bank's Independent Evaluation Group (IEG) to stimulate a discussion on how the FCPF can engage more strategically going forward.
- The PC echoed the IEG's finding related to the importance of the FCPF in terms of piloting performance-based climate finance, while recalling that the FCPF Carbon Fund is not principally designed to operate as a market-based mechanism, nor to influence carbon prices in the market. The PC therefore reaffirmed that the FCPF Carbon Fund focuses on building an effective framework for piloting performance-based payments.

- The FMT reported that important progress had been made within the World Bank with greater integration of FCPF operations in the World Bank's country operations, including better alignment of the REDD+ agenda with the World Bank's engagement in natural resources management and FCPF's support to other operational work (such as IDA/IBRD, GEF, FIP) to achieve impact and results in a coordinated manner. The FMT emphasized that its initial focus on predominantly technical and methodological aspects has shifted to focus on addressing key underlying issues such as governance, land tenure, and carbon rights during REDD+ readiness.
- The FMT also elaborated areas that require continuous attention to advance REDD+ at the country level:
 - In many countries REDD+ still needs to be elevated to a higher level of decision-making in government and further institutional and political adjustments are required to set an enabling environment for REDD+.
 - Considerable capacity building needs remain in REDD+ countries and among Delivery Partners given the complexity of REDD+ from a social, institutional, and technical perspective.
- Financial contributors acknowledged implementation challenges, emphasized the need to accelerate disbursements and questioned whether significant changes to the current operational procedures are necessary. The FMT and REDD Country PC members emphasized the trade-offs between accelerating implementation and the need for thorough consultation and capacity building processes. In this context, the FMT also explained the distinction between: i) allocation of grants by the PC, ii) grant commitments as per legal agreements entered into between a country and Delivery Partner, and iii) disbursements by countries, and the respective barriers to accelerate the flow of funds.
- The PC requested the FMT to report at PC15 on priority actions to be taken to accelerate REDD+ readiness. A more systematic tracking of the progress made in REDD+ countries, and of the effectiveness and efficiency of FCPF supervision formulas is needed to ensure that the FCPF can generate important experiences and guidance to influence the global climate change negotiations starting in 2015 for the post 2020 framework.

Session 3b. Status of REDD Country Participants and reopening of the FCPF to New REDD+ Countries

- The FMT provided general background on the potential reopening of the FCPF to new countries and presented a proposal for the process and minimum criteria to consider, including: i) the availability of resources in the Readiness Fund, ii) the proposed date of countries' respective R-PP submissions, and iii) the proposed Delivery Partners. It was noted that 17 REDD+ countries have expressed interest in joining the FCPF and had submitted information as requested.
- Based on the above criteria the PC agreed to select a limited number of additional countries into the FCPF, in accordance with the selection process described in Resolution PC14/2013/2.
- The resolution that was adopted (**Resolution PC/14/2013/2**) requests that existing REDD Country Participants that have not yet submitted a revised R-PP or signed a Readiness Preparation Grant Agreement, submit a letter to the FMT confirming the dates by which they intend to do so. The FMT will follow up with respective REDD Country Participants to ensure they are aware of the deadlines adopted in the resolution and of the implications on their access to funding.
- The resolution also sets deadlines for existing REDD Country Participants to meet these two milestones, in order for their funding to be guaranteed. If exceptional circumstances prevent a REDD

Country Participant from meeting the specified deadlines, the PC will consider such circumstances when deciding whether or not to reallocate Readiness Preparation Grant funding.

- Revised R-PPs should be submitted by the following dates:
 - a. For those REDD Country Participants who have been allocated Readiness Preparation Grant funding by the PC prior to PC14, and are working with the World Bank as Delivery Partner: September 30, 2013.
 - b. For 1) those REDD Country Participants who have been allocated Readiness Preparation Grant funding at PC14, and 2) those that are working with a Delivery Partner other than the World Bank as part of the Multiple Delivery Partner arrangement: December 31, 2013.
- For those REDD Country Participants who have been allocated Readiness Preparation Grant funding by the PC at or before PC14, and have met the above deadlines for submitting their revised R-PPs, Readiness Preparation Grant Agreements (or equivalent) should be signed by May 31, 2014.
- For countries interested in joining the FCPF, the PC adopted a process for selecting new countries. The process is restricted to the 17 countries that have already submitted their expressions of interest and information to the FMT. The FMT will follow up with these 17 countries to inform them of the PC's decision here, and the process and deadlines for them to be considered for selection.
- The PC encouraged financial contributors to pledge additional resources to the Readiness Fund emphasizing the importance for all interested countries to receive REDD+ readiness support.

Session 4. R-PPs presented for formal assessment at PC14:

- Chile, Honduras, Papua New Guinea, Suriname, Thailand and Vanuatu presented their R-PPs for formal assessment by the PC.
- The PC allocated a total of US\$22.8 million of grant funding (US\$3.6 -3.8 million per country) to the six countries (see **Resolutions PC/14/2013/3-8**) to support Readiness preparation.
- The TAP and the PC noted that the six submissions presented the strongest set of R-PPs ever submitted. The TAP further noted that the presentation of technical aspects in the R-PP, in particular components 3 and 4, have seen significant improvements compared to earlier R-PPs.
- The TAP noted that its members are not always able to cover the full range of political and social aspects concerning countries under review. Accordingly, comments and concerns raised by other independent groups are generally highly appreciated. The TAP noted that the timing of such comments could be made in a more constructive manner.
- The PC made a general recommendation that R-PPs should provide further detail on proposed reporting arrangements for non-carbon benefits, in relation to the design and implementation of national safeguards information systems. The PC recommended that countries could address this before or after entering into a Readiness Preparation Grant Agreement.

Session 5. Term Sheet for a future Emission Reductions Payment Agreement (ERPA)

- The FMT presented revisions made to the ERPA Term Sheet, including:
 - A Safeguards Plan (advanced draft) must be available before the Carbon Fund Participants decide to start ERPA negotiations.

- The term 'Performance Report' is changed to the term 'ER Monitoring Report' to clarify that this report relates to monitoring results of ERs generated under the ER Program.
 - Language on the reporting requirements for Non-Carbon Benefits has been revised. The Seller is to provide as much information on Non-Carbon Benefits as feasible. However, a negative assessment of the information provided would not lead to an Event of Default.
 - It was clarified that the grievance redress mechanism may also be part of one or more Safeguards Plan(s), if required.
- The FMT recalled that the ERPA Term Sheet is not a legally binding document, but instead provides for general elements that are supposed to guide the Trustee's upcoming work in drafting an ERPA that combines a set of commercial ERPA terms (negotiable) and ERPA General Conditions (non-negotiable).
 - As a result of discussions, additional clarifications on confidentiality were added. The PC recommended keeping disclosure rules as transparent as possible to allow for learning.
 - The FMT clarified that the ERPA will be non-confidential, unless the Seller and/or the Buyer request otherwise. All reports (including ER Monitoring Reports, Verification Reports, Interim Progress Reports), plans (including Benefit-Sharing Plans, and Safeguards Plans) as well as the General Conditions will be non-confidential (i.e., public documents).
 - The PC endorsed the ERPA Term Sheet (see **Resolution PC/14/2013/9**) and, subject to the evolving methodological framework for the Carbon Fund of the FCPF, requested the Trustee to provide a first draft of the ERPA General Conditions for the PC's review by PC 15 and a revised draft of the General Conditions, if necessary, for the PC's approval by PC 16. For the subsequent process of drafting the General Conditions, members of the PC requested the Trustee (i) to consider provisions related to the use by the Buyer of all ERs generated by ER Programs and purchased by the CF and (ii) to further clarify issues related to ERPA confidentiality for the sake of maximizing transparency.

Session 6. Capacity Building Programs

- The FMT reported on Global Dialogues that culminated in the 'Global Action Plan of Indigenous Peoples Relating to the FCPF' in Doha in December 2012 as well as on follow-up workshops held.
- The FMT provided an update on the transition of the 'Capacity building program for Forest-dependent Indigenous Peoples and Forest Dwellers and for Southern CSOs' from a 'vendor system' to a small grants program in FY14. Under the new arrangements, Indigenous Peoples and civil society organizations will serve as regional intermediaries to administer the grant mechanism. These arrangements were selected based on IP/CSO preferences and represent a good compromise between IP/CSO ownership and cost-efficiency.
- The FMT explained the eligibility criteria for the selection of intermediary organizations and the timeline for next steps:
 - By April 15, 2013, the FMT will send names of selected intermediaries (including justification for selection) to the PC and Observers for comments;
 - By April 30, 2013, PC and Observers respond to the FMT with their comments;
 - In May-June, project documents will be prepared, due diligence of intermediaries will be completed, projects will be approved and grant agreements prepared following the World Bank's small grants process;

- In May-June, the PC/PA may approve the grant programs by resolution;
- In July, the new system will be operational.
- The PC raised concern about the delays experienced with making funds available to Indigenous Peoples and CSOs and encouraged the FMT to speed up disbursement of funds under the programs.
- Ms. Cecile Njebet reminded the PC of her request, made in writing to the FMT and shared with the PC Bureau earlier, to include one woman as a special observer in PC meetings going forward given the critical role women have in natural resources management and REDD+. The FMT was tasked to consult with the PC Bureau before PC15 to decide to invite a representative of women's networks as an observer to future PC meetings, in accordance with the Rules of Procedure.

Session 7. Knowledge Sharing Panel on Progress in the implementation of REDD+ safeguards, focusing on Strategic Environmental and Social Assessment

- The session drew from the experiences generated during the past two-plus years of activity around REDD+ safeguards, and those social and environmental sustainability standards which aim to reduce the possibility of harm from REDD+ activities and strategies, while also enhancing REDD's benefits and opportunities for a wide variety of stakeholders. On one hand, REDD+ countries are starting to put in place safeguard information systems (SIS) and other elements of nationally specific safeguards approaches for REDD+, in keeping with the UNFCCC decisions from Cancun and Durban. On the other, these same countries are faced with the challenge of distinguishing clearly between the mandatory safeguard requirements of donor agencies and international initiatives supporting REDD+ -- such as the FCPF's own Common Approach to Environmental and Social Safeguards for Multiple Delivery Partners-- and the voluntary sets of standards that aim to enhance the social and environmental performance of REDD+ actions during Readiness, often at the urging of forest-dependent indigenous peoples, other forest-dwelling communities, and civil society actors. During this session country experiences from DRC, Indonesia, and Nicaragua were shared and were reflected upon by two expert discussants from the Climate, Community and Biodiversity Alliance (CCBA) and from UN-REDD.

Session 8. Next meetings

- Capacity Building for Social Inclusion (2nd Workshop Asia Pacific Countries): April 30-May 3, 2013, in Bangkok, Thailand
- REDD+ Partnership Meetings: (To be determined)
- FCPF Carbon Fund Working Group on the Methodological Framework: May and/or June, to be confirmed
- **FCPF Carbon Fund (CF7): June 24-25, 2013 in Paris, France**
- UN-REDD pre-Policy Board and Policy Board meeting: June 24-27, 2013 in Lombok, Indonesia (to be confirmed by the UN-REDD Secretariat)
- Joint FCPF/UN-REDD field trip: June 28, 2013 in Lombok, Indonesia
- FCPF Pre-PC workshop: June 29, 2013 in Lombok, Indonesia
- **FCPF PC15: June 30-July 2, 2013 in Lombok, Indonesia**
- Capacity Building for Social Inclusion (3rd Workshop Latin America): October 2013 (to be determined)
- REDD+ Exchange: October 29-November 3, in Oslo, Norway
- FCPF PC16: October or November, 2013, to be confirmed

The Participants and Observers express their appreciation for the efforts and outstanding results of the FMT under Benoît Bosquet's lead, and would like to thank him once again for his personal commitment to REDD+ objectives.

Sincerely,

Jorge Quezada, El Salvador, on behalf of the REDD Country Participants

Michael Bucki, European Commission, on behalf of the financial contributors