

Forest Carbon Partnership Facility (FCPF) Readiness Fund

Status of Existing REDD+ Countries and Selection of New REDD+ Countries into the FCPF

June 25, 2014

Introduction

1. At PC14 in March 2013, the Participants Committee (PC) adopted a Resolution on the “Status of REDD Country Participants and Inclusion of Qualified Eligible REDD Countries” (Resolution PC/14/2013/2) which laid out criteria and a process for selecting new REDD+ countries into the FCPF. The Resolution also included decisions on funding to existing REDD Country Participants, as a factor in determining the amount of funds available to select new countries. The key relevant decisions in this Resolution are:

For existing REDD Country Participants:

- Deadlines were set for REDD Country Participants who have been allocated Readiness Preparation Grant funding by the PC, to submit their Revised R-PP and sign their Readiness Preparation Grant Agreement (or equivalent). Any such REDD Country Participant that is unable to do so will lose guaranteed access to Readiness Preparation Grant funding, unless the PC decides otherwise on an exceptional basis.

For the selection of new countries:

- Qualified Eligible REDD Countries were requested to submit complete R-PPs to the FMT by July 31, 2013, to be eligible for selection into the FCPF. Eleven Countries did so and presented their R-PPs for formal assessment and consideration for selection at PC16.
- The key criteria to guide the selection of Qualified Eligible REDD Countries into the FCPF are:
 - a. The quality of the submitted R-PP, as informed by the TAP review;
 - b. The commitment of a Delivery Partner specified by the Qualified Eligible REDD Country to support that Country; and
 - c. The availability of sufficient resources in the Estimated Reserve to provide support to the Qualified Eligible REDD Country, at the time of the formal assessment of the R-PP.
 - d. In addition to the key criteria listed in (a)-(c) above, the PC may take into account other factors it considers relevant, such as the availability of funding from non-FCPF sources and the demonstrated level of commitment to REDD+.
- Two-thirds of the Estimated Reserve is designated for support to existing REDD Country Participants and any other activities that may be approved as part of the annual budget approval process. One-third of the Estimated Reserve will be designated for support to Qualified Eligible REDD Countries that are selected into the FCPF in accordance with the process outlined in the Resolution. These designations of the Estimated Reserve only apply until the end of PC17 (July 4, 2014); thereafter, the whole Estimated Reserve will be used to support REDD Country Participants (both currently existing at the time of this resolution and those that will have been selected into the FCPF at the time of PC17) and any other activities that may be approved as part of the annual budget approval process, unless the PC decides otherwise.

- Based on these criteria, at PC16 the PC selected eight of the eleven Qualified Eligible REDD Countries into the FCPF. The three Countries not selected for funding at PC16 were given the opportunity to revise and re-submit their R-PPs for consideration for selection at PC17, funding permitting. All three have done so. Any Qualified Eligible REDD Country that is not selected at or before PC17 will not be selected into the FCPF for funding, unless the PC decides otherwise.
2. Since PC16, the FMT has received requests from additional REDD+ countries to join the FCPF. These are in addition to countries that expressed interest in earlier years but did not meet requirements set in Resolution PC/14/2013/2 to be eligible for the current selection “window” at PC16 and PC17.
 3. **This FMT Note provides the PC with the information needed to discuss and decide on:**
 - i. whether to grant any exceptions to existing REDD Country Participants who were unable to meet certain deadlines in order to maintain guaranteed access to Readiness Preparation Grant funding (decision to be recorded in a resolution),
 - ii. which of the three Qualified Eligible REDD Countries to select into the FCPF and on what terms (decision to be recorded in a resolution), and
 - iii. whether to allow any additional (new) Countries to join the FCPF and on what terms (guidance to potentially be recorded in the Co-Chairs’ summary of PC17).

At PC17, the PC is also requested to adopt a resolution for each REDD Country selected into the FCPF, to allocate Readiness Preparation grant funding to each Country and identify the key issues to be addressed in their Revised R-PP before signing a Grant Agreement, if relevant.

Status of existing REDD Country Participants in the FCPF and their eligibility to access grant financing

4. As of June 2014, 44 Countries have been selected into the FCPF, but only the original 36 REDD Country Participants have been subject to deadlines that have already past. 34 of the 36 original REDD Country Participants have submitted R-PPs for assessment by the PC,¹ of which 31 have been allocated Readiness Preparation grants.² Of these 31:
 - i. All 18 Countries that were requested to submit their Revised R-PP by September 30, 2013, and all 10 Countries that were requested to do so by December 31, 2013, did so and retained guaranteed access to Readiness Preparation Grant funding.
 - ii. 3 Countries were not required to submit a Revised R-PP (though 1 of these Countries voluntary did so), and retained guaranteed access to Readiness Preparation Grant funding.³
 - iii. All 31 Countries were requested to sign their Readiness Preparation Grant Agreement (or equivalent) by May 31, 2014. 22 did so. 9 did not and, despite having met the earlier deadline for submitting Revised R-PPs, lost guaranteed access to Readiness Preparation Grant funding after May 31, 2014. The PC may decide to restore guaranteed access on an exceptional basis.

See Table 1 and the FCPF Dashboard for further details on Countries’ status.

¹ Bolivia, Gabon and Paraguay did not submit an R-PP by PC14, losing guaranteed access to Readiness Preparation funding. They remain eligible for funding subject to availability of funds at the time their R-PP is formally assessed.

² Madagascar and Paraguay’s R-PPs will be formally assessed by the PC at PC17. Tanzania’s R-PP was formally assessed by the PC, but Tanzania has not requested grant funding from the FCPF.

³ Guyana, Indonesia and Panama are not required to submit a Revised R-PP given the type of PC Resolution that was adopted for their R-PPs.

Table 1: Status of the original 36 REDD Country Participants' milestones, to maintain guaranteed access to Readiness Grant funding

REDD Country Participant	R-PP Assessed	Deadline to submit Revised R-PP	Revised-R-PP Submitted by Deadline	R-PP Preparation Grant (or equivalent) Signed by Deadline
Argentina	✓	September 30, 2013	✓	
Bolivia				
Cambodia	✓	December 31, 2013	✓	✓
Cameroon	✓	September 30, 2013	✓	✓
Central African Republic	✓	December 31, 2013	✓	
Chile	✓	December 31, 2013	✓	✓
Colombia	✓	September 30, 2013	✓	
Costa Rica	✓	September 30, 2013	✓	✓
Dem. Rep. of Congo	✓	September 30, 2013	✓	✓
El Salvador	✓	September 30, 2013	✓	✓
Ethiopia	✓	September 30, 2013	✓	✓
Gabon				
Ghana	✓	September 30, 2013	✓	✓
Guatemala	✓	December 31, 2013	✓	✓
Guyana*	✓	N/A	N/A	✓
Honduras	✓	December 31, 2013	✓	✓
Indonesia*	✓	N/A	✓	✓
Kenya	✓	September 30, 2013	✓	
Lao PDR	✓	September 30, 2013	✓	
Liberia	✓	September 30, 2013	✓	✓
Madagascar	At PC17			
Mexico	✓	September 30, 2013	✓	✓
Mozambique	✓	September 30, 2013	✓	✓
Nepal	✓	September 30, 2013	✓	✓
Nicaragua	✓	September 30, 2013	✓	✓
Panama*	✓	N/A	N/A	
Papua New Guinea	✓	December 31, 2013	✓	
Paraguay	At PC17			
Peru	✓	December 31, 2013	✓	✓
Republic of Congo	✓	September 30, 2013	✓	✓
Suriname	✓	December 31, 2013	✓	✓
Tanzania **	✓		✓	N/A
Thailand	✓	December 31, 2013	✓	
Uganda	✓	September 30, 2013	✓	✓
Vanuatu	✓	December 31, 2013	✓	
Vietnam	✓	September 30, 2013	✓	✓

* Guyana, Indonesia and Panama are not required to submit a Revised R-PP given the type of PC Resolution.

** Tanzania submitted an R-PP for assessment at or before PC14, but has not formally requested grant funding from the FCPF.

5. Those Countries that were not able to sign their Readiness Preparation Grant Agreement (or equivalent) by May 31, 2014, were unable to do so for a variety of reasons. See Table 2 for details on these Countries' status.

6. These Countries lost guaranteed access to Readiness Preparation Grant funding after May 31, 2014. The PC may decide at PC17 whether to grant any exceptions and restore any Country's guaranteed access to such funding. If a Country is not granted an exception, they remain eligible for Preparation funding, but on a first-come-first-served basis as long as funding is available at the time they are ready to sign their Grant Agreement (or equivalent), rather than on a guaranteed basis. Because the PC has already adopted a resolution on each Country allocating Readiness Preparation Grant funds, no new resolution would be needed to enable Countries to sign their Grant Agreements (or equivalent); the only condition would be the availability of funding at the time of signature.

7. The FMT recommends adhering to the principle of the Resolution adopted at PC14, and not granting any exceptions to Countries that did not sign a Grant Agreement (or equivalent) by the May 31 deadline. While Countries and/or Delivery Partners missed the deadline for various reasons, and some have taken significant actions to demonstrate their intention to sign a Grant Agreement (or equivalent) in the near future,

- i. The various deadlines were adopted to encourage REDD Countries to make timely progress in Readiness, and to ensure that FCPF funds would be allocated to Countries making the most and fastest progress, rather than being set aside for Countries that are not making progress. Extending these deadlines would be counter to this. Maintaining first-come-first-served access to funding will ensure that funds are allocated to those Countries making the most and fastest progress, and that funds are being used for Readiness rather than being set aside.
- ii. There are sufficient funds in the reserve to allow each of these Countries to sign a Grant Agreement (or equivalent) in the near future, without granting an exception. These Countries are "competing" with Countries that are reaching Mid-Term Review point and requesting additional funding of \$5 million, but at the current pace of Mid-Term Reviews, there will be sufficient funds in the reserve to allow these Countries to sign a Grant Agreement (or equivalent) if they sign in the coming months. There is therefore no negative impact on Countries if they do, in fact, make progress and sign in the near future.

Given this, the FMT encourages Countries and Delivery Partners to continue their efforts to sign a Grant Agreement (or equivalent) in the near future.

Table 2: REDD Country Participants that were required to sign their Grant Agreements (or equivalent) by May 31, 2014 to maintain guaranteed access to Readiness Grant funding, but did not.

REDD Country Participant	Accessed \$200,000 R-PP Formulation Grant	Remaining Readiness Grant allocation (\$ millions)	Reason Grant Agreement has not been signed
Argentina		3.8	World Bank due diligence process ongoing.
Central African Republic		3.8	No Delivery Partner is engaged in CAR due to the current security situation.
Colombia	✓	3.6	Grant Agreement signature expected before PC18
Kenya	✓	3.6	Ongoing dialogue with and within Government institutions, the World Bank, and other stakeholders, on a range of natural resource management issues, including forest management. Further time is needed for conclusion of an ongoing Inspection Panel process concerning another World Bank supported project in the forestry sector, and for discussion on a range of natural resources management issues among the World Bank, the Government, and other stakeholders, to inform decisions including on the option of REDD+ support with Bank involvement. The decision on REDD+ engagement could happen by late Summer of 2014 or soon thereafter.
Lao PDR	✓	3.6	Grant Agreement has been signed by the World Bank and is awaiting counter-signature by the Government.
Panama		3.8	Finalizing of process was delayed due to May 4 elections. On May 5, UNDP formally communicated to the FMT an alternative plan to sign the Project Document in a way that guarantees new government authorities' ownership of the REDD+ process. The plan includes a Project Initiation Document that was signed by the UNDP Country Office on May 31, and which outlines key steps towards Project Document signature by September 2014, including adequate consultation with key stakeholders and finalization of the R-PP. By implementing this alternative plan, UNDP wants to incorporate in the FCPF work an important lesson learned from implementing the UN-REDD National Joint Program in the country. The FMT offered to submit the signed PID for consideration by the PC.
Papua New Guinea		3.8	Delivery Partner arrangement pending confirmation between Government and UNDP. Discussions ongoing on activities to be financed with FCPF grant.
Thailand	✓	3.6	World Bank due diligence process was disrupted due to the current political situation. A clear action plan exists to sign before PC18, subject to the political situation improving.
Vanuatu	✓	3.6	World Bank due diligence process is largely complete, but Review Meeting was postponed due to audit of Bank-funded projects in Vanuatu. Issues are resolved and grant signature expected in July.
Total		33.2	

Status of Qualified Eligible REDD Countries***Which Qualified Eligible REDD Countries are eligible to be selected into the FCPF?***

8. 3 countries met the requirement of submitting a complete R-PP to the FMT by July 31, 2013, to be considered for selection into the FCPF, were not selected at PC16, and have re-submitted revised R-PPs for consideration at PC17:

- 1) Belize;
- 2) Republic of the Sudan; and
- 3) Uruguay.

9. Any Qualified Eligible REDD Countries that have not been selected at or before PC17 will not be selected into the FCPF for funding, unless the PC decides otherwise.

Criteria for selecting new Countries into the FCPF

10. As noted above, Resolution PC/14/2013/2 identified three key criteria for selecting Qualified Eligible REDD Countries into the FCPF. The following section provides information on each criterion.

Criterion a: The quality of the submitted R-PP, as informed by the TAP review

11. At PC14, the PC decided to use submission of an R-PP as a key criterion for eligibility into and selection into the FCPF, in order to establish a straightforward way to encourage interested countries to demonstrate their commitment to REDD+ and capacity to initiate work on Readiness, and for the PC to select countries based on the quality and content of their Readiness work. This was also viewed to be consistent with the FCPF's objectives and existing work on Readiness in existing REDD Countries.

12. The FMT requested the three candidate Countries to submit revised R-PPs. As per the standard R-PP review procedure, the FMT then formed a Technical Advisory Panel of experts (TAP) to review each of the revised R-PPs that was submitted. The TAP reviewed the revised R-PPs and provided early feedback to the Countries, the Countries further revised their R-PPs by June 9, 2014, and the TAP then finalized their reviews of the revised R-PPs. Table 3 presents an overview summary of the TAP's assessment of the R-PPs. The full R-PPs and TAP reviews are available at <https://www.forestcarbonpartnership.org/PC17>.

Table 3. TAP assessment of whether R-PP standards have been met

Component	Belize		Sudan		Uruguay	
	PC16 Assessment (December 2013)	PC17 Assessment (July 2014)	PC16 Assessment (December 2013)	PC17 Assessment (July 2014)	PC16 Assessment (December 2013)	PC17 Assessment (July 2014)
1a. National Readiness Management Arrangements	Largely Met	Met	Partially met	Met	Largely Met	Met
1b. Information Sharing and Stakeholder Dialogue	Largely Met	Met	Met	Met	Partially Met	Met
1c. Consultation and Participation Process	Largely Met	Met	Met	Met	Largely Met	Met
2a. Land Use, Forest Law, Policy and Governance	Met	Met	Largely met	Met	Largely Met	Largely Met
2b. REDD+ Strategy Options	Met	Met	Met	Met	Met	Met
2c. Implementation Framework	Largely Met	Met	Largely met	Met	Largely Met	Met
2d. Social & Environmental Impacts during Preparation and Implementation	Met	Met	Met	Met	Met	Met
3. Reference Level	Largely Met	Largely Met	Partially met	Largely Met	Met	Met
4a. Monitoring – Emissions and Removals	Largely Met	Largely Met	Largely met	Met	Largely Met	Largely Met
4b. Other Multiple Benefits, Impacts and Governance	Partially Met	Met	Met	Met	Partially Met	Met
5. Schedule and Budget	Met	Met	Met	Met	Met	Met
6. Program Monitoring & Evaluation Framework	Met	Met	Largely met	Met	Met	Met

13. In line with the discussion at PC14 and what was done at PC16, a Working Group of PC members was also formed and tasked with reviewing the revised R-PPs and, taking the TAP assessments into account, developing a recommendation to the PC on the selection of new countries. The PC Working Group's assessments of the R-PPs are being made available on the FCPF website at <https://www.forestcarbonpartnership.org/PC17>, and will be presented at PC17.

14. The PC may take into account the TAP's assessments, the Working Group's assessments and recommendations, as well as any independent information that Participants may gather from other sources, when determining the quality of the R-PPs.

Criterion b: The commitment of a Delivery Partner specified by the Qualified Eligible REDD Country to support that Country

15. Under the FCPF Readiness Fund, there are four approved Delivery Partners that may provide support to Countries: the World Bank, the Inter-American Development Bank, UNDP, and FAO. It is important to recall though that Resolutions PC/9/2011/1 and PC/10/2011/4 on Multiple Delivery Partners limit the arrangement to a pilot in up to ten REDD Country Participants, subject to the gathering and application of lessons learned involving a mid-term review for at least two Pilot Countries per Delivery Partner (which will not happen for some time). Ten existing REDD Country Participants have been approved by the PC to work with Delivery Partners other than the World Bank. As a result, no new REDD+ country can work with a Delivery Partner other than the World Bank (unless the potential Delivery Partner of one of the ten already approved countries does not confirm it will act as such. The potential Delivery Partner arrangement is yet to be confirmed in CAR).

16. Each of the Qualified Eligible REDD Countries has confirmed its willingness to work with the World Bank as Delivery Partner, if selected into the FCPF. The World Bank has also confirmed its willingness to act as Delivery Partner in each of the three countries, should they be selected.

Criterion c: Availability of sufficient resources in the Estimated Reserve

17. As mentioned above and as per Resolution PC/14/2013/2, two-thirds of the Estimated Reserve of the FCPF Readiness Fund is designated for support to existing REDD Country Participants and any other activities that may be approved as part of the annual budget approval process. One-third is designated for support to Qualified Eligible REDD Countries that are selected into the FCPF as per the process outlined in the Resolution. These designations apply until the end of PC17 (July 4, 2014).

18. *How much funding is available and for how many new countries?* Table 5 presents the sources and uses of FCPF Readiness funding. The uses include all previously agreed expenditures. Table 5 indicates a forecast reserve of approximately \$193.6 million, of which one-third (\$64.5 million) is designated to support new countries.

19. It is estimated that the full cost of including a new REDD+ country with access to a grant of \$3.8 million is approximately \$5.8 million, as indicated in Table 5. This includes 1) the \$3.8 million grant, 2) \$650,000 per REDD Country Participant to the Delivery Partner to carry out its work in supporting the REDD Country Participant (e.g., time and travel to work directly with the country, contracting services or hiring staff if needed), and 3) time contributed by the FMT for country advisory services and secretarial support, including additional staff as needed, and support for countries to attend meetings of the PC and/or Participants Assembly (PA).

20. Table 5 shows that with the current amount of reserve funds available at PC17, there is sufficient funding for all three additional countries to be selected into the FCPF on the same terms as existing REDD Country Participants (\$3.8 million Readiness Preparation grant plus FMT and Delivery Partner support), if other selection criteria are met. These are the same terms as other Qualified Eligible REDD Countries that were selected into the FCPF at PC16.

Table 5. Summary of Long Term Sources and Uses of Readiness Funding
(in \$ millions, as of June 2014)

Sources of Funds		
Committed Funding		360.5
Total Sources		360.5
Committed Uses of funds		
Grant Commitments		
Commitments (grants) to existing REDD+ Countries (35 @ \$3.8 million) ¹	133.0	
Additional grant funding to DRC (for REDD+ Countries that demonstrate significant progress on readiness)	5.0	
Less grants to REDD+ Countries who did not submit R-PPs by PC14 (3 @ \$3.8) ²	(11.4)	
Less grants to REDD+ Countries who did not sign Grant Agreements by 31 May, 2014 (4 @ \$3.8 million and 5 @ \$3.6 million) ³	(33.2)	
Net Grant Commitments		93.4
Administrative, Operations, and Country Support		
FY09-13 Actual costs	29.5	
FY14 Estimated costs	9.4	
FY15-20 Projected costs ⁴	33.6	
Reserve for Delivery Partner capacity for dispute resolution	2.0	
Administrative, Operations, and Country Support		74.5
Total Uses		167.9
Estimated Reserve: Total Sources less Total Uses		192.6
Reserve allocation for new countries (1/3 of reserve)⁵		64.2
Reserve allocation for existing countries (2/3 of reserve)		128.4
Use of reserve allocation for new countries		
Commitments to new countries selected into the FCPF at PC16, including grants of \$3.8 million, plus all support costs (8 @ \$5.8 million) ⁶	(46.4)	
Remaining in reserve allocated to new countries (until end of PC17)		17.8
Cost of selecting 3 new countries into the FCPF at PC17, including grants of \$3.8 million, plus all support costs (3 @ \$5.8 million) ⁷	(17.4)	
Remaining in reserve if 3 new countries selected into FCPF at PC17		0.4
Possible uses of reserve allocation for existing countries		
Grant to Paraguay at PC17 (1 @ \$3.8 million)	(3.8)	
Additional grant funding to 3 countries (3 @ \$5 million, plus additional support costs of 3 @ \$300k)	(15.9)	
Grants to REDD+ Countries who did not sign Grant Agreements by 31 May, 2014 (4 @ \$3.8 million and 5 @ \$3.6 million) ³	(33.2)	
Remaining in reserve allocation for existing countries		75.5
Which could provide 14 grants of \$5 million, including additional support costs of \$300k per grant (14 @ \$5.3 million)		74.2
So current funding sources could allow the 3 new countries to be selected into the fund at this meeting, provide \$3.8 million grants to all active existing countries requesting funding (33 plus 8 from PC16) and provide additional \$5 million grants to 18 countries		

1. 36 REDD Country Participants less Tanzania (includes Madagascar)

2. Per Resolution PC/10/2011/1.rev, includes Bolivia, Gabon and Paraguay

3. The 9 countries are Argentina, CAR, Colombia, Kenya, Lao PDR, Panama, PNG, Thailand and Vanuatu

4. Steady operational budget through FY16 (including an estimate for continuing additional activities) with 20% annual cuts thereafter.

5. Per resolution PC/14/2013/2, one-third of the Estimated Reserve will be designated for support to Qualified Eligible REDD Countries that are selected into the FCPF (new countries), the remaining two-thirds being designated to existing countries. These designations of the Estimated Reserve only apply until the end of PC17.

6. This estimate of \$5.8 million per country includes the grant of \$3.8 million plus the agreed Delivery Partner support costs of \$650,000 and all other additional costs (FMT support costs, meeting costs, REDD Methodology support, etc).

7. Belize, Sudan and Uruguay

Expressions of interest from additional (new) countries to join the FCPF

21. Since PC16, the FMT has also received formal requests to join the FCPF from Benin, Chad (reconfirming its interest) and Guinea-Bissau. These are in addition to REDD+ countries that expressed interest in previous years but did not meet the requirements set by the PC to be eligible for selection into the FCPF in the current window. As per Resolution PC/14/2013/2, only Belize, Sudan and Uruguay are eligible for selection into the FCPF at PC17, and the FCPF will not select any new REDD+ countries into the FCPF for funding after PC17, unless the PC decides otherwise. Table 6 shows REDD+ countries that have expressed interest in joining the FCPF.

Table 6. REDD+ Countries that have Expressed Interest in Joining the FCPF

Qualified Eligible REDD Countries* that submitted an R-PP but have not been selected into the FCPF, and are presenting at PC17	Belize Sudan Uruguay
Qualified Eligible REDD Countries that did not submit an R-PP for selection into the FCPF	Burundi Chad (Reconfirmed its interest after PC16) Jamaica Philippines South Sudan Sri Lanka
Countries that expressed interest prior to PC11, but did not provide supplemental information or an R-PP	Guinea
Countries that expressed interest after PC16	Benin Guinea Bissau
Countries that have informally expressed interest	Rwanda Sierra Leone

* Qualified Eligible REDD Countries are countries that expressed interest in joining the FCPF prior to PC11, and provided supplemental information by January 31, 2013, as per Resolution PC/11/2012/4.

Summary Recommendation

22. **For relevant existing REDD Country Participants that did not sign a Grant Agreement (or equivalent) by the May 31, 2014 deadline:** The FMT recommends adhering to the principle of the Resolution adopted at PC14, and not granting any exceptions to Countries that did not sign a Grant Agreement (or equivalent) by the May 31 deadline. While Countries and/or Delivery Partners missed the deadline for various reasons, and some have taken significant actions to demonstrate their intention to sign a Grant Agreement (or equivalent) in the near future, maintaining first-come-first-served access to funding will ensure that funds are allocated to those Countries making the most and fastest progress, and that funds are being used for Readiness rather than being set aside. Furthermore, there are sufficient funds in the reserve to allow each of these Countries to sign a Grant Agreement (or equivalent) in the near future, without granting an exception. Given this, the FMT encourages Countries and Delivery Partners to continue their efforts to sign a Grant Agreement (or equivalent) in the near future.

23. **For Qualified Eligible REDD Countries (Belize, Sudan and Uruguay):** There are sufficient funds available in the FCPF Readiness Fund reserve (Criterion c) to select all three Countries into the FCPF on

the same terms as existing REDD Country Participants (\$3.8 million Readiness Preparation grant plus FMT and Delivery Partner support). In addition, all three Countries have confirmed their willingness to work with the World Bank as Delivery Partner should they be selected, and the World Bank has confirmed its willingness to work with each of the Countries should they be selected (Criterion b). Therefore, the FMT recommends that the three Countries be selected into the FCPF, subject to the PC finding that their R-PPs are of sufficient quality (Criterion a).

24. As agreed at PC14, any country not selected into the FCPF at PC17 will no longer be considered and the FCPF will be closed to additional REDD Country Participants until further notice. Any funding that is secured after PC17 will be used to finance the REDD Country Participants (both existing and those that will have been selected into FCPF by that time), and for other activities as may be approved by the PC as part of the annual budget approval process.

25. **For additional (new) countries:** The PC has previously considered the possibility of opening up the FCPF to new countries by a) allocating smaller grants to some countries, to allow countries to join despite limited funding in the FCPF, or b) allowing countries to be observers with no access to funding, in order to allow them to attend meetings to learn from other Countries' experiences. The FMT does not recommend option a, but recommends that the PC consider option b.

- a) In terms of grant funding, the FMT recommends that the PC treat all REDD Country Participants equally, with equal access to the same amount of grant funding, so as to not create different classes of REDD Countries and to allow all REDD Countries equal opportunity to meet their Readiness needs. Furthermore, a Delivery Partner incurs a minimum level of costs regardless of the size of a grant, and the cost of preparing and supervising the grant can quickly outweigh the size of a very small grant.

Given that there are currently insufficient resources in the reserve to accept any additional (new) countries into the FCPF on the same terms as existing REDD Country Participants, the FMT recommends that the FCPF remain closed to the selection of new REDD Countries, as was decided at PC14. The PC may wish to revisit the issue at a later time if sufficient funds become available. Interested Countries may be encouraged to seek support from other sources.

- b) In terms of allowing countries to observe FCPF meetings with no access to funding, the additional (new) countries have not gone through the process of developing an R-PP, and may benefit from learning from the experiences of others. This may also eventually put them in a strong position to undertake their Readiness process and to seek support from other sources. However, this would pose additional costs if the FCPF were to support their attendance at meetings (an estimated \$7,000 for travel, hotel, per diem, and related meeting costs to attend one Participants Assembly/Participants Committee meeting), and would also pose operational challenges for the FMT when organizing meetings. The FMT therefore recommends that the PC consider allowing countries to observe FCPF meetings, at their own cost. This would be handled in accordance with the Rules of Procedure, whereby interested countries would be required to request to attend a given meeting, and requests would be considered by the FMT on a case-by-case basis in consultation with the Bureau of the Participants Committee. This is consistent with how past requests from countries to observe FCPF meetings have been handled.