

# FOREST CARBON PARTNERSHIP FACILITY 2017 ANNUAL REPORT

FOREST  
CARBON  
PARTNERSHIP  
FACILITY



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# ACRONYMS

BioCF	BioCarbon Fund
CBP	Capacity Building Program for Forest-Dependent Indigenous Peoples and Southern Civil Society Organizations
CF	Carbon Fund
C&I	Criteria and Indicators
COP	Conference of the Parties (to the UNFCCC)
CSO	Civil Society Organization
DGM	Dedicated Grant Mechanism
DP	Delivery Partner
DRC	Democratic Republic of Congo
ER	Emission Reductions
ERPA	Emission Reductions Payment Agreement
ERPD	Emission Reductions Program Document
ER-PIN	Emission Reductions Program Idea Note
ESMF	Environmental and Social Management Framework
FAO	Food and Agriculture Organization
FCPF	Forest Carbon Partnership Facility
FGRM	Feedback and Grievance Redress Mechanism
FIP	Forest Investment Program
FMT	Facility Management Team
FY	Fiscal Year (World Bank fiscal year, July 1–June 30)
GCF	Green Climate Fund
GHG	Greenhouse gas
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit (German development agency)
GOFC-GOLD	Global Observation of Forest and Land Cover Dynamics
IDB	Inter-American Development Bank
IFC	International Finance Corporation
IP	Indigenous Peoples
ISFL	BioCarbon Fund Initiative for Sustainable Forest Landscapes

Lao PDR	Lao People's Democratic Republic
Lol	Letter of Intent
M&E	Monitoring and Evaluation
MF	Methodological Framework
MRV	Measurement, Reporting and Verification
NGO	Nongovernmental Organization
PA	Participants Assembly
PMF	Performance Measurement Framework
PC	Participants Committee
PROFOR	Program on Forests
REDD	Reducing Emissions from Deforestation and Forest Degradation
REDD+	REDD plus conservation of forest carbon stocks, sustainable management of forests, and enhancement of forest carbon stocks
R-PP	Readiness Preparation Proposal
SBSTA	Subsidiary Body for Scientific and Technological Advice (under UNFCCC)
SESA	Strategic Environmental and Social Assessment
SFM	Sustainable Forest Management
SIS	Safeguards Information System
SMART (indicators)	Specific, Measurable, Achievable, Relevant and Time-bound (indicators)
TAP	Technical Advisory Panel
UNDP	United Nations Development Programme
UNFCCC	United Nations Framework Convention on Climate Change
UN-REDD	United Nations Collaborative Programme on Reducing Emissions from Deforestation and Forest Degradation in Developing Countries
WB	World Bank

# FOREWORD

This past year has been a significant one for the Forest Carbon Partnership Facility (FCPF), with countries leading the shift from preparing to implementing large-scale Emission Reductions Programs. This transition could not come at a more urgent time, as sustainable land use—including sustainable forest management—is a critical avenue to achieving the ambitious national targets set out in the Paris Agreement.



With the Readiness Fund approaching maturity and almost fully committed, countries are well on their way to establishing the building blocks for Emission Reductions programs. This past year, countries, with the aid of FCPF funds and technical support, evinced progress on many fronts,

including REDD+ management agreements, stakeholder consultations and capacity-building, REDD+ strategy preparation, Reference Emissions Levels, social safeguards, analysis of drivers of deforestation and National Forest Monitoring Systems. Furthermore, these efforts often supported and informed larger national institutional and policy frameworks such as climate action plans and agriculture strategies. This crucial forward momentum has also provided rich lessons that are helping scale up South-South learning.

In FY17, the Carbon Fund welcomed four additional countries—Chile, Ghana, Mexico, and the Republic of Congo—into its portfolio (some provisionally) bringing the total number to six. Momentum behind portfolio development and diversification continues to build, with four more countries expected to present their Emission Reductions Programs by the end of the calendar year. Meanwhile, the first Emission Reductions Payment Agreement negotiations, to be conducted with Chile and the Democratic Republic of Congo, are anticipated in the coming months and should lead to the first contracts for large-scale transactions from REDD+. This progress will provide important lessons and experiences for “proving the concept” of REDD+ and catalyzing the realization of REDD+ at scale.

As the work of the Carbon Fund increasingly addresses the technical aspects of countries’ Emission Reductions Programs, the FCPF finds itself situated at the forefront of thinking on issues of climate finance. This past year saw significant discussions centered on areas of fundamental knowledge—including registries, verifications, and due diligence on transfer of title. While development of this knowledge will directly benefit the programs of the Carbon Fund, its impact is expected to resonate beyond that, contributing to the work of the United Nations Framework Convention on Climate Change and others, and cementing the FCPF’s status as a global thought leader and influencer.

The findings and recommendations of the second independent evaluation of the FCPF guided the Facility in assessing its relevance, effectiveness, and efficiency, and in maintaining its responsiveness to countries’ strategic priorities and climate change ambitions. Responding to the evaluation, the FCPF has increased its focus on strategic areas such as private sector engagement, knowledge and communications activities, and gender integration.

We look forward to the coming year, where we expect momentum to advance unabated. The FCPF will continue to work closely with other actors and initiatives to make sure that financing modalities are aligned, providing countries with the support they need to drive the REDD+ agenda ahead. While hurdles lie ahead, I am optimistic that working together we are more than capable of meeting the challenge.

**Ellysar Baroudy**, Coordinator,  
Forest Carbon Partnership Facility



# 1. GENERAL INTRODUCTION

In line with the M&E Framework's Performance Measurement Framework (PMF), this year's annual report provides information on the main achievements related to the intermediate impacts, outcomes (aligned with the FCPF's four strategic objectives), and outputs (short-term results), which together provide a strategic overview of the FCPF (figure 1). Specific, Measurable, Achievable, Relevant and Time-bound (SMART) indicators have been developed at the impact, outcome, and output levels to track the progress of the FCPF. The targets for each indicator have been designed in a way that ensures results can be achieved within the life span of the facility. In the coming year, and as a result of the FCPF evaluation, the M&E Framework will be updated to better reflect the facility's maturity.



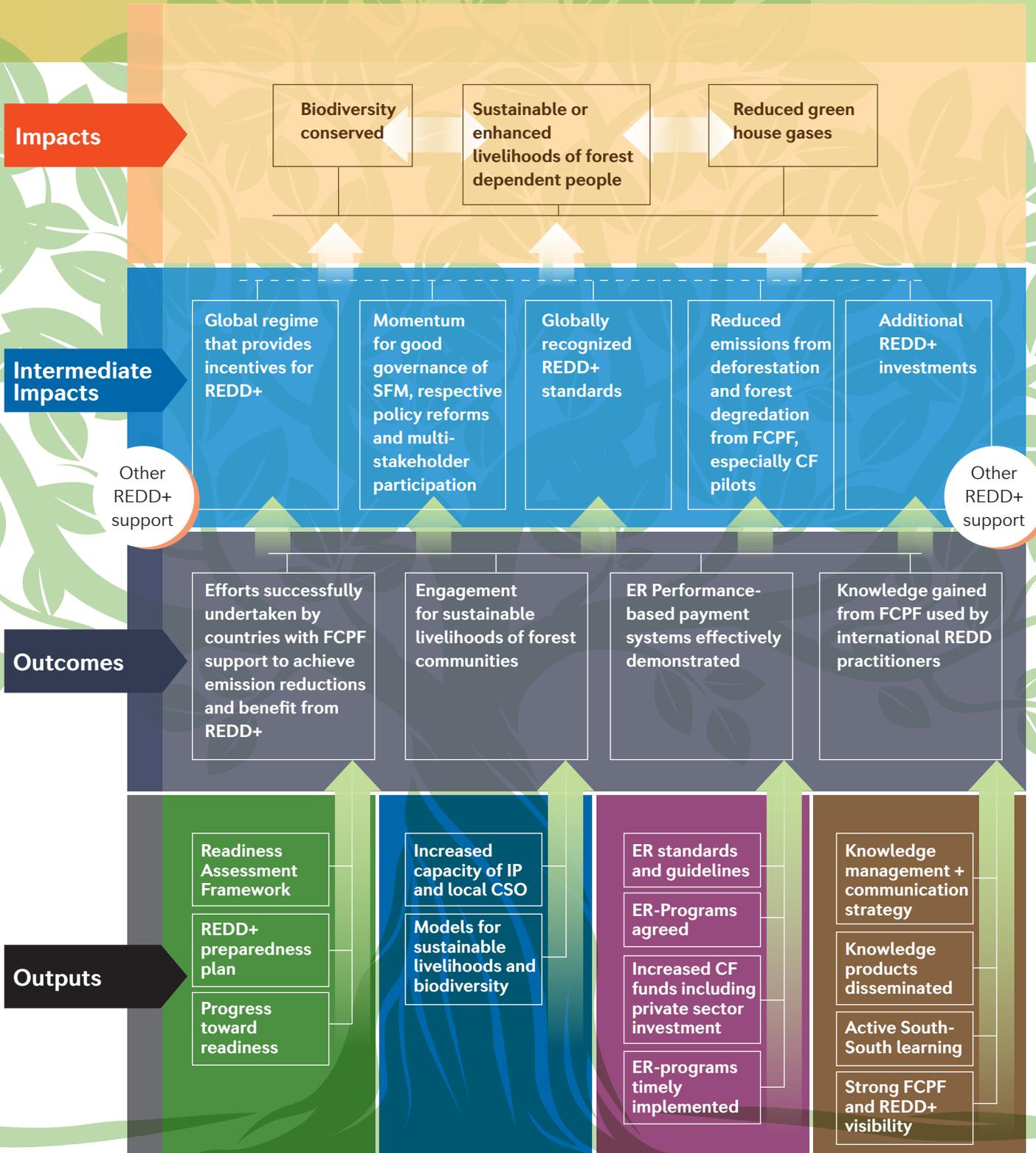
\$370  
MILLION

**The Readiness Fund became operational in 2008 and has a capital just under \$370 million.**

\$740  
MILLION

**The Carbon Fund became operational in 2011 and has a capital of \$740 million.**

**FIGURE 1:  
RESULTS CHAIN OF FCPF  
INTERVENTIONS**



# 2. PROGRAM OBJECTIVES

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

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

- To assist eligible REDD+ countries in their efforts to achieve emission reductions from deforestation and/or forest degradation by providing them with financial and technical assistance in building their capacity to benefit from possible future systems of positive incentives for REDD+;
- To pilot a performance-based payment system for emission reductions generated from REDD+ activities, with a view to ensuring equitable sharing and promoting future large-scale positive incentives for REDD+;
- Within the approach to REDD+, to test ways to sustain or enhance the livelihoods of local communities and to conserve biodiversity; and
- To disseminate broadly the knowledge gained in the development of the Facility and the implementation of Readiness plans and emission reductions programs.

The FCPF has two separate but complementary funding mechanisms—the Readiness Fund and the Carbon Fund—to achieve its strategic objectives. Together the two funds have raised more than \$1.1 billion.

The Readiness Fund supports participating countries in the development of REDD+ strategies and policies; reference emission levels (RELS); measurement, reporting, and verification (MRV) systems; and institutional capacity to manage REDD+, including environmental and social safeguards. The Readiness Fund became operational in 2008 and has a capital of just under \$370 million.

The Carbon Fund builds on the progress made in readiness and is designed to pilot performance-based payments for Emission Reductions from REDD+ programs in a subset of FCPF countries. The Carbon Fund became operational in 2011 and has a capital of \$740 million.

The FCPF brings together 47 developing countries (18 in Africa, 18 in Latin America and the Caribbean, and 11 in the East Asia and Pacific Region) and 17 financial contributors (including developed countries, one private sector participant, and one Nongovernmental Organization). It has six categories of observers, including Indigenous Peoples and Civil Society Organizations (CSOs). The core of the FCPF's inclusive governance structure is composed of the Participants Assembly (PA) and the Participants Committee (PC).

# 47

## DEVELOPING COUNTRIES

18 in Africa, 18 in Latin America and the Caribbean, and 11 in the East Asia and Pacific Region.

# 17

## FINANCIAL CONTRIBUTORS

Developed countries, one private sector participant, and one nongovernmental organization.



# 3. MAIN ACHIEVEMENTS AND RESULTS DURING THE PERIOD

## 3.1. HIGHLIGHTS

In FY17, the Forest Carbon Partnership Facility (FCPF) marked a significant milestone with Chile, Ghana, Mexico, and the Republic of Congo joining the Carbon Fund portfolio. These four countries, along with Costa Rica and the Democratic Republic of Congo, are leading the way on large-scale Emission Reductions Programs.

Moreover, four additional countries—Cameroon, Fiji, Guatemala, and the Lao People's Democratic Republic (Lao PDR)—negotiated and signed a Letter of Intent that confirms the country's intention to sell a certain amount of Carbon Emission Reductions and the FCPF Carbon Fund's intention to buy that amount within an agreed time frame. To date, 18 of the 19 countries selected in the Carbon Fund pipeline have now signed Letters of Intent, with Indonesia expected to sign in early FY18. Countries that have signed these documents are now advancing the development of their Emission Reductions Programs, consistent with the Methodological Framework and in accordance with the World Bank's due diligence process.

The momentum with which countries have been developing landscape programs has had a positive effect on the readiness progress. Advances made under the Readiness Fund include three new Readiness Preparation Grants for Argentina, Belize, and the Central African Republic, bringing the total number of countries implementing preparatory REDD+ activities to 42.

By the end of the reporting period, a total of 12 countries had reached the mid-term milestone, highlighting important achievements in the institutional, technical, and social aspects of REDD+ readiness. Six countries—Chile, Ghana, Mozambique, Nepal, the Republic of Congo, and Vietnam—also reached the REDD+ readiness stage (Readiness Package), establishing an important foundation for implementing a large-scale Emission Reductions Program. The FCPF Participants Committee noted the high quality of the information provided in the Readiness Packages and the rigor of the self-assessments.

Total funds committed to the Readiness Fund and the Carbon Fund of the FCPF at the end of FY17 amounted to more than \$1.1 billion, with almost \$370 million committed to the Readiness Fund and \$740 million committed to the Carbon Fund. While the Readiness Fund resources have already been entirely allocated, the Carbon Fund is likely to commit all its resources in the next two to three years through signed Emission Reductions Payment Agreements (ERPAs).

Grant disbursements from the Readiness Fund have continued to accelerate, at the end of FY17 reaching \$90 million, excluding grant disbursements made by countries with Delivery Partners other than the World Bank. A notable achievement this year is the increase in the number of countries that is disbursing above plan—up from 3 countries to 10.

FCPF has continued providing tailored technical support to countries as they design and develop their program documents and advance critical analytical work. A key resource is a new suite of 14 training modules developed to help countries improve operational forest monitoring and capacity to measure, report, and verify the results of REDD+ intervention. Other knowledge products—including reports on carbon emissions registries and an analysis of the role and limitations of certification schemes in reducing deforestation in the cocoa supply chain—have helped document and share lessons learned on important pillars of REDD+. Finally, several South-South exchanges across Latin America, along with a series of targeted knowledge sessions at the Participants Committee meeting held in September 2016, have allowed participants to network, share experiences, and open channels of communication for future cooperation.

TOTAL FUNDS  
COMMITTED  
TO THE FCPF  
AMOUNTED TO  
MORE THAN  
\$1.1 BILLION...

WITH ALMOST  
\$370 MILLION  
COMMITTED TO  
THE READINESS  
FUND...

AND \$740 MILLION  
COMMITTED TO  
THE CARBON  
FUND AT THE  
END OF FY17.



# LARGE-SCALE PROGRAMS IN THE CARBON FUND

**REDD+ countries continue to make strides in developing large-scale REDD+ program proposals that have the potential to transform rural landscapes. As of the end of FY17, the Carbon Fund pipeline included programs in 19 countries. These diverse and ambitious programs take a jurisdiction-level approach to engaging actors in agriculture, energy, transport, land, mining, and forestry to achieve climate-smart land use, protect forests, restore degraded land, and improve local livelihoods.**

## CHILE

Chile's program to reduce emissions from degradation in temperate forests is a cornerstone of the country's national forestry strategy. This program, which spans 13.2 million hectares over Chile's Maule, Biobío, Araucanía, Los Ríos, and Los Lagos regions, will address the three main drivers of deforestation and degradation: illegal logging, forest fires, and the replacement of native forests with non-native plantations. The government of Chile is committed to the development of this large-scale program to reduce deforestation and forest degradation by improving forest management and focusing on cross-sectoral issues that affect areas with the most forest cover.

## CAMEROON

Cameroon's Emission Reductions Program will focus on an area of 9.3 million hectares along the country's southern border, 71 percent of which is covered with dense tropical rainforest. The area forms a continuum with the Emission Reductions Program area in the northern part of the Republic of Congo, enabling the two governments to control transboundary emission reductions leakage. While the rate of deforestation has historically been low, the target area is increasingly under threat from agricultural expansion, industrial and artisanal mining, infrastructure development, and illegal logging and timber exploitation—among other drivers of deforestation. With a total population in the program areas of 1 million, including Indigenous Peoples such as the Bakola and Bagyeliand Ba'ka, the program will bring together different actors to advance sustainable land use planning and zoning, and to address deforestation through intensified agriculture, agroforestry, and more sustainable cocoa production. The program will also emphasize sustainable forest management in timber concessions and the introduction of reduced impact logging.

## COSTA RICA

Costa Rica is concluding its REDD+ readiness phase and designing an Emission Reductions Program covering more than 5.1 million hectares that will be implemented nationally. The program includes a wide range of policies and measures to conserve and enhance carbon stocks, based on more than 20 years of experience with forest conservation and management. At the heart of the program is Costa Rica's successful Payment for Environmental Services Program and an extensive protected area system that is gradually incorporating additional REDD+ activities. The program is developed with the active participation of relevant stakeholders. The program, along with the National REDD+ Strategy, will promote the country's commitment to carbon neutrality and contribute to poverty reduction by expanding an inclusive forestry and agroforestry-based development model.

**CÔTE D'IVOIRE**

Côte d'Ivoire's Emission Reductions Program combines political commitment and private sector initiatives in one subnational geography that is a hot spot of cocoa production and a major area for the production of palm oil and rubber plantations. The program area, covering over 4 million hectares in five of the country's Southwest regions (Cavally, Nawa, San Pedro, Guemon, and Gboklè), includes the country's last remaining large forest block. The program aims to address the main drivers of deforestation—including extension of agricultural production areas, weak forest governance and illegal logging, logging for wood energy production, illegal mining through zero-deforestation agriculture in partnership with the private sector, agricultural intensification, and capacity building for forest monitoring.

The Emission Reductions Program of the Dominican Republic will be carried out at the national level, encompassing 4.8 million hectares. In addition to reducing emissions in protected areas through reforestation in key watersheds, it will contribute to the preservation of the country's flora and fauna, 38 percent of which is endemic to the Dominican Republic. To reach its goals, the program will establish a set of sustainable livelihoods projects to engage rural communities. Special attention will be given to work in the landscapes bordering Haiti, where a binational program to promote reforestation and conservation activities is being implemented. Some of the drivers of deforestation and forest degradation to be addressed are slash-and-burn agriculture and extensive livestock farming, weak or inexistent forest governance, unsustainable extraction of timber and non-timber forest products, and forest fire control. Private sector participants and cooperative participants from the cocoa, coffee, and livestock sector will play an integral part in the program.

**DEMOCRATIC REPUBLIC OF CONGO**

The Mai Ndombe Emission Reductions Program aims to implement the Democratic Republic of Congo's green development vision at provincial scale by providing alternatives to deforestation and rewarding performance to address the challenges of climate change, poverty reduction, natural resource management, and protection of biodiversity. Activities under the program's four pillars of Agriculture, Energy, Forests, and Enabling Governance, Population, Land Use Planning and Tenure, include strengthening agricultural value chains, developing community forestry, promoting family planning, and implementing multilevel capacity building and sustainable development plans across more than 12 million hectares in the country's Mai Ndombe province. The program's intervention strategy addresses the following direct drivers of deforestation and forest degradation: slash-and burn agriculture, fuelwood production, uncontrolled bush fires, small-scale or artisanal logging, and industrial logging.

**FIJI**

The Emission Reductions Program proposed by Fiji will cover the islands of Viti Levu, Vanua Levu, and Taveuni, spanning over 1 million hectares of land, which is 94 percent of the forest cover in Fiji. This program takes an integrated approach to emission reductions and removal through afforestation/ reforestation, forest rehabilitation, improved harvesting practices, national and subnational land use planning, and sustainable forest management. It will be implemented in a participatory manner, with communities being given a key role in program implementation. The program activities are aimed at the drivers of deforestation and degradation (regular fires to maintain grassland and open forest, slash-and-burn agriculture, logging) and are in line with national climate change and disaster risk management policies and activities. The program places emphasis on enhancing benefits that extend beyond carbon such as improvements to the ecosystem, strengthened food security, enhanced land tenure, and conservation of social and cultural values.

# LARGE-SCALE PROGRAMS IN THE CARBON FUND

## GHANA

Ghana's Cocoa Forest REDD+ Program has a strong focus on greening the cocoa supply chain that is driving forest loss through agricultural expansion. Partnering with the private sector through the Cocoa Board, the government has proposed a community-based approach to double the cocoa yields in at least 25 percent of the country. The program, targeting 92 districts in five regions (Eastern Region, Central Region, Ashanti Region, Western Region and Brong-Ahafo Region), seeks to significantly reduce the emissions driven by expansion of cocoa into forest areas, coupled with illegal logging. The program will cover almost 6 million hectares and focus on cocoa farming resources and land use interventions, while promoting other tree crops or agroforestry systems (oil palm, rubber, non-timber forest products, and plantations) on soils and land use types that are unsuitable for cocoa.

## INDONESIA

Indonesia's REDD+ Program focuses on East Kalimantan, an area that contains almost 15 million hectares of forest, including 400,000 hectares of peat lands. The province is promoting its development objectives through a low-emissions development approach, which is implemented through provincial strategies and action plans that build on the region's strong leadership in climate change. The program is designed to address the overexploitation of forests linked to timber production, illegal logging, forest encroachment, and forest fires, through actions that include improving forest licensing, increasing the number of small-scale plantations, and promoting community-based planning. Also, the program targets agricultural land to reduce pressure on the forest estate by minimizing the impact of slash-and-burn agriculture and the expansion of plantations and mining.

## GUATEMALA

Building on existing legal and financial frameworks for forest governance developed over the past 15 years, the Emission Reductions Program in Guatemala will be a national-level initiative with program activities covering almost 11 million hectares. The main drivers of deforestation are land use change, agricultural expansion, forest fires, livestock and illegal logging, the high opportunity cost of sustainable land use, and the lack of rural employment. The program proposes engaging in six areas of REDD+ activity: expanding existing incentives to increase carbon stocks; promoting sustainable forest management; strengthening protected areas co-management, agroforestry systems, and forest plantations; improving governance and law enforcement on forest lands; and developing a forest products value chain. In addition to benefiting from the Guatemalan government's strong political commitment, a supportive institutional setting for linking these activities with key government institutions and participation by local communities has been cultivated.

## LAO PDR

Aiming to promote REDD+ through governance, forest landscapes, and livelihoods, Lao PDR is preparing an Emissions Reductions Program in a contiguous landscape covering six Northern provinces: Luang Namtha, Bokeo, Sayaboury, Oudomxay, Luang Prabang, and Houaphan. The program area covers over 8 million hectares across more than one-third of the country. Deforestation and degradation in the area are driven directly by shifting cultivation, logging, agriculture, infrastructure, and mining; and indirectly by weak governance, limited institutional capacity, poverty, food insecurity, and land tenure insecurity. These drivers and their underlying causes will be addressed through activities at the provincial level encompassing governance and law enforcement, forest landscape management and integrated spatial planning, livelihood development, payment for environmental services, forest restoration, and sustainable forest management certification.

## MOZAMBIQUE

### MADAGASCAR

Madagascar's Emission Reductions Program is explicitly linked to its Integrated Agriculture Landscape Program, aimed at increasing productivity in agriculture while improving the soil quality, conserving water resources, and protecting vital forests and biodiversity. Madagascar's program in the Eastern Humid Forest Ecoregion covers almost 5 million hectares, including 14 key watersheds. Because of the integrated nature of the program's design, efforts to address the drivers of deforestation—primarily unsustainable agricultural expansion, heavy reliance on wood energy, and logging and mining—are linked directly to efforts to raise agricultural production, conserve soil and water, and reduce rural poverty. Specific activities in this context are supporting the shift to more sustainable and productive agricultural practices, in combination with results-based payments for forest conservation.

The Zambezia Integrated Landscape Management Program is an ambitious, cross-cutting 5.3 million-hectare initiative to promote sustainable rural development in one of Mozambique's poorest province, and the first of its kind in the country. Small-scale agriculture is the main driver of deforestation in Zambezia, as smallholders clear forested lands for crop production, particularly maize and cassava. Forest extraction for bio-energy production, particularly charcoal for urban use, and unsustainable timber harvest, including through illegal logging to supply to domestic and international markets, also contribute to both deforestation and forest degradation. The program focuses on forest conservation and management, conservation agriculture, biomass energy management, and land use planning. These activities will be implemented through a cooperative approach combining policies, programs and actions at different levels, and sectors of the government, and involve multiple stakeholders (government, farmers, communities, private sector, NGOs) to maximize access to funds and institutional capacity.

## MEXICO

Mexico's program for a community-based landscape approach to reduce greenhouse gas emissions aims to transform the management of forests across the landscape through policy instruments, institutional reforms, and capacity-building programs. Spanning 8.3 million hectares across five regions (Campeche, Chiapas, Jalisco, Quintana Roo, and Yucatán), the program will support rural communities in the development of low-carbon investment plans that aim to reduce carbon emissions from deforestation and forest degradation. The program will scale up the lessons learned from previous experiences and engage government and local stakeholders alike to address the main drivers of deforestation—including the lack of public sector coordination, illegal activities, unsustainable forestry farming practices, land use changes, and the high opportunity cost of sustainable land use options.

### NEPAL

Building on three decades of successful community forestry programs, Nepal is developing an Emission Reductions Program in 12 districts of Nepal's Terai Arc Landscape to transform more than 2 million hectares of landscape and reach a population of 7 million, 80 percent of whom are forest-dependent. The main drivers of deforestation are unsustainable and illegal wood harvesting, overgrazing, forest fires, and land conversion (encroachment, resettlement). To address these drivers, Nepal plans to transfer government-managed forests to participatory management models, implement sustainable management of forest and carbon enhancement practices, expand alternative energy initiatives, integrate land use planning, engage the private sector, and enhance alternative livelihood opportunities focused on agriculture.

# LARGE-SCALE PROGRAMS IN THE CARBON FUND

## NICARAGUA

Nicaragua is developing a 20-year REDD+ Program in the Caribbean Coast Region and the two adjacent reserves: Bosawás and Indio Maíz. The program covers 7 million hectares and aims to cut the deforestation rate in half through avoided deforestation and forest degradation, and carbon stock enhancement. Examples of these activities are forest protection, sustainable forest management, reforestation, and restoration, as well as activities that reduce the pressure on native forests, such as agroforestry, silvopastoral systems, and farm intensification. Complementary measures to improve forest governance, support sustainable value chains, and strengthen institutional capacity will also be undertaken.

## REPUBLIC OF CONGO

The Emission Reductions Program in the Sangha and Likouala Departments in Northern Congo is anchored in a collaborative public-private partnership with CIB-OLAM, a leading agribusiness. The program, which covers 12.4 million hectares, 11.7 million of which are forests, aims to promote a sustainable cocoa sector by addressing both direct drivers and underlying causes of deforestation and forest degradation. Emission reductions activities include engaging forest concessionaires in reduced impact logging and forest protection; avoiding conversion of forests with high conservation value in oil palm and mining concessions; supporting livelihood improvement through smallholder cocoa production, through agroforestry systems and smallholder outgrower schemes, and providing payment of environmental services for both individuals and communities that protect forests. The program also aims to build governance capacity and strengthen land-use planning at national and local levels.

## PERU

Peru's large Emission Reductions Program, spanning more than 15 million hectares, targets the Amazon regions of San Martín and Ucayali. These regions are affected by the main drivers of deforestation in the Peruvian Amazon: shifting agriculture, medium- to large-scale agroindustrial production, and selective logging. The Ministries of Environment and of Agriculture and Irrigation, regional governments, and indigenous and private sector organizations will collaborate on an integrated landscape approach aimed at improving enabling conditions for sustainable land use, higher agricultural and forestry productivity, and enhanced competitiveness. These objectives will be pursued by increasing the institutional, organizational, and productive capacities, and improving access to markets.

## VIETNAM

Vietnam's Emission Reductions Program encompasses the North-Central Agro-Ecological Region totaling more than 5 million hectares across six provinces in the Northern Annamite Mountains. It aims to reduce emissions through interventions in the forestry, energy, and agriculture sectors to promote sustainable land use and reduce conversion of forest. Working across key sectors to address the drivers of deforestation and forest degradation (agriculture, infrastructure, shifting cultivation, unsustainable forest harvesting, and illegal logging), the program contributes to green growth in Vietnam.



### 3.2. PROGRESS AT THE IMPACT LEVEL

In the following section, progress is reported based on indicators at impact, outcome, and output level, in line with the Performance Measurement Framework (PMF) as per the FCPF's Monitoring and Evaluation (M&E) Framework that was adopted in March 2013. Several indicators, including those related to Emission Reductions Program implementation under the Carbon Fund (CF), are not yet applicable. They are therefore not referred to in the narrative below. Please refer to section 7 (Results Measurement Reporting Framework) for a tabular aggregation of targets and outputs.

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

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

The World Bank Group's engagement at the 22nd Conference of the Parties (COP22) in Marrakesh focused on helping countries integrate climate change into development and achieve their Nationally Determined Contributions (NDCs), unlocking climate finance, greening the financial sector, and boosting the climate resilience of communities, economies, ecosystems, and infrastructure. In addition to actively contributing to the agenda for the forest theme day during COP22, the FCPF team supported the following events: "The Benefits of Global Climate Funds and the Engagement of IPLCs in Climate Action"; "Unlocking Sustainable Finance"; "Commodity Sourcing and Forest Protection"; and "Joining Forces to Achieve SDG15: Delivering on the Global Agenda for Forests, Climate and Development".

In May 2017, at the UNFCCC conference in Bonn, the Facility Management Team (FMT) participated in the fourth UNFCCC voluntary meeting on coordination of support for implementation of REDD+ activities. At this meeting, the FMT highlighted experiences of engaging with public and private sectors in both national and international contexts, and in combining multiple streams of development and climate finance to strengthen capacity and facilitate the implementation of REDD+ readiness and results-based finance programs. Panel participants also included national and international representatives from multilateral financing entities (Global Environment Facility and Green Climate Fund (GCF)); countries supporting and implementing REDD+ programs (Fiji, Dominican Republic, Democratic Republic of Congo, Uganda, and Germany), and international stakeholders (UNDP, World Wildlife

Fund, The Nature Conservancy, Amsterdam Declaration, and the International Renewable Energy Agency (IRENA)).

Building on coordination from previous years, the FCPF continues to foster active exchange with the GCF. To this end, the GCF participates in FCPF meetings to facilitate cross-learning and collaboration. In March 2017, the FMT responded to the call of the GCF for public inputs on the design of REDD+ results-based payments. As follow-up to the submission of these inputs to the GCF, the FMT participated in a GCF expert workshop held in April 2017, in Bali. The workshop brought together about 60 attendees from developing and developed countries and international organizations to discuss results-based payments for REDD+ in the GCF and the role of the GCF in supporting REDD+ actions. The FMT shared lessons learned from the development and implementation of FCPF's Methodological Framework, and the experience gained in designing institutional and implementation arrangements for the delivery of results-based payments in FCPF Carbon Fund programs.

#### **Impact-level Results 1.2: Reduced emissions from deforestation and forest degradation from FCPF, especially Carbon Fund portfolio countries**

In FY17, the FCPF placed emphasis on developing the building blocks for the implementation of emission reductions programs. This includes ongoing work on key issues such as registries, verifications, and due diligence on transfer of title.

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

The FCPF has established global standards for REDD+, including the Readiness Assessment Framework, the Carbon Fund Methodological Framework, and the General Conditions for Emission Reductions Payment Agreements (ERPAs).



The Readiness Assessment Framework guides REDD+ countries on how to measure and communicate their progress on REDD+ readiness, and builds on the foundation and multistakeholder platforms created during the readiness preparation phase. It supports countries in making the transition from readiness to results-based payments. The Carbon Fund Methodological Framework provides a global standard for REDD+ transactions at scale, and guides the piloting of results-based carbon finance transactions through the FCPF Carbon Fund. The FCPF is also working with the UNFCCC Secretariat on coordination of technical issues. The General Conditions provide the technical and legal underpinning for large-scale carbon transactions that will result from future ERPA entered into by Carbon Fund Participants and forest countries. The GCF's performance standards have been informed by FCPF's Methodological Framework.

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

In Zambia, a terms of reference for a jurisdictional Strategic Environmental and Social Assessment (SESA) was finalized. A SESA/Safeguards working group was also established that will provide oversight of the SESA process. As described in the previous annual report, the SESA was part of the preparation of a large-scale Emission Reductions Program in Zambia's Eastern province, and was seen as the best instrument for engaging key stakeholder groups in structured dialogues about strategy options for the program.

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

During FY17, work continued on the implementation of the FCPF Common Approach. Delivery Partners, the Inter-American Development Bank (IDB) and the United Nations Development Programme (UNDP), submitted full reports on the implementation of the Common Approach for those countries with active FCPF-financed readiness activities.

Highlights from country-level progress with the Common Approach include:

In **Cambodia**, the mid-term report on the program's work outlined that the country is committed to developing a Safeguard Information System (SIS). The country also finalized and made public its terms of reference for an Environmental and Social Management Framework (ESMF). In addition, the most recent draft of the country's Environment and Natural Resources Code includes specific references to REDD+, and additional measures related to a Feedback and Grievance Redress Mechanism (FGRM), remedial measures, and social and environmental assessment and mitigation.

In **Guatemala**, social and environmental safeguards and policies will be applied in accordance with the FCPF Common Approach. The IDB, as the delivery partner for Readiness, worked closely with the FMT to prepare the terms of reference of the FGRM, SESA, and ESMF to ensure consistency in implementation according to the Common Approach. The country has also prepared an advanced draft of the SESA report, including a preliminary identification of mitigation actions for the identified social

and environmental impacts. A series of six workshops to discuss the potential benefits, challenges, mitigation of social and environment impacts, and the proposal for the feedback readdress mechanism of the program is being held with key stakeholders, including Indigenous Peoples and local communities.

In **Peru**, a plan for stakeholder participation and involvement was developed in 2016. The Common Approach served as the guiding framework for the plan, which was based on reference materials from both the FCPF and the UN-REDD Programme. The country's SESA, ESMF, and SIS proposals were developed between December 2016 and May 2017, in close coordination with Peru's Directorate-General for Climate Change and Desertification, the country's REDD+ focal point.

In **Guyana**, the Joint FCPF/UN-REDD Programme Guidance Note for REDD+ Countries: Establishing and Strengthening Grievance Redress Mechanisms was used to inform the development of the country's terms of reference approved for its GRM. The requirements regarding stakeholders' involvement and consultation, outlined in the Common Approach, were also followed for the preparation and implementation of Guyana's inception workshop, held in October 2016.

**Paraguay's** Secretary of Environment is working closely with UNDP on the country's Emission Reductions Program. During a stock-taking mission in July 2016, high-level representatives from the Ministry of Environment were briefed on the general features of implementing the FCPF grant through UNDP, including the Common Approach, the fiduciary and technical advisory role of UNDP, and the alignment with UNDP's social and environmental standards. In this context, the SESA will be used as a tool to adjust REDD+ policies and measures, while the relevant elements of the ESMF will be integrated with the implementation framework of Paraguay's National Forest Strategy for Sustainable Growth.

**Papua New Guinea** has established a Social and Environmental Safeguards Technical Working Group (TWG) comprised of representatives from different government departments, civil society organizations (CSOs) and the private sector. The objective of the TWG is to meet Papua New Guinea's need to integrate multiple international safeguard requirements, in particular those under the UNFCCC (Cancún safeguards) and the FCPF (SESA/ESMF), through the adoption of a country approach to safeguards. Against this background, a REDD+ safeguards gap analysis and road map were developed and endorsed by the country's Climate Change Development Authority. In addition, a legal assessment of safeguards was conducted and a set of recommendations on linked policies, laws, and regulations subsequently formulated.

In **Suriname**, a consultancy firm was contracted in January 2017 to lead the development of the country's REDD+ National Vision and Strategy and the SESA/ESMF. A first national workshop held in May 2017 sought to identify the building blocks for the country's draft REDD+ vision, prioritize a preliminary list of relevant policies and measures, and define the risks and benefits of those priority policies and measures. The workshop brought together 100 participants, including traditional indigenous and tribal leaders and "REDD+ Assistants" (whose role is to liaise with indigenous and local communities on REDD+). Community visits to discuss REDD+ took place in May, June, and July of the reporting period. A validation workshop to present the National Vision and Strategy for REDD+ is planned for October 2017.

The FCPF continues to look for opportunities to collaborate with other REDD+ initiatives, such as the UN-REDD Programme and the Climate, Community & Biodiversity Alliance (CCBA), on social and environmental sustainability issues of mutual concern, including the Common Approach and its provisions.

#### **Impact-level Results 1.4: FCPF has catalyzed investments in REDD+ (Carbon Fund and grants)**

*Impact-level indicator I.4.A: Amount of non-FCPF investments under the Readiness Preparation Proposal (R-PP) process in Participant Countries and for implementation of Emission Reductions Programs (e.g., Forest Investment Program (FIP), bilateral donors, private sector)*

The cost of REDD+ readiness often exceeds grant funding available from the FCPF Readiness Fund. Countries have been increasingly successful in leveraging additional external funding to cover the cost of readiness activities. As countries demonstrate results in readiness implementation, strong government ownership of REDD+ objectives, and participatory and inclusive engagement, they secure the confidence of donors and attract additional investments, mainly from bilateral and multilateral sources. Reported non-FCPF funding received under the R-PP process is captured in table 1 and has grown compared to last year's figures. The figures in table 1 are based on progress reporting by countries and may not be exhaustive. The 27 countries that reported on non-FCPF investments for readiness together leveraged cumulative finance of \$266 million, while the total volume of FCPF readiness grants made available to these countries amounted to \$177 million. Thus, the ratio of non-FCPF investments for readiness to total FCPF readiness grants is 3 to 2. It should be noted that the higher figure for cumulative non-FCPF investments in FY17 is not only due to increased leveraging, but also to improved reporting by countries compared to FY16.

**TABLE 1: AMOUNT OF NON-FCPF INVESTMENTS RECEIVED UNDER THE R-PP PROCESS FOR REDD+**

REDD+ Country	Source	Amount Provided <sup>a</sup>
Argentina	UN-REDD Programme	\$571,916
Bhutan	UN-REDD Programme	\$345,000
	Government of Germany (GIZ)	\$570,465
Burkina Faso	FIP	\$30,000,000
	FIP Investment Plan Preparation Grant	\$250,000
	FIP DGM	\$4,500,000
Cambodia	FIP Investment Plan Preparation Grant	\$250,000
	Government of Japan (JICA)	\$863,160
	UN-REDD Programme – FAO	\$1,176,361
	UN-REDD Programme – UNDP-TRAC	\$1,564,976
	UN-REDD Programme – UNEP	\$64,200
Cameroon	Other (IUCN, WWF, GIZ)	\$455,181
	Government of Cameroon (MINEPDED)	\$169,348
Chile	UNEP	\$40,403
	Chile-Mexico Fund	\$246,000
	IDB	\$180,000
	Empresa Minera Barrick Zaldivar	\$137,500
Colombia	Government of Germany (GIZ)	\$4,402,000
	UN-REDD Programme	\$4,000,000
	BioREDD	\$518,000
	BioREDD	\$14,070,000
	Government of the United States (USAID/FCMC)	\$149,000
	Government of Germany (BMUB)/Winrock/Climate Focus	\$1,844,000
	Moore Foundation	\$2,480,000
	GEF (Corazon Amazonia)	\$2,180,000
	Government of the United Kingdom	\$326,000
	Government of Colombia	\$3,444,000
	Others	\$6,131,000
Costa Rica	Government of Germany (GIZ)	\$1,600,000
	UN-REDD Programme	\$927,900
	Government of Norway (NORAD)	\$114,000
	Government of the United States (USAID)	\$500,000
	Government of Costa Rica	\$200,000
Côte d'Ivoire	Government of Côte d'Ivoire	\$245,000
	UN-REDD Programme	\$3,210,000
	Government of France (AFD)	\$2,431,000
	IRD	\$250,000
	EU	\$437,000
Congo, Dem. Rep.	UNDP	\$3,110,690
	FAO	\$2,926,450
	UNEP	\$1,346,060
Dominican Republic	Government of Germany (GIZ)	\$845,000
	Government of Dominican Republic	\$432,000
Ethiopia	Government of Norway (for Oromia REDD+ readiness program)	\$3,000,000
	Government of Norway (official pledge)	\$80,000,000
Fiji	Fiji Ministry for Fisheries and Forests (MFF)	\$42,563
	Government of Germany (GIZ)	\$13,572
Ghana	Gordon and Betty Moore Foundation	\$22,800
	Government of Switzerland - Swiss State Secretariat of Economic Affairs (SECO)	\$400,000
Guatemala	USAID/CNCG	\$567,544
	USAID RCCP	\$24,000
	CARE	\$12,000
	FAO	\$40,000
	IUCN	\$24,800
	IDB	\$200,000
	UNDP	\$487,542
Guyana	Government of Norway	\$3,110,690
	Guiana Shield Facility	\$490,000
	Government of Germany (KfW)	\$627,000
	Guyana REDD+ Investment Fund	\$1,708,000

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

Lao PDR	Government of Germany (CliPAD Project through GIZ and KfW)	\$15,554,700
	Japanese Government (FIM Project, PAREDD Project, NFIS)	\$9,000,000
Madagascar	Government of Germany (GIZ)	\$12,000
	UN-REDD Programme	\$202,000
	FA/PE3/GVT	\$1,349,167
Nepal	USAID	\$965,000
	Government of Japan (JICA)	\$2,000
	Government of the United Kingdom (DFID/SDC)	\$491,000
	Government of Finland	\$360,000
	UN-REDD Programme	\$850,000
Nicaragua	Government of Germany (GIZ)	\$100,000
	FAO	\$5,000
Peru	Gordon and Betty Moore Foundation	\$2,010,000
	Government of Germany (KfW)	\$3,980,000
	UN-REDD Programme	\$960,000
Congo, Rep.	UN-REDD Programme	\$4,000,000
	Government of the Republic of Congo	\$600,000
	COMIFAC (Regional REDD+ Project and Regional Project MRV)	\$200,000
Suriname	Amazon Cooperation Treaty Organization project	\$88,400
	UN-REDD	\$52,000
Tanzania	Government of Norway (Civil Society Organization Program)	\$17,000,000
Togo	Government of Togo	\$413,900
	UN-REDD/FAO	\$26,000
Uganda	UN-REDD Programme	\$1,948,670
	Australian Development Corporation	\$890,797
	FIP Investment Plan Preparation Grant	\$250,000
	Government of Uganda	\$1,086,000
Vietnam	UN-REDD	\$10,178,253
	JICA	\$2,000,000
	Government of Germany (BMUB)	\$1,005,000
<b>Total</b>		<b>\$265,854,008.00</b>

Over the past year, an increasing number of countries have started actively engaging in the design of future emission reductions. Countries receive downstream payments from the Carbon Fund after emission reductions have been achieved and verified. However, countries also require investments to cover substantial upfront financing needs that are not limited to the forestry sector, but also involve a range of other sectors that affect deforestation and forest degradation, such as agriculture, infrastructure, and mining. Table 2 provides examples of non-FCPF investments received for implementation of proposed Emission Reductions Program. The 18 countries that reported these non-FCPF investments leveraged cumulative investment finance of \$679 million, or an average of \$38 million per country. The figures in table 2 are not exhaustive and only capture reported funding. It should be noted that the change in this ratio for FY17 is not only due to increased leveraging, but also to improved reporting by countries compared to FY16.

Combined upfront investment finance typically exceeds the scale of downstream climate finance that countries foresee. To date, funding for Emission Reductions Programs has mainly come from governments, and it's essential that countries explore more diverse sources of funding as well as innovative financing options including bonds, guarantees, and advances.

**TABLE 2: AMOUNT OF NON-FCPF INVESTMENTS RECEIVED FOR IMPLEMENTATION OF ER PROGRAMS**

REDD+ Country	Source	Amount Provided <sup>a</sup>
Cameroon	Government of Germany (KfW)	\$2,800,000
	FIP Investment Plan Preparation Grant	\$250,000
Chile	Government of Switzerland	\$1,658,700
	GEF	\$5,863,636
	FERI	\$50,000
	UN-REDD (targeted support)	\$560,000
Côte d'Ivoire	CD2 Corena	\$4,000,000
	FIP Investment Plan Preparation Grant	\$250,000
	FIP DGM	\$4,500,000
Congo, Dem. Rep.	FIP	\$24,000,000
	FIP Investment Plan Preparation Grant	\$60,000,000
	FIP Investment Plan Preparation Grant	\$250,000

Note: a. It should be noted that figures are based on country reporting and may be neither exhaustive nor solely restricted to FCPF program areas in a country.

	FIP DGM	\$6,000,000			
	Government of Norway	\$2,500,000			
	Congo Basin Forest Fund (CBFF)	\$25,000,000			
	International Tropical Timber Organization (ITTO)	\$600,000			
	CAFI	\$30,000,000			
	COMIFAC	\$305,000			
	WWF project "Carbon Map and Model" funded by German Ministry of Environment	\$400,000			
	European Forest Institute	\$121,294			
	UNEP	\$40,000			
	Government of Germany (BMUB)/ Winrock/Climate Focus	\$1,844,000			
	GEF	\$6,000,000			
	GEF (Corazon Amazonia)	\$2,180,000			
	FIP DGM	\$4,500,000			
	Government of Colombia	\$3,444,000			
	FIP	\$24,000,000			
Dominican Republic	USAID	\$48,160			
	UN-REDD	\$85,000			
Ghana	Japanese Funded Forest Preservation Programme (FPP) Technology Transfer and Support for trend analysis of forest land change, Forest resource map, biomass and C-Stock estimation and capacity building	\$7,800,000			
	Government of Germany (GIZ) Forest Monitoring based on German Remote Sensing Technology	\$555,525			
	FIP DGM	\$5,500,000			
	FIP Investment Plan Preparation Grant	\$250,000			
	FIP	\$59,970,000			
	Gordon and Betty Moore Foundation for biomass map	\$126,063			
	UN-REDD Programme	\$40,000			
	IUCN Global Gender Office	\$15,000			
Guatemala	FIP Investment Plan Preparation Grant	\$250,000			
	FIP/DGM	\$4,500,000			
	FIP	\$24,000,000			
			Indonesia	Government of Germany (KfW)	\$29,371,000
				Government of Germany (GIZ)	\$22,348,000
				FIP	\$70,000,000
				FIP Investment Plan Preparation Grant	\$250,000
				FIP DGM	\$6,500,000
			Lao PDR	Government of Germany (KfW)	\$12,770,000
				Government of Germany (GIZ)	\$5,683,000
				FIP	\$30,000,000
				FIP DGM	\$4,500,000
				FIP Investment Plan Preparation Grant	\$250,000
			Madagascar	PADAP (WB/AFD)	\$108,000,000
				AFD	\$300,000
			Mexico	FIP	\$60,000,000
				FIP DGM	\$6,000,000
				UN-REDD Programme	\$650,000
				Government of Norway	\$15,356,000
				International Bank for Reconstruction and Development (IBRD)	\$25,660,000
				Government of France (AFD)	\$2,418,000
			Mozambique	FIP DGM	\$4,500,000
				FIP Investment Plan Preparation Grant	\$250,000
				FIP	\$24,000,000
				Mozbio	\$46,300,000
			Nepal	FIP Investment Plan Preparation Grant	\$250,000
			Nicaragua	GEF	\$1,494,320
			Peru	FIP Investment Plan Preparation Grant	\$250,000
				FIP	\$50,000,000
				FIP DGM	\$5,500,000
				IADB to FIP	\$450,000
				GEF	\$6,000,000
			Togo	Government of Germany (GIZ/ ProREDD)	\$1,376,000
				World Bank /PGICT	\$137,000
			Vietnam	UN-REDD Programme	\$677,513
				SNV (Forests and Delta Programme)	\$340,000
				JICA	\$180,000
			<b>Total</b>		<b>\$679,267,421.00</b>



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

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

FCPF Readiness Grants make important contributions to nationally driven policy reform that is part of larger, dynamic national processes. In many countries, FCPF REDD+ readiness funding is essential in promoting capacity building, conducting analytical work, developing processes for social inclusion, and undertaking highly technical work related to forest carbon assessments and monitoring. While these activities support and feed policy reform to strengthen REDD+, the initiation and execution of these reforms require collective action across sectors and at national and subnational levels, which sometimes goes beyond the scope of FCPF funding. The following examples provide a snapshot of important, country-driven policy reform introduced in FY17 that both guides and informs REDD+, but should be viewed in the context of broader national processes.

In **Argentina**, intersectoral coordination was strengthened in July 2016 with the replacement of the Governmental

Commission on Climate Change with a National Cabinet for Climate Change. The new National Cabinet is charged with preparing the country for climate change by developing both a national plan of response and sectoral action plans at the ministerial level for mitigation and adaptation in vulnerable sectors.

In **Belize**, the Forestry Department is in the process of revising forestry legislation as part of broader forest reform efforts to strengthen legal frameworks, improve forest management, and increase monitoring and enforcement of forest activities. New amendments to the Forest Act impose stiffer fines and penalties for forest offenses. These amendments are intended to deter illegal and unsustainable timber and non-timber extractions, and help strengthen the country's legal capacity to tackle illegal logging and related crimes.

In **Bhutan**, the new Economic Development Policy, unveiled early 2017, recognizes the importance of the agriculture sector in the development process. The Policy focuses on raising agricultural productivity to achieve national food security, and includes a commitment to sustainably manage natural resources and promote green and climate-smart agriculture. The country also revised its 2006 Forest and Nature Conservation Rules and Regulations. All chainsaw and mobile sawmill owners across the country must now register with Bhutan's Department of Forest and Park Services to obtain a



certificate of registration to operate. In addition, the rural timber entitlement was updated, setting maximum allowances for subsidized timber use in new construction.

In **Cambodia**, the country's National Protected Area Strategic Management Plan (2017–30) has been revised to reflect the new protected area system, as well as the environmental and jurisdictional reforms of the Royal Government of Cambodia. The revised Management Plan aims to safeguard protected areas that contribute to the country's economy and sustainable development through the conservation and sustainable use of its biological, natural, and cultural resources and other ecosystem services. Cambodia's National REDD+ Strategy, developed through an inclusive and participatory consultation process, was finalized and launched in August 2016, at a national validation workshop organized by the National REDD+ Taskforce Secretariat. In addition, forest law enforcement was brought under the responsibility of the subnational government through a Prime Ministerial Instruction, which will be followed by a formal decree.

In **Chile**, several pieces of legislation have been developed to support a consistent cross-sectoral policy approach, and incentivize the reduction of emissions from deforestation and forest degradation. The government presented the National Action Plan for Climate Change 2017–22 (NCCAP II), which was developed collectively by 13 ministries and other relevant entities, and builds on the

work of the country's former Action Plan on Climate Change (NCCAP). NCCAP II focuses on the effective implementation of climate change adaptation and vulnerability reduction measures, while contributing to the country's international commitments under the UNFCCC. Furthermore, the National Strategy for Climate Change and Vegetable Resources 2017–25 was validated by the Council of Ministers for Sustainability in November 2016, and an amended law on Native Forest Recovery and Forestry Development came into force, focusing on improved regulation of direct financial incentives for forestry management and native forest preservation. There has also been discussion of a new law on Forestry Development for Plantations, which is expected to be enacted in 2017, and would fall under the country's overall Forestry Policy for 2015–35.

In **Costa Rica**, the President and the Minister of Environment signed an Executive Decree for the implementation of Costa Rica's National REDD+ Strategy. This was followed by additional decrees that modified the country's existing Forestry Law to improve Indigenous Peoples' access to Costa Rica's Payment for Ecosystem Services Program, and that brought into force Costa Rica's Natural Resources Surveillance Committees. These committees define measures to govern the monitoring and control of environmental and natural resources.

In the **Republic of Congo**, the government joined the Tropical Forest Alliance (TFA) in July 2016, and subsequently signed the TFA 2020 Marrakech Declaration for Sustainable Development in the Oil Palm Sector in November 2016, as well as a Memorandum on Sustainable Palm Oil Production in March 2017. The country is working on developing national principles and an action plan for a responsible palm oil sector. The Republic of Congo is also revising its Law on Agriculture to take into account its National REDD+ Strategy and improve policy for forest-smart development. The Ministry of Agriculture is working with the FAO to mobilize support for finalizing the law, which is expected to happen in early 2018. In addition, the Republic of Congo is finalizing a comprehensive and ambitious National REDD+ Investment Plan for submission to the Central African Forest Initiative in November 2017, and developing a new Forest Code.

In **El Salvador**, a proposed Forestry Law reform is before the Legislative Assembly for approval. It proposes a series of changes to forest protection that extends restricted use areas in properties that do not have management plans, thereby significantly increasing the restoration territories of protected areas. The country is also formulating and conducting consultations on its first Climate Change Law, which will regulate and foster reforestation activities. El Salvador reaffirmed its commitment to restore 1 million hectares of degraded land by 2030 when launching a National Strategy for Landscapes and Ecosystems Restoration.

In **Ethiopia**, the Council of Ministers has approved a revised Forest Development, Conservation and Utilization Proclamation, which is in front of the National Parliament for further review. The revised legislation is expected to improve community rights related to natural and plantation forests under communities' management, private investment in the sector, and carbon rights issues, particularly for private and community forests. The Oromia Proclamation, which establishes the region's Environment, Forest, and Climate Change Authority, has legally institutionalized the forest sector in the region, and defines arrangements and responsibilities for forest conservation, development, and utilization at the regional, zonal, and woreda (district) levels. The government of Ethiopia is also developing a National Land Use Policy and Integrated Land Use Plan, which is hosted within the Prime Minister's Office. Once approved and operational, the Policy and Plan are expected to improve economic sector coordination, and enhance forest development and conservation. In addition, the Ministry of Environment, Forest and Climate Change is developing a Forest Fund Proclamation, which is expected to establish a government-managed forest fund to promote forest sector investments.

In **Ghana**, the Forestry Development Master Plan has been prepared as a basis for realizing Ghana's Forest and Wildlife Policy. In addition, a new Framework on Tree Tenure and Benefit Sharing Scheme will design options for tree tenure regimes with accompanying benefit-sharing mechanisms, to be developed in consultation with a wide range of stakeholders.

In **Guatemala**, the National Action Plan for Adaptation and Mitigation to Climate Change was approved in November 2016. Several other relevant policy initiatives for REDD+ are in various stages of discussion, including an Integral Rural Development Law; a Territorial Planning Policy that addresses climate change adaptation and mitigation at the local, municipal, and national levels; a National Policy on Indigenous Peoples and Intercultural Relations, which aims to guarantee the rights of Indigenous Peoples in compliance with a series of international conventions and Peace Agreements; and a Human Settlements Policy in Protected Areas, which is an internal policy of Guatemala's National Council for Protected Areas that establishes guidelines for the reduction of conflicts related to human settlements in protected areas.

In **Honduras**, the government is developing a National Policy for Agroforestry with a sustainable landscape approach that has five overarching objectives: reducing deforestation and degradation; promoting restoration and reforestation; creating incentives for sustainable production; reducing emissions in production chains; and implementing comprehensive watershed management. The policy is part of a national dialogue with different government sectors, including environment, forestry, and agriculture, and other national stakeholders.

In **Indonesia**, the president created a Peatland Restoration Agency in 2016. Further, the Ministry of Environment and Forestry issued new regulations for the Management of Forest and Land Fire, involving fire bans in several provinces and a Climate Village Program that supports local communities in becoming more engaged in climate change mitigation and adaptation efforts. The ministry is also seeking to extend, and eventually make permanent, a moratorium on expanding oil palm onto natural forest and peatlands.

In **Lao PDR**, the Land Law continues to be under revision and the Forestry Law is being revised to correspond with revisions in the Land Law, and account for payments for environmental services and REDD+. Similarly, Decree No. 38 is being revised to update provisions of the Forestry and Forest Resources Development Fund.

In **Liberia**, a draft National Climate Change Policy (NCCP) was reviewed by the National Climate Change Steering Committee and validated by stakeholders in the sector, and will be resubmitted for approval later in the year. Additionally, in June 2017, the Committee approved



Liberia's National REDD+ Strategy, which is expected to be implemented via national management arrangements. Liberia also signed the Tropical Forest Alliance's 2020 Principles in Marrakech, in November 2016, along with the Declaration for Sustainable Oil Palm Development. Parts of this Declaration form the basis for the country's Agriculture Transformation Agenda being implemented by the Ministry of Agriculture. Other ongoing policy initiatives linked to Liberia's NCCP include a draft National Wildlife Law; a new Act to establish the Gola Forest National Park; a Land Rights Act; and a Mining Act that will help reconcile competing land uses.

In **Mozambique**, Operação Tronco was launched in March 2017, which is the first forest intelligence and enforcement operation of its kind in the country. It has already led to the cancellation of several timber operation licenses and the seizure of equipment and more than 150,000 cubic meters of wood on account of infractions, such as the unauthorized stocking and trading of timber. Fees from fines will be channeled to Mozambique's National Sustainable Development Fund to finance rural development activities, among others, sustainable energy enterprises, small-scale agribusinesses, and tourism lodges. The government is looking to scale up operations, using Operação Tronco as a model for tackling the illegal trade of other forest and wildlife products.

In **Nepal**, the government approved the 2016 Forestry Sector Strategy and the country's Forest Act of 1993 was amended to incorporate carbon service as a recognized forest ecosystem service. These were followed by the

promulgation of the country's Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) Act in 2017, which adapts the CITES provisions to the Nepalese context. In addition, the Department of National Park and Wildlife Conservation, in coordination with the REDD+ Implementation Centre, has prepared and field-tested a Biodiversity Monitoring Protocol for REDD+. It will be helpful in addressing environmental safeguards, particularly in the country's Emission Reductions Program area.

In **Nigeria**, a new Economic Recovery and Growth Plan (2017–22) charts the way to a low-carbon, high-growth, climate-resilient development path, including a transformation of the agriculture sector to reduce its role as the leading driver of deforestation. The country's Agriculture Promotion Policy (2016–20) intends to boost productivity through a climate-smart approach to minimize greenhouse gas (GHG) emissions. Other relevant policy developments include a REDD+ Strategy for Nigeria's Cross River State and the adoption of a REDD+-friendly policy to reduce pressure on the Cross River National Park and Ekuri Forest; a draft Climate Change Bill that is expected to pass in 2017; a review of Nigeria's National Forest Policy; and an update of the country's National Biodiversity Action Plan, which sets targets for biodiversity and related livelihoods.

In **Pakistan**, the country's first National Forest Policy was approved in November 2016 by the Council of Common Interest under the chairmanship of the Prime Minister. The policy aims to expand national forest coverage, protected

areas, natural habitats, and green areas for restoration of ecological functions and their related economic benefits, while meeting Pakistan's obligations under international forest agreements. The Forest Policy also mainstreams REDD+ as a tool to curb deforestation, enhance forest cover, and preserve forest carbon stocks. In addition, Pakistan's Cabinet approved the country's 2016 Climate Change Act, which will be introduced in Parliament next session for enactment. The Act proposes creating a Climate Change Council headed by the Prime Minister, with representation from the subnational governments at the chief ministerial level. It also seeks to establish a Climate Change Authority and Climate Change Fund. The Fund will mobilize resources from both domestic and international sources to support mitigation and adaptation initiatives in the country. Further, in 2017, Pakistan's federal government launched the Green Pakistan Programme, with support from all the provinces. The Programme aims to add 100 million indigenous plants throughout the country over the next five years and reorganize wildlife departments at provincial and territorial levels.

In **Peru**, the National Forestry and Climate Change Strategy has been approved, which systematically diagnoses the major threats to Peru's forests and lays out a plan to mitigate them. The strategy takes an integrated landscape approach to forest conservation in the context of climate change mitigation and adaptation. A new regulation on the country's National Payments for Ecosystem Services (PES) ensures that PES is sanctioned under Peruvian law. Further, Peru's new Guidance on Biodiversity Offsets for Andean Ecosystems aims to help operationalize an existing policy that ensures all development project activities do not result in a net loss of biodiversity. The country has also passed a Law on Prior and Informed Consent for Indigenous and Native Communities and is developing a National Forest Policy and a new Forestry and Wildlife Law.

In **Suriname**, a commission is currently working to revise the country's Mining Decree. This revision, led by the Ministry of Natural Resources, seeks to align the Decree with multilateral environmental agreements and conventions to which Suriname has committed. The country is also in the advanced stages of ratifying its Minamata Convention on Mercury.

In **Togo**, a 2016 national decree established three official entities for REDD+ management in the country: the National REDD+ Committee, the National REDD+ Coordination Unit, and the National REDD+ Working Group. Togo is also engaged in several institutional

reforms that aim to integrate REDD+ into the country's policies and programs, among others, through the creation of a Rural Electricity and Renewable Energy Agency. This agency will seek to implement a national, \$80 billion solar energy program, which will be of relevance to the country's REDD+ Strategy, which focuses on the link between forests and energy. Togo is in the process of adopting a new Agriculture Policy for the agriculture sector, which will integrate principles of sustainable development into natural resources management.

In **Uruguay**, a new National Climate Change Policy (2017–50) proposes to promote the conservation, recovery, and restoration of natural ecosystems, and the provision of ecosystem goods and services, based on adaptive management and sustainable production and consumption practices. It will also seek to incorporate climate change mitigation and adaptation in the country's protected areas and relevant ecosystems, including native forests. The country's National Biodiversity Strategy (2016–20) includes targets to address ecosystem resilience and the contribution of biodiversity to carbon stocks through ecosystem conservation and restoration. Furthermore, Uruguay's National Water Plan (2016–30) links sustainable water use to the need to preserve and restore ecosystems associated with the quality and quantity of water resources, particularly native forests.

In **Vietnam**, the Prime Minister approved an updated version of the 2012 National REDD+ Action Program. The update covers the period 2017–30 and indicates a commitment by the government to work with the international community on taking climate action to improve people's livelihoods and the environment. One of the Program's main objectives is to increase forest cover to up to 45 percent of the national territory. Further, in January 2017, Vietnam's Central Committee—the highest authority within the Communist Party—issued a new Directive on Forest Management, Protection and Development that aims to increase Vietnam's leadership in forest management and protection. Backed by this high-level political commitment, the Directive will mobilize government agencies, businesses, and civil society at all levels to improve the effectiveness and efficiency of forest protection and development in Vietnam. Other policy initiatives over the past year that have helped strength the enabling environment for REDD+ include a new Forest Certification Scheme Program (2016–20); a National Program on Sustainable Poverty Reduction (2016–20); a Sustainable Forestry Development Target Program (2016–20); and an amendment to Vietnam's policy on payment for forest environmental services.



### 3.3. PROGRESS AT THE OUTCOME LEVEL

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

*Outcome-level indicator 1.A: Number of Readiness Packages endorsed by PC (Readiness Packages are in line with Assessment Framework)*

*Target: 2 Readiness Packages by 2014, 8 Readiness Packages by 2015, 20+ Readiness Packages by 2018*

In FY17, FCPF's Participants Committee (PC) adopted resolutions endorsing six new Readiness Packages this year—from Chile, Ghana, Mozambique, Nepal, the Republic of Congo, and Vietnam—resulting in a fund total of nine to date. The PC noted the high quality of the information provided in the Readiness Packages and the rigor of the self-assessments. It also recognized good practices demonstrated on different aspects of readiness implementation in each of the six countries. Chile was recognized for effective cross-sectoral coordination and for pioneering methodologies to measure and monitor forest degradation; Ghana was commended for its achievements in mainstreaming REDD+ in national climate change policies and measures along with its engagement with the private sector; Mozambique's team was recognized for taking a programmatic, landscape-level approach to REDD+; Nepal was praised for its comprehensive stakeholder engagement in the readiness process; the Republic of Congo was commended for its

advancements on technical issues related to carbon accounting, including reference levels and MRV; and Vietnam was applauded for formulating provincial-level REDD+ action plans based on a subnational analysis of land tenure and drivers of deforestation and degradation.

Since the first Readiness Package was submitted and endorsed in 2015, overall progress on achieving the anticipated number of Readiness Packages has been slow. However, by the end of 2017, it is expected that another five Readiness Packages will be submitted, and several more are anticipated in the first half of 2018. The parallel progress on Emission Reductions Program design has helped countries focus, strengthen, and even accelerate their readiness activities as gaps in institutional and technical arrangements, as well as policy reform objectives, have become more concrete.

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

In FY17, countries continued work on key elements of performance-based payment systems—developing draft benefit-sharing plans, exploring pricing options, and addressing the complexities of carbon accounting.

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

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

As countries move ahead on sustainable, low-carbon development trajectories, it has become standard practice to include objectives for climate change mitigation and adaptation that can bring prosperity to the rural poor. Consequently, national REDD+ strategies and the subsequent Emission Reductions Programs consistently address the enhancement of local communities. Countries have been keen to demonstrate that the strategic objectives and interventions outlined in REDD+ strategies catalyze climate benefits along with other environmental benefits, including biodiversity conservation.

In **Mozambique**, the Ministry of Land, Environment and Rural Development (MITADER) finalized and approved a national REDD+ Strategy in November 2016 that focuses on conserving the country's wooded areas, promoting sustainable development, reducing deforestation by enhancing forest resilience to climate change, and increasing carbon stocks—all through an integrated approach to rural development. This Strategy will avoid the emission of 170 million (metric) tons of carbon dioxide (MtCO<sub>2</sub>) per year until 2030. It is divided into six complementary pillars that focus on: i) improvement of governance, including land-use planning; ii) sustainable management of forests; iii) alternative sources of energy; iv) protection of conservation areas; v) forest restoration; and vi) sustainable agriculture. The Strategy recognizes the importance of indicators specifically linked to the implementation of safeguards, among others, those focused on community participation and involvement, poverty reduction and benefit sharing, land use plans and land use rights, and forest resources.

### **Outcome-level Results 4: Knowledge gained in the development of the FCPF and implementation of Readiness Preparation Proposals (under the Readiness Fund) and Emission Reductions Programs (under the Carbon Fund) broadly shared, disseminated, and used by international REDD+ practitioners**

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

Requests for participation in FCPF meetings in an observer role have increased from many sources, including non-participant countries, civil society, Indigenous Peoples, academia, and the private sector, indicating the continued significance of the Facility in piloting REDD+. This interest generally reflects the increasing maturity in REDD+ readiness that several countries are demonstrating with the continued submission of mid-term progress reports and Readiness Packages, and the pioneering work they are carrying out under the Carbon Fund in the development of large-scale REDD+ programs.

In response to the requests to increase the number of Southern CSO and Indigenous Peoples observers to the Carbon Fund, Participants agreed to support participation of additional observers on a case-by-case basis (in accordance with the Rules of Procedure), but to otherwise maintain the status quo and continue with ten fixed observers. Participants felt that representation from additional observers would be most effective if such additional observers were to bring knowledge and expertise on the specific countries that present Emission Reductions Program Documents at a given Carbon Fund meeting, rather than adding more fixed observers.

Carbon Fund Participants also agreed to cover, for a one-year trial period, the cost of participation of non-profit organizations that serve as Carbon Fund observers, if needed and requested. Currently, non-profit organizations serve in the Northern CSOs, International Organizations, and, sometimes, the private sector seats. In addition, noting the multiple facets of the private sector, Carbon Fund Participants also requested the private sector observer to increase outreach to other, relevant private sector actors, and strive to include both northern and southern perspectives in their representation. To help ensure this breadth of perspectives, the Carbon Fund Participants also authorized the FMT to consider on an ad-hoc basis requests from an additional private sector actor, especially those focused on sustainable commodities, to attend Carbon Fund meetings.

## Box 1: Practical Application of the Methodological Framework

Over the past year, the FCPF has continued to work closely with countries to help them put the Carbon Fund's Methodological Framework into practice as they move from readiness efforts to REDD+ implementation.

The Framework is a set of 37 criteria and related indicators associated with five major aspects of Emission Reductions Programs: level of ambition, carbon accounting, safeguards, sustainable program design and implementation, and Emission Reductions Program transactions. By June 2017, seven countries had presented their Emission Reductions Program Documents to the Carbon Fund, and it turned out many of the questions and challenges they had encountered when applying the Framework to real-world programs were related to carbon accounting.

In April 2017, the FCPF brought together 30 participants from REDD+ countries in Rome to identify specific gaps they had observed while working with the Methodological Framework. During this workshop, participants flagged 19 issues and proposed several potential areas for additional guidance or clarification, especially related to carbon accounting, the establishment of reference levels, analysis of uncertainty, and technical assessment and knowledge sharing.

The FMT translated all these workshop recommendations into a draft action plan that was presented at the Carbon Fund meeting held in Paris, in June 2017, where Participants provided inputs into the proposed plan. The feedback focused on clarifying the system technical experts use to review and rate Emission Reductions Program Documents; increasing the role of remote sensing experts in program review as needed; fostering information exchange between review committees and REDD+ countries; providing countries with early technical guidance regarding uncertainty analysis; and improving consistency between processes at the national and Emission Reductions Program level.

## Box 2: New Forest Monitoring Training a Hit Among REDD+ Countries

More than 750 REDD+ practitioners from 90 countries have improved their forest monitoring skills using a specialized training program launched in 2016 by the FCPF, in partnership with Wageningen University and the Global Observation of Forest and Land Cover Dynamics (GOF-C-GOLD) Initiative. The program, made up of 14 self-guided modules with practical country examples and training exercises, was designed to help countries improve forest monitoring and their capacity to develop reference emission levels and measure, report, and verify the results from REDD+ activities.

"There was a wide range of technical materials available globally, but it wasn't user-friendly, or easily accessible and useful for REDD+ countries. What we have done is develop a comprehensive set of training materials that are technically robust yet easy to use, and useful in a developing country context," says Alexander Lotsch, Senior Carbon Finance Specialist for the World Bank Group.

FCPF, Wageningen University, and GOF-C-GOLD brought together more than 30 world-renowned experts to co-author the training material, and a team of independent reviewers to help ensure consistency with established international guidance on forest monitoring. The modules cover, among other topics, REDD+ monitoring design and policy context, assessing the drivers of deforestation and forest degradation, assessing forest data, setting forest reference levels, and reporting on REDD+ performance. The materials are designed to be used in combination with the FCPF REDD+ Decision Support Tool and GOF-C-GOLD Sourcebook, as well as technical guidance from the Global Forest Observation Initiative, SilvaCarbon, Boston University, and the Food and Agriculture Organization of the UN, among several other regional and international partners. The training program is regularly updated and freely available online in English, French, and Spanish under a Creative Commons license.

The modular structure of the content has allowed the FCPF and its partners to tailor the program to different audiences in a variety of settings, including four regional forest monitoring workshops that trained 160 participants from 43 countries, and catalyzed dozens of South-South exchanges in the months after the training workshops.

Innovative e-learning tools have also been developed, such as a popular series of seven live webinars given from April to June 2017, and several recorded lectures made available on YouTube. These materials are also accessible on both the FCPF and GOF-C-GOLD websites.

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

In FY17, the FCPF Secretariat continued to focus on providing customized support to countries that were preparing Readiness Packages as well as Emission Reductions Program Documents for presentation to the Carbon Fund. Several countries received technical assistance to respond to the criteria and indicators of the Carbon Fund Methodological Framework.

During the reporting period, 12 countries used the FCPF's Readiness Assessment Framework to prepare their mid-term progress reports while others, including Ethiopia, Mozambique, and the Republic of Congo, reported that they had used it for multistakeholder self-assessments related to Readiness Package preparation. Some countries (i.e., the Democratic Republic of Congo, Côte d'Ivoire, and the Republic of Congo) also noted that they had applied the Methodological Framework, and two countries (the Democratic Republic of Congo and the Republic of Congo) specifically reported using the Buffer Guidelines in the development of Emission Reductions Programs.

In response to countries' growing demand for guidance on the technical aspects of carbon accounting, the FCPF also launched a series of face-to-face regional workshops and a webinar series to help countries develop REDD+ MRV systems, which are a critical pillar of Emission Reductions Programs.

A well-received knowledge product in FY17 was the study *Emissions Trading Registries: Guidance on Regulation, Development, and Administration*, which was jointly published by the Partnership for Market Readiness and the FCPF. Given the length of time and capacity needed for

the development of a registry, it is essential for countries that are in the process of designing market mechanisms to factor in specific regulatory, administrative, functional, and technical aspects of registry development. Against this backdrop, and to further facilitate future registry design and implementation, the study provides policy makers and other stakeholders with technical insights and guidance on how to support country-specific decision making and activities related to registry development.

Building on FCPF work in cocoa-producing countries—Côte d'Ivoire, Ghana, and the Republic of Congo—a new report presented a first set of principles for achieving sustainable, deforestation-free cocoa production. *Eliminating Deforestation from the Cocoa Supply Chain* analyzes current sustainability projects and best practices in the cocoa sector and makes the business case for moving toward deforestation-free production models. The report, released by the BioCarbon Fund and the FCPF together with the World Cocoa Foundation and Climate Focus, describes overarching principles and key strategies that stakeholders can implement to lay the groundwork for deforestation-free production in the cocoa sector. Throughout 2017, the World Cocoa Foundation and the leading cocoa producers will work to develop a global public-private framework of action to address deforestation in the cocoa supply chain. The FCPF will work in parallel to support the effort with analytical work and consultations. This framework is expected to be presented at the United Nations Climate Change conference to be held in Bonn, Germany, in November 2017.



### 3.4. PROGRESS BY OUTPUT

#### Output 1.1: Readiness Assessment Framework is agreed upon and disseminated

*Output-level indicator 1.1: Existence of published Assessment Framework on the Readiness Package*

The Readiness Assessment Framework was adopted in FY13, in accordance with the target set in the FCPF M&E Framework. As reported in detail in previous annual reports, countries have considered its application a helpful tool for self-assessment of readiness progress.

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

*Output-level indicator 1.2.a: Number of Readiness Preparation Proposal (R-PPs) endorsed by the Participants Committee*

*Target: 30+ Readiness Preparation Proposals by 2015*

The FCPF includes 47 REDD+ Country Participants, of which 46 have been actively engaged in the partnership. The Participants Committee has endorsed the Readiness Preparation Proposals of 45 countries, the last round of R-PPs being endorsed in FY14. This number well exceeds the PMF's target. In FY17, one previously inactive country, Gabon, has reengaged in the partnership, and is expected to submit a Readiness Preparation Proposal in FY18.

*Output-level indicator 1.2.b: Number of Readiness Preparation Grant Agreements signed*

*Target: 30+ signed Grant Agreements by 2015*

In FY17, Argentina, Belize, and the Central African Republic signed three additional Readiness Preparation Grants, amounting to \$11 million. Thus, of the 45 REDD+ Country Participants eligible for Readiness financing, a total of 42 had signed their Readiness Preparation Grants by the end of FY17, representing \$159.2 million<sup>1</sup> in grant resources allocated for REDD+ Readiness Preparation. The number of signed Grants lies above the PMF target of 30+ grants signed by 2015.<sup>2</sup> Two additional countries, Paraguay and Kenya, advanced preparations for Grant signature in FY17 and could sign in FY18.

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

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

Progress on reaching the mid-term of readiness implementation was mixed in FY17. Although 12 countries submitted mid-term reports (Bhutan, Cambodia, Cameroon, Colombia, Côte d'Ivoire, Honduras, Lao PDR, Madagascar, Nicaragua, Peru, Sudan, and Papua New Guinea), 9 mid-term reports are overdue. Upon reaching the midterm of readiness implementation, countries can request additional Grant funding of up to \$5 million. In FY17, all of the countries that submitted mid-term reports also requested, and received, additional Readiness funding.

However, progress in moving from the allocation of additional funding to the actual signing of additional Grant Agreements has lagged for several countries. In FY17, Grant Agreements representing an additional \$5 million were signed for four countries (Indonesia, Madagascar, Nepal, and Vietnam). Four Grants allocated in FY16 remain pending (Chile, Guatemala, Mexico, and Uganda).

In FY18, an increased focus on portfolio monitoring should contribute to reducing unnecessary Grant processing delays across the portfolio.

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

At the time of print, reports from the World Bank (for example, Grant Reporting and Monitoring reports) and from other Delivery Partners were, for the most part, not yet available, as they are generally due by the end of October of each year.

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

According to the PMF, the target is for 100 percent of countries to rate their performance in implementing Readiness Preparation Proposals at subcomponent level as "progressing well" or above for 80 percent of subcomponents by 2018. This would indicate expected progress from the earlier 2015 target of 50 percent of countries rating performance at subcomponent level as "further development required" or above for 50 percent of subcomponents.

1 These figures do not include additional funding of \$5 million.

2 The original PMF did not take into account an expanded number of REDD+ Country Participants.

Of the 42 countries with signed Readiness Grant Agreements, 39 Grants have been under implementation for at least one year, and thus countries are due to report on annual implementation progress. However, by the print deadline for the FY17 FCPF Annual Report, only 28 countries had submitted their Country Progress Reports (or a recent mid-term progress report or Readiness Package, which also include a self-assessment). Of these 28 countries, 93 percent rated their performance as “progressing well” or above. Although this figure lies above the PMF target for 2015, the data may not be fully representative of the overall portfolio performance, as better performing countries tend to provide more timely and consistent reports. More specifically, 13 countries reported that they have made significant progress against planned milestones (Cambodia, Chile, Colombia, the Democratic Republic of Congo, the Republic of Congo, Costa Rica, Ghana, Guatemala, Nepal, Pakistan, Papua New Guinea, Sudan, and Vanuatu).

Another 13 countries assessed themselves as progressing well, although further development is needed for some planned milestones (Argentina, Bhutan, Cameroon, Côte d’Ivoire, the Dominican Republic, El Salvador, Honduras, Lao PDR, Madagascar, Nicaragua, Peru, Togo, and Vietnam), and 2 countries reported that further development is needed to reach planned Readiness milestones (Guyana and Suriname).

Reporting on this indicator is based on self-assessments, which may result in inconsistencies across country reports. The new M&E Framework will aim to address this challenge.

*Output-level indicator 1.3.d: Percentage of countries with a disbursement rate that is in line with agreed Readiness Preparation Grant (>\$3.4 million) disbursement plans of Grant Agreement (up to 10 percent variance with plans)*

Disbursement rates have steadily improved over the past five years. At the end of FY17, grant disbursements from the Readiness Fund amounted to \$125 million (compared to \$90 million at the end of FY16), including transfers of \$35.4 million to Delivery Partners (IDB and UNDP) other than the World Bank. A key achievement in FY17 is the increase in the number of countries that is disbursing above plan—up from 3 countries to 10. In FY17, 83 percent

of the countries with Readiness Preparation Grants were disbursing within 50 percent variance (or better) of their disbursement plans. That is just slightly lower than the percent of countries in the same category in FY16, due to a larger pool of countries with signed grants in FY17. The percentage of countries that are either not yet disbursing or disbursing at less than 50 percent of plan dropped slightly—to 14 percent compared with 15 percent of the countries in FY16.

Despite these improvements in overall disbursement performance, the portfolio-level target of “60 percent of the countries disburse with up to 10 percent variance of their disbursement plans” is not yet being met. Currently, only 36 percent of the countries meet this target (an increase compared with the FY16 figure, which was 26 percent).

Some delays in bringing disbursement performance up to full speed remain. Disbursement performance tends to lag behind actual implementation performance, as the costs of larger contracts (for example, for technical studies, consultation processes, and safeguards documents) are typically not disbursed until activities have been completed and final deliverables submitted.

A more detailed overview of disbursement performance of the 42 countries that had signed Grant Agreements by the end of FY17 is provided in table 3. Noteworthy progress on disbursement (that is, moving up at least two categories compared with last year) was made by Thailand and Uruguay. Over the past three years, consistently strong disbursement performance (consistently within 90 percent or more of the plan) has been demonstrated by Bhutan, the Democratic Republic of Congo, Ghana, Indonesia, Nepal, Nicaragua, and Papua New Guinea.

Three of the 42 countries are not yet disbursing, but since the Central African Republic signed its Grant Agreement only in the last three months of FY17, it was actually expected to start disbursing only in early FY18. Since FY16 there has been an encouraging shift in the number of countries from the “within or less than 50 percent of plan” columns to the “within 90 percent or greater than 100 percent” columns.

**TABLE 3: DISBURSEMENT RATES OF COUNTRIES WITH READINESS PREPARATION GRANTS SIGNED BY END OF FY17**

More than plan (→ 100%)	Within 90% of plan	Within 50% of plan	Below 50% of plan	Not yet disbursing	No grant agreement
Congo, Democratic Republic	Madagascar	Cambodia	Burkina Faso	Argentina	Kenya
Congo, Republic of	Nicaragua	Cameroon	Guyana	Belize	Paraguay
Costa Rica	Chile	Colombia	Peru	Central African Republic	Tanzania
Ethiopia	PNG	Côte d'Ivoire	Suriname		
Ghana	Bhutan	Dominican Republic			
Indonesia		El Salvador			
Liberia		Fiji			
Mozambique		Guatemala			
Nepal		Honduras			
Vietnam		Lao PDR			
		Mexico			
		Nigeria			
		Pakistan			
		Panama			
		Sudan			
		Thailand			
		Togo			
		Uganda			
		Uruguay			
		Vanuatu			
10	5	20	4	3	3



## Output 2.1: Standards and preparations in place for high-quality Emission Reductions Programs discussed and endorsed by Carbon Fund (CF) Participants and/or Participants Committee (PC)

*Output-level indicator 2.1: Number and types of standards and management tools discussed and endorsed by CF participants and/or PC for Emission Reductions Programs including:*

### *2.1.a: Methodological Framework and Pricing Approach*

#### *Methodological Framework*

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

#### *Pricing Approach*

In FY14, Carbon Fund Participants had indicated a preference for fixed pricing under current conditions and a willingness to pay up to \$5/tCO<sub>2</sub>e, while recognizing that the ultimate price would be one of the items on the table at the time of ERPA negotiations.

For the past two years, the FMT has been working with several countries, especially those in the Carbon Fund pipeline, to perform analysis and planning for the financing of Carbon Fund Emission Reductions Programs using the previously developed cost assessment tools. Such an upstream analysis has allowed countries to start structuring Emission Reductions Programs and to align various streams of finance, including the resources provided through the FCPF Readiness Fund, other investment finance, and results-based finance through the Carbon Fund.

To cover the financing gaps of Emission Reductions Programs, there has been an increased focus on innovative options, including bonds and guarantees. In FY17, a review of financing plans for Emission Reductions Programs and options to address the financing gap was presented by the FMT at the 16th meeting of the Carbon Fund (CF16). It will be updated regularly, as new information becomes available. The review covered 10 Emission Reductions Programs—four Programs (Costa Rica, Chile, the Democratic Republic of Congo, and Mexico) submitted to the FCPF Carbon Fund for approval; and six programs (Ghana, Madagascar, Mozambique, Nepal, the Republic of Congo, and Vietnam) that are in advanced stages of preparation for submission to the Carbon Fund.

*Output-level indicator 2.1.c: Legal documents (General Conditions, ERPA Term Sheet)*

*Target: ERPA Term Sheet by the 14th Participants Committee Meeting, General Conditions for ERPA by the 16th Participants Committee Meeting*

The ERPA Term Sheet was endorsed at the 14th Participants Committee Meeting in March 2013 (FY13), meeting the PMF target. The General Conditions for the ERPA were adopted by the 18th Participants Committee Meeting in November 2014 (FY15), slightly after the PMF target of 16th Participants Committee Meeting, as the General Conditions hinged on the finalization and approval of the Methodological Framework for the Carbon Fund, which was approved at the eighth Carbon Fund meeting, in December 2013. With several countries advancing in the Carbon Fund, draft term sheets are under development and workshops on the legal and commercial content of a future ERPA and the related ERPA negotiation process have been held with Chile, the Democratic Republic of Congo, and Mexico.

The General Conditions build on the criteria and indicators specified in the Methodological Framework and provide, among others, for the general legal rules and procedures that are expected to be followed during Emission Reductions Program design, preparation, and implementation. They further provide a set of (nonnegotiable) general rules and procedures that apply to each carbon transaction, while the ERPA covers the (negotiable) commercial terms of such transactions.

## Output 2.2: Countries have entered in the portfolio of the Carbon Fund

*Output-level indicator 2.2.a: Number of early ideas or Emission Reductions Programs presented by countries to the CF*

To date, 24 countries have presented early ideas for REDD+ Programs; 20 countries went on to formally present Emission Reductions Program Idea Notes (ER-PINs); and 19 have been selected into the pipeline (table 4). By the end of FY15, ER-PINs from 11 countries (Chile, Costa Rica, the Democratic Republic of Congo, Ghana, Guatemala, Indonesia,<sup>3</sup> Nepal, Mexico, Peru, the Republic of Congo, and Vietnam) had been selected into the pipeline of the Carbon Fund. In FY16, nine additional ER-PINs were presented, of which eight ER-PINs (those from Cameroon, Côte d'Ivoire, the Dominican Republic, Fiji, Lao PDR, Madagascar, Mozambique, and Nicaragua)

<sup>3</sup> Indonesia was provisionally selected into the pipeline on the condition that it submit a revised ER-PIN. Upon presentation of its revised ER-PIN at the 14th Carbon Fund meeting, Indonesia was formally included in the Carbon Fund pipeline.



were selected, thus increasing the Carbon Fund pipeline to 19 countries.

The significant increase in the Carbon Fund pipeline in FY16 came in response to commitments from Carbon Fund Participants to provide increased funding to the Carbon Fund, subject to the presentation of quality program proposals. With the term of the Carbon Fund extended in FY15 by five years to the end of 2025, sufficient time remains for program development of these new additions to the pipeline, as well as a minimum of five-year terms of program implementation, including verification and payment of the emission reductions generated.

After selection into the pipeline, countries negotiate and sign a Letter of Intent (LoI) that confirms the country's intention to sell, and the FCPF Carbon Fund's intention to buy, a certain amount of carbon emission reductions within an agreed time frame. In FY17, four additional countries (Cameroon, Fiji, Guatemala, and Lao PDR) negotiated and signed a LoI that confirms the country's intention to sell and the FCPF Carbon Fund's intention to buy a certain amount of Carbon Emission Reductions within an agreed time frame. 18 of the 19 countries selected into the Carbon Fund pipeline have signed LoIs, with Indonesia expected to sign one in early FY18.

Countries that have signed their LoIs are advancing the development of their Emission Reductions Programs, consistent with the Methodological Framework and in accordance with the World Bank's due diligence process. In FY17, five additional countries reached the significant milestone of having prepared Emission Reductions Program Documents, which they presented to the Carbon Fund Participants in December 2016 and June 2017. Of these, Chile and Ghana were selected into the Carbon Fund without conditions, while Mexico and the Republic of Congo were selected provisionally. Vietnam, meanwhile,

was invited to revise its Emission Reductions Program and present an updated Emission Reductions Program Document at a future Carbon Fund meeting. The four selected countries join Costa Rica and the Democratic Republic of Congo, which were provisionally selected in FY16. However, having met the required conditions, the Democratic Republic of Congo has been fully accepted into the portfolio.

Mozambique, Madagascar, and Nepal have submitted Emission Reductions Program Documents for Technical Advisory Panel (TAP) review and are expected to present these for potential selection at the 17th meeting of the Carbon Fund (CF17) in December 2017. Moreover, Vietnam is expected to resubmit its Emission Reductions Program Document at CF17. Another 2–3 countries are expected to present Emission Reductions Program Documents in early 2018.

Although the selection of the six Emission Reductions Programs (be it some provisionally) into the Carbon Fund portfolio to date presents an important step forward in the Carbon Fund's business process, the initial PMF target of 10 Emission Reductions Program Documents presented and five ERPAs signed by 2015 obviously cannot be met. ERPA negotiations for the Democratic Republic of Congo, Chile, and Ghana are expected to commence in FY18 subject to completion of the World Bank's due diligence on the programs and fulfillment of conditions as stated in the respective resolutions for the countries. A first ERPA signature is expected to be achieved in the first half of FY18.

**TABLE 4: COUNTRIES THAT HAVE PRESENTED EARLY IDEAS, ER-PINs OR ERPDs TO THE CARBON FUND**

Country	CF2	CF3	CF4	CF5	CF6	CF7	CF9	CF10	CF11	CF12	CF13	CF14	CF15	CF16
Argentina										Early Idea				
Cambodia								Early Idea						
Cameroon										Early Idea	ER-PIN			
Chile						Early Idea	ER-PIN	ER-PIN				ER-PIN	ERPD	
Colombia								Early Idea						
Congo, Democratic Republic	Early Idea		Early Idea				ER-PIN	ER-PIN				ERPD		
Congo, Republic					Early Idea		ER-PIN	ER-PIN						ERPD
Costa Rica	Early Idea		Early Idea	ER-PIN	ER-PIN							ERPD		
Côte d'Ivoire										Early Idea	ER-PIN			
Dominican Republic										Early Idea	ER-PIN			
Ethiopia					Early Idea									
Fiji										Early Idea	ER-PIN			
Indonesia	Early Idea					Early Idea		Early Idea	ER-PIN		ER-PIN			
Ghana		Early Idea					ER-PIN							ERPD
Guatemala								Early Idea	ER-PIN					
Guyana										Early Idea	ER-PIN			
Lao PDR										Early Idea	ER-PIN			
Madagascar								Early Idea			ER-PIN			
Mexico	Early Idea					Early Idea	ER-PIN						ERPD	
Mozambique										Early Idea	ER-PIN			
Nepal		Early Idea					ER-PIN							
Nicaragua										Early Idea	ER-PIN			
Peru							Early Idea	ER-PIN	ER-PIN					
Vietnam			Early Idea	Early Idea	Early Idea			ER-PIN					ERPD	

Note: CFn = nth meeting of the Carbon Fund; ER-PIN = Emission Reductions Program Idea Note; ERPD = Emission Reductions Program Document.

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

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

*Target: two new private sector participants by 2014*

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

In past years, engagement with the private sector predominantly focused on large consumer goods companies with global reach that had committed to zero-deforestation commodity supply chains as part of the 2014 New York Declaration on Forests. In FY17, the engagement broadened and is increasingly focusing on the entire private sector, including small producers, operating locally or nationally.

In response to the evaluation's call for more private sector engagement, the FMT presented a new private sector strategy and a dedicated budget to support collaborative

opportunities with relevant networks, prepare knowledge products to inform private sector strategies, and provide program-specific engagement support, among other actions.

In **Burkina Faso**, the government is working with a consortium of local and international companies on a public-private partnership agreement to collaborate on deforestation-free shea butter.

In **Cameroon**, early discussions are under way to expand the IFC/Cargill program focused on training cocoa farmers. Also, several private sector companies with business in the country's Emission Reductions Program area have agreed to actively participate in program development and indicated interest in potential partnerships around specific commodities.

In **Côte d'Ivoire**, Mondelez and its suppliers (Cargill, Cemoi) have expressed their commitment to participate in Côte d'Ivoire's Emission Reductions Program. The latter program will build on Mondelez's Cocoa Life Program in Côte d'Ivoire. The government is exploring with Mondelez how to implement zero-deforestation agriculture, including a monitoring and verification system.

In **Ghana**, the government's Forestry Commission and national Cocoa Board are in partnership and exploring opportunities with companies (a Memorandum of

### BOX 3: Responding to FCPF's Second Evaluation

In response to the second evaluation of the FCPF, the Facility Management Team (FMT) has produced detailed action plans and papers to address the recommendations, including the following:

- A new strategy for increasing private sector engagement and a dedicated budget;
- A knowledge-sharing and communications strategy that covers the period 2017–20;
- A gender mainstreaming strategy that includes a work plan and associated budget;
- A draft action plan for improving the modalities of the Capacity Building Program of Indigenous Peoples and Southern Civil Society Organizations that includes an increased program budget;
- A proposal for reducing delays in disbursement and enhancing efficiency in Readiness grant implementation;
- A note presenting a proposal on strengthening and tailoring Readiness support to countries;
- A suggestion for revised indicators that will inform future reporting.

The findings and recommendations of the second independent evaluation of the FCPF will continue to guide the Partnership in assessing its relevance, effectiveness, and efficiency in the context of a changing global environment and in maintaining its responsiveness to countries' strategic priorities and climate change ambitions.

Understanding for work is in place with Touton and in progress with Mondeleēz) to jointly promote climate-smart cocoa practices, agroforestry, and community-based approaches to increase cocoa productivity and meet evolving global industry demand for sustainable cocoa supply chains. The FCPF-supported program is leveraging national forums such as the Ghana Cocoa Platform (led by the Cocoa Board) and the Climate-Smart Cocoa Working Group to further private sector engagement. There is active dialogue between partners and the World Cocoa Foundation to foster deforestation-free, climate-smart cocoa. Ghana's Emission Reductions Program will build on, and benefit from, private sector activities funded by the Forest Investment Program, including climate-smart cocoa and commercial plantation development in partnership with the IFC.

In the **Republic of Congo**, CIB-OLAM has been a partner (including providing funding) in the development of the country's Emission Reductions Program Idea Note. CIB-OLAM has partnered with the Ministry of Agriculture and the Ministry of Forestry Economy and Sustainable Development to rehabilitate the cocoa market by

harnessing OLAM's strategic market position in the global cocoa sector. Activities include the intensification of shade-grown cocoa production in degraded forests to avoid slash-and-burn practices in the primary forest.

### **Output 3.1: Enhanced capacity of Indigenous Peoples and CSOs to engage in REDD+ processes at the country level**

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

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

During the reporting period, **Chile** validated its 2017–25 National Strategy on Climate Change and Vegetation Resources, based on a participatory process. The formulation and validation process for the strategy included the active participation of IPs, CSOs, and women. As part of this stakeholder engagement, 1,813 individuals

## **BOX 4: Engaging the Private Sector: The Case of Cocoa**

In June 2017, the World Bank's Funds for Forests and Landscapes Climate Finance released a report—Engaging the Private Sector in Results-Based Landscape Programs—highlighting various initiatives that these funds are supporting to engage the private sector in REDD+. Some of the most impressive work in this area is happening in the cocoa sector, with support from the FCPF.

In **Ghana**, for example, the government's Forestry Commission and National Cocoa Board are exploring opportunities with companies, including OLAM, Mondeleēz, and Touton, to meet global demand for sustainable cocoa supply chains by jointly promoting climate-smart cocoa practices, agroforestry, and community-based approaches to increase cocoa productivity.

In the **Republic of Congo**, CIB-OLAM, which operates the largest logging company in the country, has helped develop the country's Emission Reductions Program Idea Note to the FCPF Carbon Fund, and is partnering with the Ministry of Agriculture and the Ministry of Forestry Economy and Sustainable Development to rehabilitate the cocoa market. Activities include the intensification of shade-grown cocoa production in degraded forests to avoid slash-and-burn practices in the primary forest.

In **Côte d'Ivoire**, Mondeleēz and its suppliers, including Cargill and Cemoi, have expressed their commitment to participate in the country's Emission Reductions Program, which will build on Mondeleēz's Cocoa Life Program. The government is also exploring with Mondeleēz how to implement broader zero-deforestation agriculture.

These country-level efforts are informing a global body of work on how to achieve deforestation-free cocoa. In May 2017, the FCPF together with the World Bank's BioCarbon Fund, the World Cocoa Foundation, and Climate Focus released a report, *Eliminating Deforestation from the Cocoa Supply Chain*, which presents a first set of principles for achieving sustainable, deforestation-free cocoa production.



## Box 5: Step-by-Step: How Cameroon is Standardizing Training on Deforestation and Forest Degradation

For many countries, preparing to reduce deforestation and forest degradation and enhance forest carbon stocks is a complex challenge. This process involves developing national strategies; establishing baselines for forest cover and emission levels; and ensuring forest-dependent communities are informed and engaged, and will have access to the benefits of these efforts.

This last point—engaging stakeholders—is sometimes the most challenging. In many cases, there are dozens of groups in a country, with different priorities and approaches, and unique visions of the challenges and benefits of REDD+, trying to train forest-dependent communities on everything from the basics of climate change, to forest and land use sector transformation. The sequencing of topics differs. The materials differ too, and are often not adapted to the context or capacities of trainees, or to the actual program design process led by the government.

In Cameroon, where rainforests cover nearly 50 percent of the national territory and account for 11 percent of the Congo Basin forests, the national REDD+ Technical Secretariat and the International Union for Conservation of Nature (IUCN) are spearheading a first-of-its-kind approach to align REDD+ training. They have proposed that all organizations organize their materials to follow three standardized modules that build on each other. Combined, these modules give stakeholders comprehensive and sequential nine-day training on REDD+ readiness.

The great advantage of the Secretariat's new Guidelines for Capacity Building of REDD+ Stakeholders is that they allow organizations to continue to use their own training materials, which are often costly to develop and designed to focus on their unique priority areas. Several organizations have committed to following the guidelines, and their feedback has been unanimously positive.

"These training modules are so valuable because they help us ensure we include all that is necessary to know about the REDD+ process in Cameroon, and that content is delivered according to the level of those being trained," says Hawe Bouba, President of the African Indigenous Women Organisation Central African Network (AIWO-CAN).

Stakeholders validated the three-module approach in January of this year, and once they begin using it in the coming months, it will be much easier to understand and compare what REDD+ content has been covered and where. Communities can know they had Module 1, or Module 1 and 2, so future teaching can take this into account, while still leaving flexibility for organizations to use their own content.

"Thanks to this progressive module approach, communities finally receive step-by-step training in REDD+ and climate change. This approach will also help communities develop effective capacity-building initiatives that facilitate their involvement at the local and national levels," says Ako Charlotte Eyong, Project Officer for IUCN's Pro-Poor REDD+ Project in Cameroon.

participated in the 'Indigenous Dialogue and Consultation Process', while 1,266 participated in SESA workshops, 37 percent of them women and 9 percent Indigenous Peoples.

CSOs have actively participated in the awareness and consultative programs organized by the National REDD+ Secretariat in **Ghana**. This development has led to better collaboration between government bodies and the CSOs, and has made it easier for information to be exchanged between these two entities. For example, during the development of the Forest Reference Level (submitted in January 2017), Solidaridad, Nature Conservation Research Centre (an indigenous conservation organization), and SNV (Netherlands Development Organisation) provided useful field-level data that were relevant for estimating

historical emissions. Traditional authorities also play an important role in the facilitation and information dissemination of REDD+ in Ghana and in the on-the-ground human resources needed for program implementation. The Co-Chair for the National REDD+ Working Group is a Paramount Chief of the Agona Traditional Council and in his capacity is able to represent the views and needs of local communities.

In **Mozambique**, a multi-stakeholder landscape platform was created, bringing together several stakeholders (government, civil society, academia and private sector) to discuss and agree on strategic matters relating to the landscape and foster further coordination among these actors. In addition, an open geospatial tool was developed,

## Box 6: A New Chapter for the FCPF Capacity Building Program

The FCPF's Capacity Building Program for Forest-Dependent Indigenous Peoples and Southern Civil Society Organizations (CBP) reached an important milestone in 2016–17. Phase 1 of the program, which has supported 27 projects with \$2 million in funding since 2008, successfully wrapped up and results were presented at the UN Permanent Forum on Indigenous Issues in May 2017. Thanks to an budget approved this year, the program now has more than \$11.5 million in total funding.

Part of the focus of the CBP in Phase 1 was to strengthen REDD+ capacities at the subnational and community levels. In Panama, for example, the Emberá and Wounaan Indigenous Youth Organization worked with traditional authorities and communities to quantify the carbon stored in their forests. Training on how to develop forest inventories and participatory mapping of more than 30 individual plots helped to underscore for indigenous communities the importance of tropical forests and REDD+ efforts in mitigating climate change. The results of this work were featured in the February 2017 edition of *Ecosphere*, the Ecological Society of America's journal.

"The FCPF Capacity Building Program is essential for ensuring full and effective participation of Indigenous Peoples," said Chris Meyer of the Environmental Defense Fund and the Northern Civil Society Observer for FCPF. "This is a program that provides direct results, direct funding and financing to civil society, local communities, and Indigenous Peoples organizations to ensure they can keep up technically. It has been an important example for other programs to learn from."

Phase 2 of the CBP provides funding directly to regional intermediary organizations. This new approach marks the first time FCPF is providing direct financing to indigenous organizations that are best placed to understand the specific context and capacity gaps, and can help ensure projects meet the needs of local communities. Through their role as intermediaries, the regional organizations are also building capacity in areas such as financial management and procurement.

"The FCPF's targeted capacity-building program is a model that has really been able to make a difference at the national level. When you give capacity or resources to Indigenous Peoples' organizations to engage with national REDD+ plans, it gives them a responsibility, it gives them the ability, it gives them the understanding to be able to discuss these things at the national level," noted Daniel Ole Sapit of the Community Resource and Development Center and the Indigenous Peoples Observer to the FCPF. "In this way, the program has been able to bridge gaps that have been existing, and we hope that the second phase will provide even more resources to these programs to be able to do even more."



## Box 7: Taking Action on REDD+ Gender Integration in Nepal

In Nepal, in-country CSOs operating at multiple levels, Indigenous Peoples' Organizations, and local communities have long distinguished themselves for their strong engagement with REDD+, and FY17 was no exception. But one of the fresher and more effective examples of the active participation of these stakeholder groups in this past year came in the context of a concerted, multistakeholder effort to mainstream gender concerns into Nepal's coming effort to pilot results-based payments, via a special consultancy that was funded directly by the FCPF through an allocation made by the Participants Committee at the 21st Participants Committee Meeting.

The consultant driving this work was the CSO WOCAN (Women Organizing for Change in Agriculture and Natural Resource Management), a women-led international membership network that was established in 2004 with the objective of addressing major gender gaps that emerge from the knowledge and experiences of sustainable and rural development processes. From January through May 2017, WOCAN conducted a gender assessment at the district and community levels within the Terai Arc Landscape (TAL), the jurisdiction where the Nepalese authorities are designing the country's first major REDD+ Emission Reductions Program. The idea was to inform the Program's baseline regarding the various social, economic, and political conditions that women face in the forest sector, and to identify opportunities and benefits that would ideally be provided by REDD+ interventions in the TAL. As a show of commitment to this analytical work, the national REDD Implementation Center (IC) lent out one of its staff members to provide regular encouragement and support to the assessment team.

In carrying out the assessment, WOCAN and its collaborators employed participatory methods centered on focus group discussions and individual interviews. They obtained data from 585 members (384 women and 201 men) of Community Forestry and Collaborative Forestry User Groups in seven districts, six in the TAL and one in the Hills region. They also provided opportunities for participation via two multistakeholder meetings in Kathmandu. The last of these meetings involved a vigorous discussion of the findings in the final Assessment Report, with the participants concluding that the assessment had yielded a solid analysis of gender issues in forestry and REDD+ in the TAL. As follow-up, WOCAN is working with REDD IC staff to ensure that their plans for the Emission Reductions Program are sufficiently "gendered"; this will include the REDD IC's support for a national workshop for sectors engaged in land use to discuss the findings for the Assessment Report and promote future collaboration in implementing its recommendations; and for enabling WOCAN to provide training to decentralized Women's Leadership Committees across the 12 districts of the TAL.

which contains information of different projects and stakeholders, including deforestation data and land tenure information.

In **Nepal**, six separate, five-day REDD+ “training of trainers” sessions were conducted involving mid-level REDD+ facilitators of 12 Emission Reductions Program districts from June to July 2017. A total of 114 participants from 12 districts participated in these training sessions. The primary objective of this exercise was to build the capacity of district-level trainers in sharing basic concepts of REDD+ and policy approaches with local-level stakeholders. Of the total participants, 65 percent were from CSOs such as the Nepal Federation of Indigenous Nationalities, the Federation of Community Forestry Users Groups, and the Association of Collaborative Forest Management Nepal, while 35 percent of the participants were from government agencies like the District Forest Offices, and the National Parks and Soil Conservation Offices. Overall, 32 percent of the training participants were female.

In **Papua New Guinea**, the FCPF REDD+ Readiness project supports the operations of the National REDD+ Strategy (NRS) Technical Working Committee (TWC), Safeguards TWC, and MRV TWC, established by the Climate Change Development Authority. The TWCs are multistakeholder technical and advisory forums created to contribute to the development and implementation of the NRS by providing feedback, sharing information, and increasing policy dialogue and collaboration among diverse stakeholders. Eco-Forestry Forum, an umbrella organization with a membership of over 15 environmental, governance, and social NGOs and community-based organizations working in different provinces throughout the country has a representative who sits on various TWCs as well as on the FCPF Project Executive Board.

In **Peru**, a training component has been established to strengthen the capacity of various actors, including indigenous groups, in REDD+ consultation and participation. A consultancy is presently under way focused specifically on building understanding and developing a communications plan for indigenous groups and local communities. This initiative will focus on designing and implementing a training plan to boost the informed participation and effective involvement of these stakeholders, design and implement a communications plan, and contribute to the establishment of designated spaces for participation and involvement of REDD+ actors that support REDD+ governance efforts. The consultancy is putting special emphasis on the participation of AIDASEP (Interethnic Association for the Development of the Peruvian Rainforest) and CONAP (Confederation of Amazonian Nationalities of Peru), along with four subnational centers: Loreto (Iquitos); Amazonas—San

Martín — Yurimaguas; Pucallpa and Atalaya; and Madre de Dios.

In **Sudan**, consultation and awareness-raising activities took place across 17 states, targeting specific groups such as gum arabic producers, women, pastoralists, and farmers. These workshops involved all levels of relevant stakeholder groups, including high-level political representatives. A platform for CSOs has been established at the national level, whose role is to facilitate dialogue and raise awareness on REDD+. A platform for gum arabic producers (local people and forest-dependent communities) was established, given their key role in the REDD+ process in Sudan (the number of people living in the gum arabic belt is estimated at 7 million). At the state level, two platforms have been established in each of the 18 states of Sudan—a formal platform including government institutions, academia, research institutions, communities, and CSOs (open-ended), and an informal platform, which brings together mainly CSOs. The main purpose of the formal platform is to ensure continuous REDD+ consultations at the state level, while the informal platform is meant to empower CSOs and ensure their effective participation.

Continued training has been provided and contracts have been signed with 18 REDD+ Assistants (representing indigenous and tribal communities) in **Suriname**, whose work is sharing information about REDD+ with their respective indigenous and tribal communities. During this reporting period, a total of 12 training days were organized for the REDD+ Assistants. The REDD+ Assistants play an important role in both bringing information about REDD+ to their local stakeholders and in turn sharing feedback, questions, and messages from communities with REDD+ project management units.

The self-selection process of civil society and Indigenous People representatives to be engaged in **Uganda's** REDD+ process concluded in February 2017. This process was managed by a national NGO, Environmental Alert, and supported by UN-REDD in collaboration with the FCPF. The goal of the process was to strengthen public accountability within emerging REDD+ structures in Uganda. These representatives will take part in thematic task forces and national REDD+ institutional arrangements.

This year, **Vanuatu's** CSO REDD+ Coordinator was in charge of planning activities to mark “national tree planting day” on June 21. Events took place across five islands: Santo, Malekula, Efate, Erromango and Tanna. Overall, these activities helped build a better understanding of REDD+ work in Vanuatu, boost the visibility of CSO involvement in REDD+ activities there, and drew diverse crowds including women, school-aged children, disabled participants, and Indigenous Peoples.



## Box 8: Civil Society Actively Engaged in National REDD+ Strategy Preparation in Togo

As Togo works to prepare its national REDD+ strategy, an important partner has stepped up to the plate: civil society. In a country with strong political support for the REDD+ process, a two-year information campaign by the National REDD+ Coordination Unit has focused on building awareness and dialogue at all levels around forest and climate change issues. The campaign has supported information sharing and the mobilization and commitment of stakeholders, especially CSOs, around the REDD+ process.

Civil society groups have created platforms and self-organized at the local, regional, and national levels to boost participation in REDD+ and are also actively taking part in the national REDD+ management bodies. What's more, these stakeholders have made it a priority to see that local populations have the right information to actively engage in forest and climate dialogues, while demonstrating the on-the-ground benefits of more sustainable management of agriculture and forests.

For example, in May and June 2017, Togo's Women REDD+ Consortium spearheaded a national public awareness campaign on climate change, REDD+, and fuelwood efficiency, which reached more than 6,500 women and 600 men in 60 townships. A major driver of forest degradation in the country is the collection of fuelwood for cooking, and women usually handle this task. According to Ms. Essivi Sinnmégnon Acakpo-Addra, President of the Consortium, "The goal of this campaign was to mobilize women around the concept of REDD+ and help to reduce the pressure on the forest through more efficient use of fuelwood and charcoal. With the support of the World Bank, we have distributed 1,500 improved cook stoves. The stoves produce fewer emissions than traditional cook stoves, require less fuel, time and money to prepare the same meal, and can minimize the demands on forests for firewood while reducing the risk of respiratory illnesses in women."

The National Council of Civil Society Organizations for Sustainable Development in Togo (CNODD) has also been working to bring the concept of REDD+ to local communities. In 2016, the group developed an informational guide called "The tree, the forest and our life on Earth." Using the guide as its foundation, the CNODD organized 35 workshops on forest and climate change issues with traditional and local leaders of 35 prefectures along with 50 radio broadcasts across 25 rural radio stations. "Radio is the best way to reach people. In talking about REDD+ in local languages, we want to help get the communities more directly involved, alongside the government, in the sustainable management of our forest resources," said Mr. Paul Kanfitine, President of the CNODD.

Finally, the Togolese Coordination of Peasant Organizations and Agricultural Producers (CTOP) has organized five regional workshops and trained more than 100 producers (who will then train others) on sustainable agricultural practices and the links between deforestation, farming, and climate change. "We are committed to REDD+ because we hope for more fertile land and more regular rainfall for our crops," said Mr. Fikou Ougadja, who works on M&E of the CTOP.

Togo has recently been awarded \$35,000 from the FCPF's capacity building program to further boost REDD+ outreach in the country. The funding, which will go to two NGOs in the country, will support additional awareness activities and media campaigns.

The work of these groups to date has been a key factor in reaching stakeholders at all levels. At a time when Togo is focused on preparing its national REDD+ strategy, it's more important than ever to have civil society and local communities informed and involved.

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

The FCPF-supported Capacity Building Program for Forest-Dependent Indigenous Peoples and Southern Civil Society Organizations has enhanced the engagement of Indigenous Peoples in national REDD+ planning and formulation. Moreover, it has acted as a catalyst in activating partnerships with governments in respect to implementing consultation activities and representation in national REDD+ structures. A recent budget increase for the program, approved at the PC meeting in March 2017, brings total funding to \$11.5 million.

The second phase of this program began in July 2016 and will run through June 2018. For this stage of the program, funding goes to regional intermediary organizations that coordinate capacity-building activities in their respective regions.

In addition to being an important step forward in building support for REDD+ on the ground, this new approach marks the first time that FCPF is providing direct financing to indigenous organizations for capacity-building projects. Previously, the money would have passed through the government or an international non-profit. Regional organizations understand the specific regional context and capacity gaps and can help ensure that the funded programs meet the needs of intended beneficiaries in the eligible FCPF countries.

At the end of FY17, all six projects under Phase Two of the Capacity Building Program for Forest-Dependent Peoples and Southern CSOs had been approved by the World Bank. Five of the six had advanced to grant signature and were disbursing, while one project remained in the final stages of review.

Regional intermediary organizations have taken advantage of international platforms to share results and lessons learned from their experiences through the capacity-building program. For example, Mainyoto Pastoralist Integrated Development Organization (MPIDO), a beneficiary of the program, co-organized an event at the 22nd Conference of the Parties in Marrakesh, in November 2016, focused on the current involvement of Indigenous Peoples and local communities in actions related to mitigation and adaptation, including REDD+, in the Africa region.

A side event to the United Nations Permanent Forum on Indigenous Issues, in April 2017, on the Indigenous Peoples Capacity Building Program on REDD+, provided another opportunity to share the progress and early results from the programs across Africa, Asia, and Latin America with the larger Indigenous Peoples' fraternity and gather their

suggestions on the future of the initiative to inform engagement with the FCPF.

*Output-level indicator 3.1.b: Number of Indigenous Peoples and REDD+ country CSO representatives (men/women and/or/youth) that have participated and benefitted from FCPF-organized workshops/training sessions on Strategic Environmental and Social Assessments (SESAs), governance, MRV aspects / related aspects of REDD+*

In October 2016, the FCPF organized a stakeholder engagement workshop with southern CSOs and Indigenous Peoples' groups that brought together more than 50 participants from 25 countries, civil society observers from the United States and Norway, and a representative from the United Nations Development Programme (UNDP). The overall aim was to provide an update for Indigenous People and CSO representatives on the progress of the FCPF Carbon Fund, including the application of the Methodological Framework. The agenda included a session on complementary initiatives and instruments, including the FIP and the BioCarbon Fund, which helped participants learn about other World Bank Group forest and climate resources. The workshop also served as a platform for Indigenous Peoples and CSOs from Carbon Fund countries to share their experiences on approaches to enhancing their meaningful engagement in the design and implementation of Emission Reductions Programs.

The FMT also supported the participation of FCPF observers in other international processes and forums, including the United Nations Permanent Forum on Indigenous Issues as well as the Conference of the Parties organized by the UNFCCC.

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

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

## Box 9: Mainstreaming Gender Considerations in REDD+

The FCPF continues to align its work with the World Bank's Gender Equality Strategy (FY16–23), to ensure women are treated as partners in the design and implementation of REDD+. The Bank's Gender Strategy is focused on removing barriers to women's ownership and control of assets, and enhancing women's voice and agency. The Strategy and its associated Gender Action Plan are helping the FCPF find new entry points to mainstream and track gender considerations in REDD+ Readiness and larger Emission Reductions Programs. FY17 was the first year the FCPF had a dedicated budget for gender work, with initial support going to Ghana, Mexico, and Nepal.

### New Country-Level Initiatives

Building on the significant progress on gender and REDD+ in countries the FCPF will fund new gender-sensitive initiatives in 2017–18 focused on the following:

- **Pilot gender analysis and integration activities**, to enhance women's participation in the countries' Emission Reductions Programs;
- **Build capacity** for women's organizations and government institutions and agencies working on gender and REDD+;
- **Develop Gender Action Plans**, to ensure women benefit directly from all forest and landscape interventions;
- **Review women's participation in REDD+ decision-making platforms** at subnational and national levels;
- **Ensure gender-sensitive indicators and targets** in the monitoring framework for national REDD+ strategies.

### New Global-Level Initiatives

In December 2016, the FCPF conducted a gap analysis of its guidelines and methodological frameworks, recognizing that gender inequalities are sometimes taken for granted at the program level. These findings prompted the FCPF to identify a series of activities and dedicate a budget to improve the way gender is integrated.

Throughout 2017–18, the FCPF will:

- **Review FCPF frameworks** for Monitoring and Evaluation (M&E), Readiness Assessment, and Carbon Fund Methodology, to improve the way countries report on gender activities;
- **Track and monitor** gender inclusion in FCPF country reports; this will include using the "Gender Tag" tracking mechanism in the Bank's Gender Strategy to identify operations that seek to narrow a gender gap;
- **Host knowledge- and experience-sharing sessions** at the country and regional level, as well as in Participants Committee meetings and other relevant forums.

The FCPF is also collaborating with the Program on Forests (PROFOR), the Climate Investment Funds (CIF), and other partners to align its gender work with the Bank's Gender Strategy, and will continue to integrate gender in its programs to address gaps and maximize women's empowerment in the forest and landscape sectors.



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

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

Based on reporting (which may not be exhaustive), stakeholder engagement platforms are working and meeting regularly in the following 34 countries: Bhutan, Cambodia, Cameroon, Chile, Colombia, Costa Rica, Côte d'Ivoire, the Democratic Republic of Congo, the Dominican Republic, Ethiopia, Fiji, Ghana, Guatemala, Guyana, Honduras, Indonesia, Lao PDR, Liberia, Madagascar, Mexico, Mozambique, Nepal, Nicaragua, Pakistan, Panama, Papua New Guinea, Peru, the Republic of Congo, Sudan, Suriname, Togo, Uganda, Vanuatu, and Vietnam.

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

In FY17, the FCPF developed a new knowledge-sharing and communications strategy, and continued to disseminate knowledge and lessons learned from FCPF activities through digital and print platforms. This past year, the FCPF Secretariat continued to boost readership of its quarterly newsletter, with stories that include updates on REDD+ country activities, FCPF deadlines, knowledge products, news reports, and photos and multimedia products from FCPF events gathering stakeholders. Nearly 800 targeted subscribers receive this content regularly. The newsletter also drives traffic to the FCPF website, the main platform for information and knowledge sharing. Over the past fiscal year, the user base of the FCPF website, which is updated regularly with news from the Secretariat and country programs, increased by 14 percent.

The FCPF remains actively engaged in promoting its activities and knowledge through social and digital media. The FCPF Facebook page dramatically increased its outreach over the past fiscal year, starting from just over 1,400 followers to surpassing 2,200 followers over only a 12-month period, a jump of 57 percent. Certain posts on the FCPF Facebook page have reached over 2,900 readers. The FCPF has also shared lessons learned through online feature stories on topics related to new

## **Box 10: Diversifying Membership of Pakistan's National Steering Committee on REDD+**

In Pakistan, a National Steering Committee (NSC) on REDD+ has been operating at the federal level since 2011, under the chairmanship of the Secretary Ministry of Climate Change. The NSC was set up to enhance multisectoral coordination and multilevel coordination on REDD+ in the country, and at first, it was composed mainly of national- and provincial-level government stakeholders. Recent meetings of this body have touched on the need to both increase the size of the NSC and diversify its membership. As a result, in December 2016, a reconstituted NSC met for the first time. It now includes 37 members representing relevant ministries, donor agencies, national and international NGOs, and academia, as well as representatives from forest communities and forest industries in focal provinces. The NSC is also more balanced in terms of gender representation.

This reform in Pakistan's national-level institutional architecture for REDD+ has ended up shaping the national REDD agenda in notable ways. For example, in May 2017, the government of Pakistan requested additional funding from the FCPF Participants Committee for scaling up action and documenting lessons in areas identified by the provinces and duly endorsed by the expanded NSC, including building the capacities of women, forest owners, and right holders; formulating community-based forest management agreements between villages and their respective forest departments; and undertaking feasibility studies, engaging in consultations, and doing analytical work on drivers of deforestation, strategy options, and benefit-sharing arrangements in relation to the most promising areas for REDD+.

programs selected into the pipeline, results from the first phase of the Capacity Building Program for Forest-Dependent Indigenous Peoples and Southern CSOs and the importance of private sector engagement, among others. These stories are promoted through the World Bank's communications channels focused on climate change, environment and natural resources, and agriculture. In addition, the FCPF has an active presence on the World Bank's climate change Twitter account (@wbg\_climate, which has over 80,000 followers).

Selected knowledge products in FY17 included the following:

- The issues around the environmental integrity of international market mechanisms have gained attention in the wake of the Paris Agreement. To meet the demand for knowledge on this topic, the FCPF, along with the Partnership for Market Readiness, launched the comprehensive report *Emissions Trading Registries—Guidance on Regulation, Development and Administration*, in October 2016. The report provides policy makers and other stakeholders with technical insights and guidance on how to support country-specific decision making and activities related to registry development.
- Over the past fiscal year, the team increased its use of video to engage audiences on WBG online and social media feeds, making them freely available for other stakeholders to use. Along with the launch of *Voices from the Heart of the Forest: Indigenous Peoples and Civil Society Speak About REDD+* to coincide with the 2017 International Day of Forests, the team supported the production and dissemination of REDD+ in Africa videos focused on Ghana, Mozambique, and the Republic of Congo, which are posted on the World Bank YouTube channel, which has 42,000+ subscribers.
- FCPF, in partnership with the Global Observation of Forest Cover and Land Dynamics (GOF-C-GOLD) Land Cover Office and various other partners (UN-REDD Programme of the United Nations (FAO/UN-REDD), REDD+ Partnership, Global Forest Observations Initiative (GFOI), the Australian government, the Silvacarbon Program, Wageningen University, and Boston University) delivered a series of regional workshops to train the selected technical experts from REDD countries working on national forest monitoring, reporting, verification and reference level development. Four regional workshops were organized in three different parts of the world between April 2016 and February 2017, with the objective of building on existing expertise and experiences and developing “multipliers,” by training the trainers. A selected group of about 40 participants from countries in each region were invited to attend the workshop, aimed at further disseminating

the gained knowledge and insights and train other relevant people who are involved in REDD+ monitoring and reporting in their country.

- During April, May, and June 2017, the FCPF cohosted a series of seven webinars linked to the aforementioned regional workshops on the latest tools and methodologies for REDD+ measurement, reporting, and verification (MRV), in the context of monitoring forest area and area changes, and the associated carbon stocks and changes. A total of 576 individuals (34 percent female and 66 percent male) participated in the webinar series, with an average of 183 attendees per session. Participants came from 90 countries, including 37 of the 47 FCPF countries. In feedback surveys, participants highlighted that the webinars had been easy to understand, relevant for their work, and that they would serve as building blocks for their related REDD+ initiatives. All the related REDD+ training materials, including the REDD+ Sourcebook, the training modules, and webinars that were sponsored by the FCPF, are available online.
- In April 2017, FCPF collaboratively organized a workshop on lessons learned from carbon accounting elements of FCPF Carbon Fund Emission Reductions Programs. Participants discussed the challenges in the application of the Methodological Framework from the perspective of a REDD+ country, Carbon Fund Participant, and technical advisor. A report on the lessons learned and recommendations for stakeholders is forthcoming. The team also participated in the NASA Carbon Monitoring System Applications Policy Speaker Series.
- Another set of workshops was supported by FCPF, GFOI, GOF-C-GOLD, and the Norwegian Space Center, focused on lessons learned in the application of accuracy assessments of forest cover change maps. International experts came together in April and June 2017 to provide preliminary guidance on how to use the results from accuracy assessments. An informal set of guidance points was shared after the June workshop, and formal guidance is expected in the new fiscal year.



#### **Output-level indicator 4.1: Examples of activities undertaken at the national level to generate and institutionalize awareness on REDD+ such as through inclusion of REDD+ in curricula in schools and universities**

A diverse set of activities is carried out by countries to generate awareness, build capacities on REDD+, and incorporate REDD+ in training events, curricula, and other opportunities for learning.

Some examples from FY17 include:

In **Cambodia**, several communications products, including a newsletter, calendars, and notebooks, were developed to build awareness of the National REDD+ Strategy framework, and were distributed to the government, NGOs, private sector stakeholders, REDD+ technical teams, the Consultation and Gender Groups, and universities. These products were also made available on the Cambodia REDD+ website and Facebook page. In addition, three animation videos, at various stages of production, are being developed to promote the key messages of the country's REDD+ Strategy.

In **Cameroon**, the national REDD+ Technical Secretariat spearheaded a new approach to streamline how REDD+

training is done. It convened all the main organizations in the country that do REDD+ training and helped them organize their materials into three standardized modules that build upon one other. Combined, these modules provide stakeholders with comprehensive and sequential nine-day training on REDD+ readiness. Organizations are still able to use their own materials within the standardized modular framework. In an effort to continue to disseminate information on the REDD+ process throughout 2017, the Secretariat is planning to produce two documentaries and nine advertisements.

In **Chile**, a new Master's Degree Program on Climate Change and Vegetation Resources has been created. In addition, the country is now offering a training program for lawyers and other professionals on REDD+-related legal aspects, focusing on the legislation of carbon rights transfer. Furthermore, since 2016, Chile's new Program on National Greenhouse Gas Inventories and REDD+ Carbon Reference Levels has trained 55 public officials and other relevant professionals.

In **Colombia**, several communications initiatives over the past year have helped convey key messages and results from the country's National REDD+ Strategy. These efforts include three "REDD+ Diversa" institutional bulletins;



several deforestation alert newsletters; a new website and social media channels on various climate change and REDD+ topics; infographics and animated videos on the country's REDD+ work; and the training of community reporters who can support the generation and dissemination of REDD+ content. In addition, a series of tours was developed and carried out in the Chocó – Darién Conservation Corridor to introduce community representatives, environmental authorities, and other partners to early REDD+ initiatives, facilitating the exchange of knowledge and lessons learned in the implementation of REDD+ and forest governance. Colombia also launched its “El Pacífico habla de REDD+” (“The Pacific Region is talking about REDD+”) strategy to reach out to Afro-Colombian communities on REDD+ issues. Further, the country's Pacific Diploma in Creative Writing Program engaged with REDD+ by soliciting forest-related stories from Afro-Colombian and black communities of the Pacific region.

In **El Salvador**, a Green Networks and Classrooms project was launched in 2017 that integrates climate change themes into the core curriculum of public schools. The project, developed by the Ministry of Education, in partnership with the Ministry of Environment and Natural Resources, helps citizens improve local sustainable

environmental management and build more resilient communities. The project takes into account the needs of different municipalities and local ecosystems, and focuses on training teachers, creating and replicating methodological guidance, and restoring degraded ecosystems.

In **Madagascar**, several national and regional-level knowledge exchanges were organized across the country on various REDD+ topics, including forest monitoring, drivers of deforestation and forest degradation, and Strategic Environmental and Social Assessments. Materials from these exchanges were translated into Madagascar's national language, Malagasy, and used to create illustrated communications pieces to ensure communities, with varying degrees of literacy, would be able to access the information. The REDD+ Coordination Office also disseminated these specialized knowledge-sharing materials during the country's Information Day on Climate Change.

In **Panama**, the Ministry of Environment, in partnership with the Albatros Media Foundation, launched the “Living Forests” campaign to raise awareness about forest conservation and REDD+. As a key activity under the country's REDD+ communications strategy, the campaign

was designed to engage with the public through television, radio, and print media, as well as through state institutions and the private sector.

In **Sudan**, REDD+ information “walk-in-school” sessions were initiated in February 2017 to provide key stakeholders with technical information on REDD+. To date, nine such sessions have trained a total of 180 participants.

In **Suriname**, several outreach and awareness activities were organized between June 2016 and February 2017, including the celebration of the International Day of Forests and World Environment Day. Communications outputs focused on video and radio productions, including five movies in English and Dutch, and one in Sranan Tongo; 10 radio coproductions with the Foundation for Forest Management and Production Control; and 50 television and radio broadcasts. Local newspapers in Suriname picked up a total of 20 stories on REDD+, and the country’s REDD+ website, Facebook, and YouTube channels all saw notable increases in traffic.

In **Vietnam**, in September 2016, the REDD+ Provincial Project Management Unit (PPMU) in Da Lat City collaborated with the local Women’s Union to host a REDD+ Communications Challenge event. During the competition, teams of women from surrounding districts were issued a series of challenges designed to generate discussion and awareness on forest conservation, climate change, and REDD+ implementation. This creative communications event was considered such a success, that other PPMUs are looking to replicate the event in their districts, towns, and cities across Lam Dong Province. Further, in August, the Vietnam Administration of Forestry and Vietnam’s Agriculture Newspaper launched a writing contest in Ha Noi, called “The forest is my life.” Contestants were encouraged to submit articles and stories looking at the economic and spiritual value of forests, as well as the challenges communities face in forest protection and development. The goal of the contest was to engage the public to learn about the value of forests for livelihoods and climate change.

## **Output 4.2: Participants actively engage in South-South learning activities**

*Output-level indicator 4.2.a: Number of South-South learning activities and/or events connecting FCPF countries*

A South-South exchange in October 2016 brought government officials from Suriname to Costa Rica to share lessons learned on defining a national development strategy. The participants shared ideas about how the experience in Costa Rica could help guide the Suriname team on their own REDD+ strategy. Chile and Mexico also

shared lessons learned, in this case on REDD+ safeguards, during a knowledge exchange in Chile in March 2017.

In April 2017, a team from Bhutan visited Mexico as part of a South-South exchange to increase understanding of national level REDD+ program implementation and preparation of a national REDD+ strategy. As part of the agenda, the participants visited indigenous communities where they learned about community forest management, ecotourism initiatives, and women’s involvement in natural resource management.

In June 2017, representatives from Mozambique traveled to Brazil to partake in a knowledge exchange focused on sustainable rural development. Their weeklong trip included a visit to the Bahia state and covered topics ranging from rural credit and extension services to the restoration of natural forest and protected area management. Building on momentum from the exchange, a number of next steps have been planned, among others, establishing a joint task force to address mutual challenges, providing policy support on the preparation of the National Forest Program in Mozambique, and advancing work in Mozambique with subnational entities and the private sector.

A FCPF Knowledge Exchange Day was held in September 2016 alongside the Participants Committee meeting in Ghana. The event included sessions focusing on benefit-sharing experiences in Ghana, Mexico, and Peru; creating forest reference levels for UNFCCC; and lessons on Emission Reductions Program development and review for the FCPF Carbon Fund. It also gave the participating countries an opportunity to give valuable feedback for FCPF’s knowledge strategy and work program for FY17 and beyond. In short, the event allowed participants to boost their country’s capacity, exchange information, and promote mutual learning as part of FCPF’s objective to disseminate knowledge on REDD+.

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

In FY17, the FMT continued providing targeted country-tailored support, training, and capacity building, focusing in particular on Readiness Packages and Emission Reductions Program development. An increased knowledge and communications budget approved for FY18 responds to increased interest in South-South exchanges and peer-to-peer study tours.



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

*Output-level indicator 4.3.a. Number of neutral/positive mentions of FCPF and REDD+ issues in different key media worldwide per year*

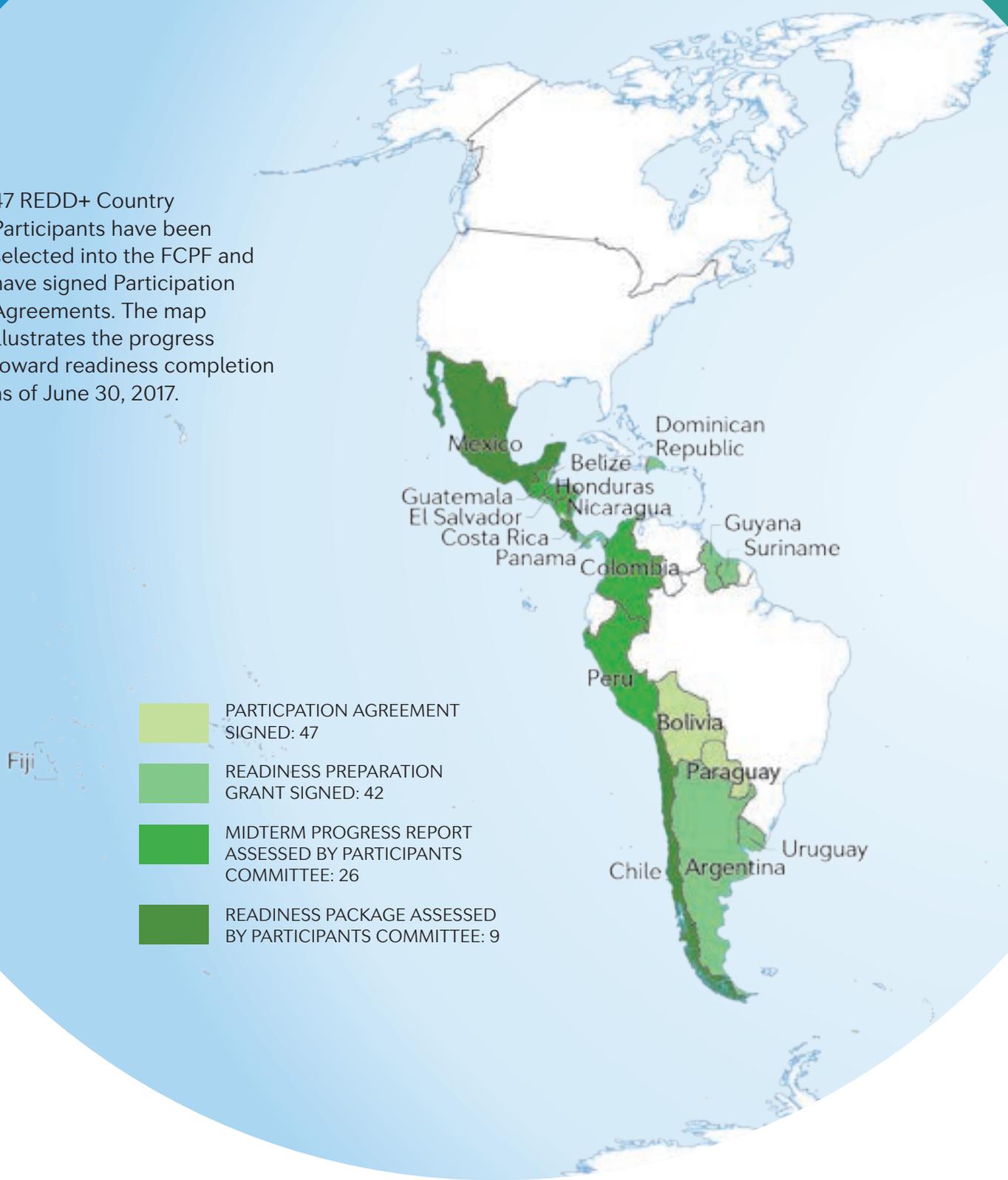
In the context of the buildup to international climate negotiations at COP22 in Marrakesh, mentions of the FCPF in the media have remained consistent and typically been related to the diversity of countries and Emission Reductions Programs under development in the Carbon Fund. Media attention has also included content about advances in a number of Emission Reductions Programs and emerging engagement and partnership building with the private sector.

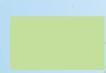
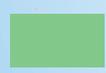
*Output-level indicator 4.3.b: Number of negative mentions of FCPF and REDD+ issues in different key media worldwide per year*

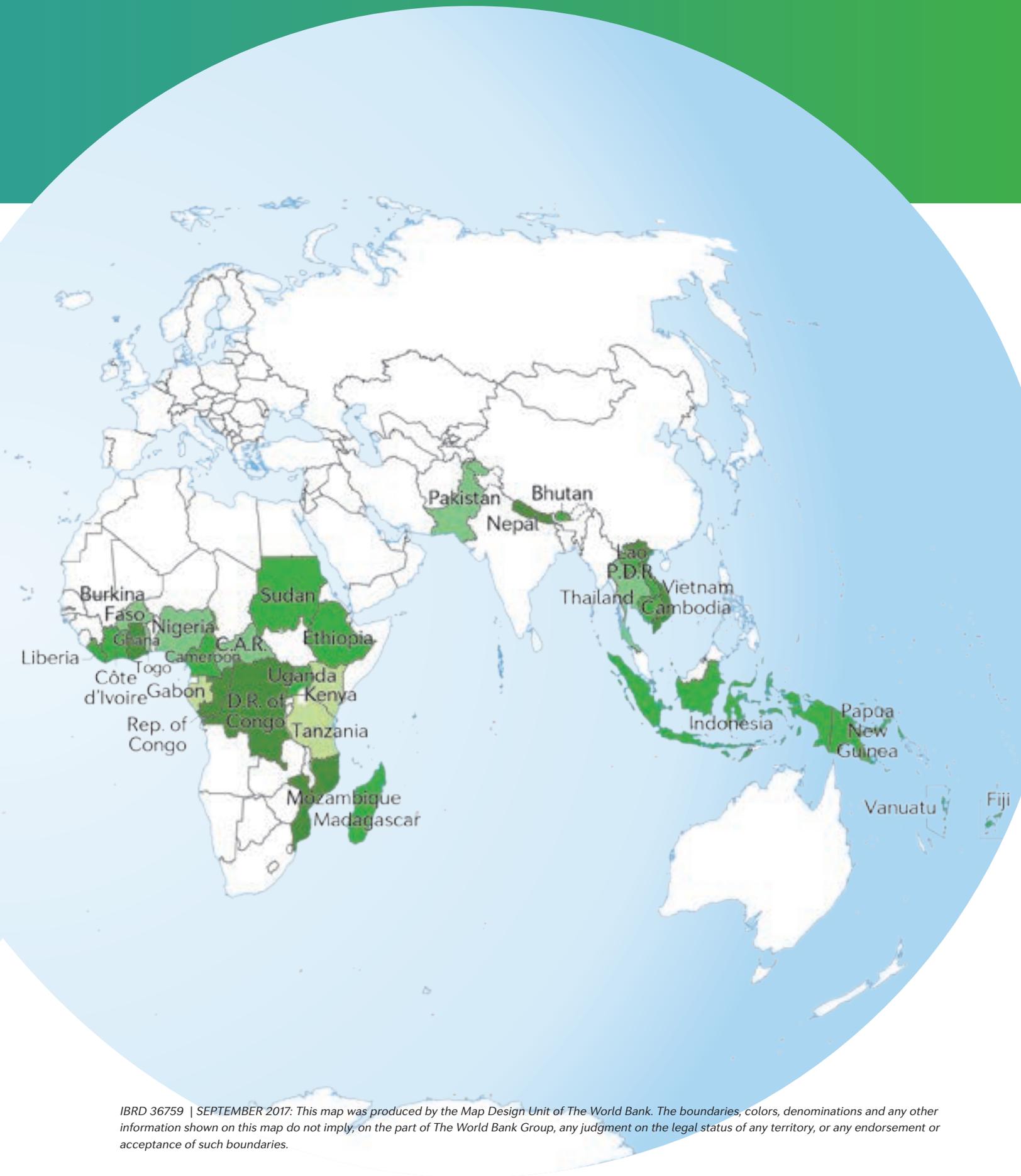
Critical mentions of the FCPF and REDD+ issues in international media worldwide have remained consistent but overall represent a low portion of media coverage. Negative mentions of the FCPF remain primarily related to safeguards, land tenure issues, and carbon rights. In particular, critical environmental NGOs continue to focus on the potential or perceived risks linked to the proposed Emission Reductions Programs in Africa. The FCPF Secretariat or the World Bank as the trustee has responded, when necessary, to inconsistencies between FCPF activities and media reports.

# FCPF READINESS FUND

47 REDD+ Country Participants have been selected into the FCPF and have signed Participation Agreements. The map illustrates the progress toward readiness completion as of June 30, 2017.



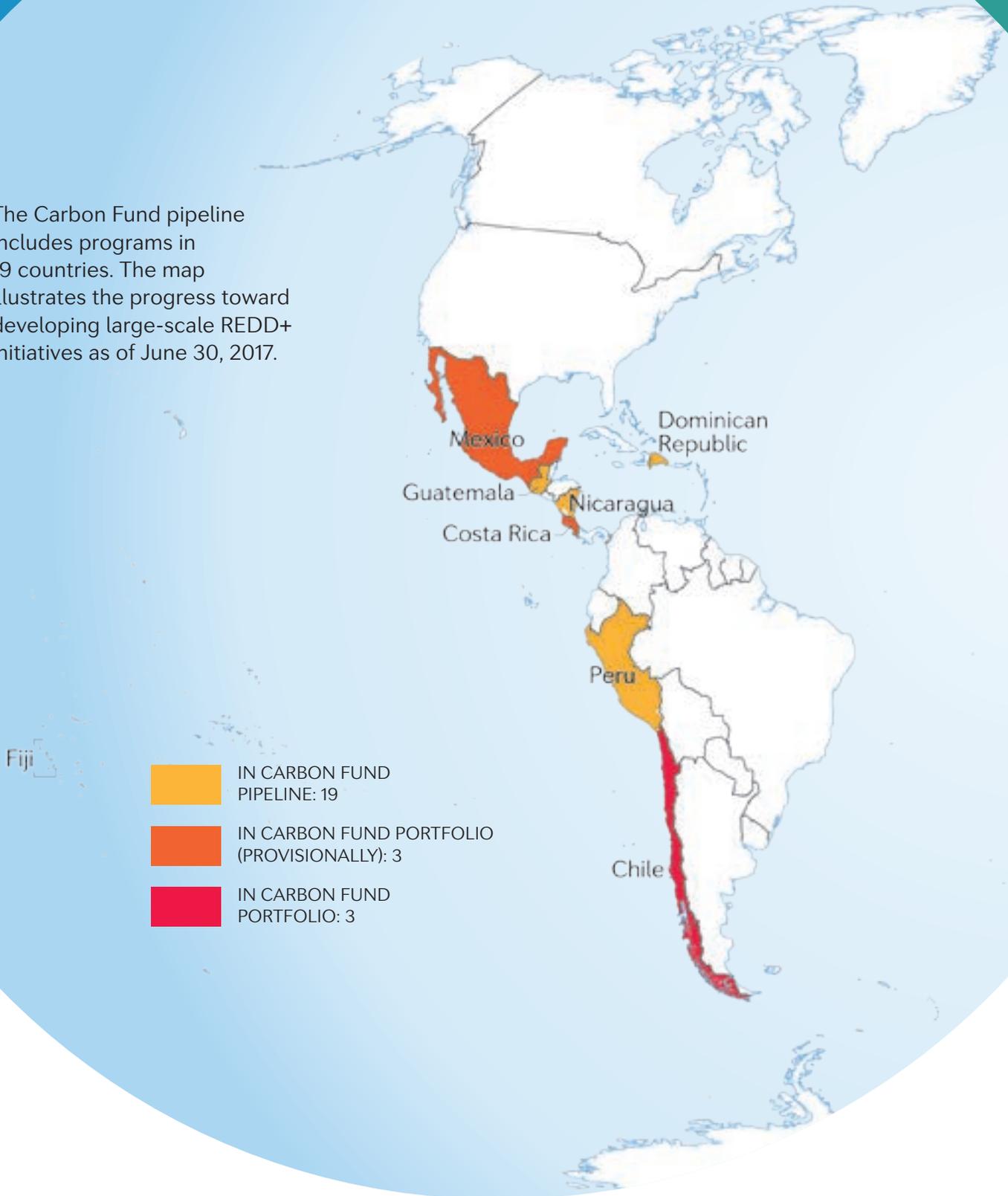
-  PARTICIPATION AGREEMENT SIGNED: 47
-  READINESS PREPARATION GRANT SIGNED: 42
-  MIDTERM PROGRESS REPORT ASSESSED BY PARTICIPANTS COMMITTEE: 26
-  READINESS PACKAGE ASSESSED BY PARTICIPANTS COMMITTEE: 9

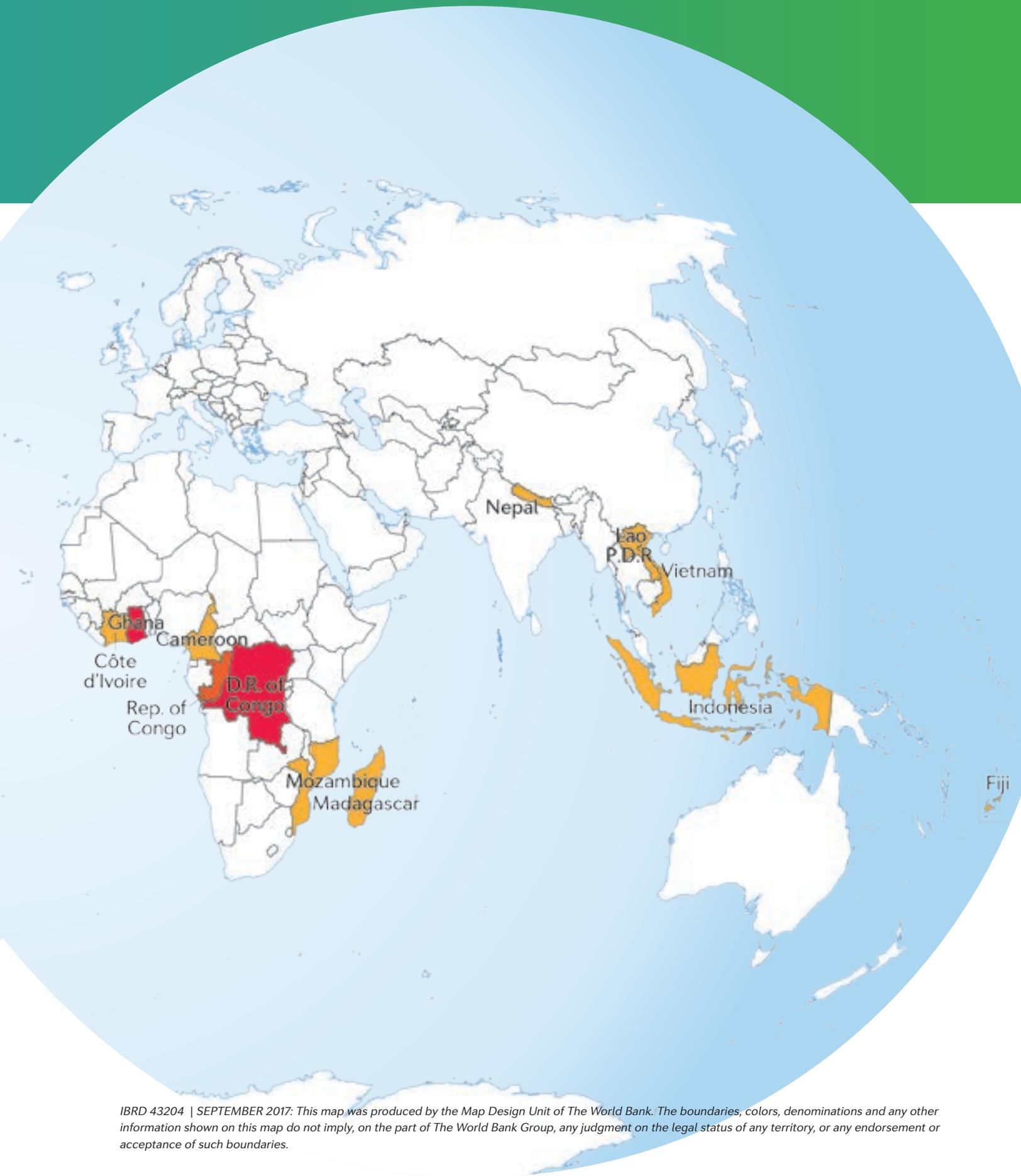


IBRD 36759 | SEPTEMBER 2017: This map was produced by the Map Design Unit of The World Bank. The boundaries, colors, denominations and any other information shown on this map do not imply, on the part of The World Bank Group, any judgment on the legal status of any territory, or any endorsement or acceptance of such boundaries.

# FCPF CARBON FUND

The Carbon Fund pipeline includes programs in 19 countries. The map illustrates the progress toward developing large-scale REDD+ initiatives as of June 30, 2017.





IBRD 43204 | SEPTEMBER 2017: This map was produced by the Map Design Unit of The World Bank. The boundaries, colors, denominations and any other information shown on this map do not imply, on the part of The World Bank Group, any judgment on the legal status of any territory, or any endorsement or acceptance of such boundaries.



# COORDINATING WITH OTHER REDD+ INITIATIVES

REDD+ has a challenging agenda, given its multisectoral and multistakeholder dimensions, and the large financial and capacity needs involved. It is important, therefore, that countries coordinate all of these initiatives to avoid an overlap in finance and to ensure programs collectively build toward realizing the country vision for REDD+.

## **UNFCCC/Green Climate Fund**

Building on coordination from previous years, the FCPF continues to foster active exchange on ideas and activities with the UNFCCC and the GCF. The FCPF participates actively in UNFCCC forums such as the Conference of the Parties (COP) and the Subsidiary Body for Scientific and Technological Advice (SBSTA), while the GCF attends FCPF Participants Committee and FCPF Carbon Fund meetings to foster cross-learning and collaboration. This year, the FCPF responded to GCF's call for public inputs on the

design of REDD+ results-based payments and a follow-up workshop. The FCPF continues to share lessons learned from the development and implementation of FCPF's Methodological Framework, and the experience gained in designing institutional and implementation arrangements for the delivery of results-based payments in Carbon Fund programs.

### **UN-REDD Programme**

In FY17, the FCPF and the UN-REDD Programme continued their cooperation in providing assistance to countries getting ready for REDD+. Coordination has entailed joint country missions and sharing responsibility for financing readiness activities. At the global level, the FCPF and the UN-REDD Programme continue to work together on analytical and capacity-building efforts and events. The COP22 event "Joining Forces to Achieve Sustainable Development Goal 15 (SDG15)," co-organized by the UN-REDD Programme, FCPF, and other partners, showcased initiatives across land use sectors and how these have supported progress toward delivering on climate change and the 2030 Agenda for Sustainable Development. The event explored how countries can achieve forestry-related Nationally Determined Contributions to cut carbon emissions, which will, in turn, help achieve SDG15 and make a real impact on the ground.

### **Forest Investment Program**

The FIP is engaging with other REDD+ financing instruments (i.e., FCPF, BioCarbon Fund) and multilateral and bilateral funds to seek cofinancing opportunities for FIP investments. Twelve FIP pilot countries (Burkina Faso, Côte d'Ivoire, the Democratic Republic of Congo, Ghana, Guatemala, Indonesia, Lao PDR, Mexico, Mozambique,

Nepal, Peru, and the Republic of Congo) have made significant strides in linking FIP-supported activities with other REDD+ financing instruments and multilateral and bilateral funds. For example, in Mexico, Monitoring and Evaluation (M&E) systems promoted by the FIP have been strengthened significantly and now generate useful information for CONAFOR (Mexico's National Forestry Commission and FIP focal point), its programs, and other initiatives related to REDD+. In collaboration with the FCPF, the FIP contributed to Mexico's MRV for REDD+, which is completed at the technical level.

### **BioCarbon Fund**

Leveraging lessons and experience from a successful track record on project-based carbon finance in the land use sector, the BioCarbon Fund (BioCF) embarked on a new initiative in FY14, the Initiative for Sustainable Forest Landscapes (ISFL). The ISFL builds on the BioCF's experience from more than 10 years of successful project-based carbon finance in the land use sector. It is a multilateral facility that promotes and rewards reduced GHG emissions and increased sequestration through better land management, including REDD+, climate-smart agriculture, and smarter land use planning and policies. The ISFL will achieve its objective of GHG emission reductions—and provide additional benefits of livelihood improvements and sustainable land use—through four key pillars: a jurisdictional landscape approach, engagement with the private sector, results-based finance, and a streamlined approach to implementation.

The initiative is building a portfolio of jurisdictional programs spread across diverse geographies that have a significant impact, and transform rural areas by protecting forests, restoring degraded lands, enhancing agricultural productivity, and

improving livelihoods and local environments. The ISFL has developed operating principles related to program design and GHG reporting and accounting. This work will culminate in the ISFL Emission Reductions Program Requirements, expected to be finalized during the fall of 2017. The ISFL has programs in Colombia, Ethiopia, and Zambia, with an additional program in Indonesia under consideration. The ISFL leverages the national REDD+ readiness work of the FCPF and the UN-REDD Programme, which have created important institutional infrastructure for large-scale land use programs.

### **PROFOR**

The Program on Forests (PROFOR) supports in-depth analyses, innovative processes, and knowledge-sharing and dialogue in support of sound forest policy that can lead to better outcomes on issues ranging from livelihoods and financing, to illegal logging, biodiversity preservation, and climate change mitigation and adaptation. The program is managed by a core team based at the World Bank and supported by multiple donors. PROFOR collaborates with the FCPF on knowledge-sharing initiatives and on providing research, tools, and resources that can boost the evidence needed to inform interventions in the forest sector. This year, the FCPF worked with PROFOR on gender integration, forest governance, and benefit sharing.

Given FCPF's broad experience and leadership in large-scale Emission Reductions Programs, it also engages with numerous other initiatives on specific topics relevant to REDD+.

# 4. ISSUES AND CHALLENGES

Progress has been made in addressing previously identified issues and challenges. The Facility Management Team (FMT) will continue its efforts to monitor and address challenges through further follow-up action in FY18.

## 4.1 MANAGING DISBURSEMENTS PRIOR TO FUND CLOSURE

With available resources in the Readiness Fund almost wholly allocated and the current term of the fund ending in 2020, the FCPF will proactively manage the limited resources within the remaining term of the fund. Several countries have experienced delays with either Delivery Partners' internal approvals or in-country approvals. While more rigorous portfolio monitoring has resolved some of these delays, in cases where they have not been resolved, grant funding could be reallocated.

## 4.2. IMPEDIMENTS TO IMPLEMENTATION

Emission Reductions Programs are large-scale and complex in nature, and rely on diverse stakeholders for their successful implementation. These programs aim to transform the way land is used across sectors, and thus are likely to run into challenges as they move from the design stage to tangible initiatives. It is therefore essential that countries take on a decisive and active leadership role in helping realize these programs on the ground.

## 4.3. IDENTIFYING AND LEVERAGING INVESTMENT FINANCE

The cost of Emission Reductions Program implementation may often exceed the potential carbon payments that countries can generate from verified emission reductions. Countries are aware that REDD+ is not providing full recovery of the implementation cost of REDD+ activities that a country may carry out. As such, countries should focus on identifying the investment gaps and aligning various streams of upfront investment finance to cover

implementation costs. These approaches are likely to be country-specific and may need to include innovative options such as bonds, guarantees, and other forms of concessional finance. Discussions with public and private institutions in a country can facilitate identification of alternate financing sources relevant to program context.

## 4.4. OPERATIONALIZING PRIVATE SECTOR ENGAGEMENT

In FY17, the FCPF engaged with private sector companies in the context of emerging Emission Reductions Programs to identify opportunities for facilitating partnerships between REDD+ country governments and companies. In the first instance, the focus will be on companies that produce, trade, or buy agricultural commodities that have an impact on forests. One of the main challenges encountered was a disconnect between company commitments and pledges made at headquarters, and the reality in decentralized company offices on the ground. In some instances, local company representatives were not ready to commit to deforestation-free products. In accordance with the pertinent evaluation recommendation, and based on initial lessons learned, the FCPF has developed a plan of action for private sector engagement and dedicated additional resources to this end.



# 5. MONITORING OF ASSUMPTIONS AND RISK

The following table presents a snapshot of assumptions identified in the Log Frame against key impacts, outcomes and outputs, the level of risk associated with these assumptions, and the proposed mitigation measure as relevant. An assumption in most cases indicates areas/circumstances that are beyond the control of the governance framework of the FCPF. However, tracking of assumptions is important to gauge unforeseen consequences in case the assumptions did not hold true. Reference to the impact, outcome and output where the assumption was referenced in the Log Frame of the M&E Framework is included in the first column of the table.

**TABLE 5: OVERVIEW OF ASSUMPTIONS AND RISKS IDENTIFIED IN THE M&E FRAMEWORK**

Level at which assumption is referred to in Log Frame	Original assumptions from Log Frame	Current Level of Risk	Explanation of risk rating	Mitigation measure proposed
Impact 1.1 Outcome 1 Output 2.3 Outcome 3 Outcome 4 Output 4.3	Global climate change negotiations under UNFCCC remain supportive.	—	Technical aspects of REDD+ have been agreed upon and REDD+ is included in the Paris Agreement.	No mitigation measure is required at this stage.
Outcome 1 Outcome 3 Outcome 4	The incentives provided by REDD+ schemes are sufficient.	Low	The risk relates to incentives for countries to advance to the Readiness Package, stakeholder engagement, and knowledge dissemination of experiences. Sufficient resources are available to countries through the FCPF and other bilateral and multilateral resources to advance to the Readiness Package, while maintaining adequate levels of stakeholder engagement.	No mitigation measure is required at this stage.



Outcome 1	For purposes of the Readiness Fund, submission of the Readiness Package by REDD+ Participants is voluntary.	—	—	The assumption does not require monitoring.
Outcome 1	There are no extraordinary circumstances in the country that prevent the submission of Readiness Packages	Low	At the portfolio level, a small percentage of countries have sociopolitical circumstances that could slow submission of the Readiness Package.	No mitigation measure is required at this stage at the portfolio level.
Output 1.2	Plans and targets were realistically assessed by technical experts before approval, in view of existing baseline capacities and participant countries' contexts.	Low	R-PPs of all 45 active countries have been assessed by the PC. At the portfolio level, signing of Grant Agreements has significantly increased (with 42 signed grants). It is expected that all Grant Agreements will be signed by end of FY18, with a few exceptions due to special circumstances.	Delivery Partners are actively pursuing signed Grant Agreements, and deadlines have been set for all key milestones
Output 1.3	The political and socioeconomic context in the Country Participants remains stable enough over the implementation period so that the capacity built remains in place.	Low	The overall risk at the portfolio level associated with the political and socioeconomic context for readiness implementation remains low.	The diversity of REDD+ countries in the portfolio is a built-in mitigation measure.
Outcome 2	Interest in performance-based payments remains high enough.	Low	The interest of donors in performance-based payments schemes has been high in the reporting period. Interest in performance-based payments by REDD+ countries is evident from the increased submission of ERPDs to the Carbon Fund in the reporting period.	The risk will be monitored continuously in the forthcoming periods.
Output 2.2	A large enough number of countries have the capacity to meet all standards and FCPF/Delivery Partner administrative processes do not put undue burden on the CF operation.	Low/ Medium	In FY17, four additional countries were selected into the Carbon Fund portfolio, bringing the total to six.	Piloting of the Methodological Framework in the first few REDD+ Programs showed country capacity to meet the standards.
Output 2.4	Five REDD+ countries have signed ERPA by 2015.	High	The successful selection of ERPDs will indicate the timelines for ERPA signing and program implementation. The first ERPA will be signed at the beginning of FY18 at the earliest. This indicator will be monitored closely in FY18.	The business process is clear and realistic. Four additional ERPDs have been selected into the Carbon Fund in FY17 (two provisionally) and will proceed to ERPA negotiations next (or upon full approval, for those provisionally selected).

Output 3.1	Relevant guidelines in the Common Approach are followed and processes such as SESA are actually implemented in countries, providing for a receptive environment.	Low	The SESA process has been rolled out as part of readiness implementation in most countries.	At the portfolio level, progress has been made on social inclusion in REDD+ and SESA implementation. The application of SESA, which is marked by a participatory approach, has enhanced the analyses of social and environmental risks.
Output 4.2	Events managed directly by countries (not organized by FMT itself) are timely and effectively planned to feed into the process of learning, and involve key stakeholders.	Low	There is diversity in the FCPF portfolio on how events are managed at the country level. Countries have demonstrated increased interest and capacity to self-organize to exchange among themselves.	Countries continue to enhance communication and stakeholder engagement capacity through readiness grants and other bilateral sources.

Note: CF = Carbon Fund; ERPD = Emission Reductions Program Document; ER-PIN = Emission Reductions Program Idea Note; ERPA = Emission Reductions Payment Agreement; FCPF = Forest Carbon Partnership Facility; FY = Fiscal Year; FMT = Facility Management Team; M&E = Monitoring and Evaluation; PC = Participants Committee; RPP = Readiness Preparation Proposal; SESA = Strategic Environmental and Social Assessment; UNFCCC = United Nations Framework Convention on Climate Change; — = not available.



# 6. FY17 FINANCIAL REPORT OF THE FACILITY

## 6.1. FINANCIAL OVERVIEW OF THE FACILITY

Committed funds to the Readiness Fund and the Carbon Fund of the FCPF at the end of FY17 totaled more than \$1.1 billion, with almost \$370 million committed to the Readiness Fund and \$740 million committed to the Carbon Fund (tables 7 and 13). The Readiness Fund's resources have been entirely allocated, while the Carbon Fund is likely to commit all its resources in the next two to three years through signed Emission Reductions Payment Agreements (ERPAs).

Fund balances at the end of FY17 totaled \$920 million, made up of \$202 million in the Readiness Fund and \$718 million in the Carbon Fund, with cash balances totaling \$630 million—\$160 million in the Readiness Fund and \$470 million in the Carbon Fund (tables 6 and 12)).

The value of grant allocations to REDD+ Countries at the end of FY17 was \$285 million (table 11) while signed Grant Agreements represent firm commitments of almost \$208 million. Grant disbursements from the Readiness Fund have continued to accelerate such that at the end of FY17 they amounted to \$90 million, excluding grant disbursements made by countries with Delivery Partners other than the World Bank (tables 6 and 10).

## 6.2. THE READINESS FUND

### 6.2.1. Fund Balance

Table 6 shows the summary financial statement for the Readiness Fund from the opening of the fund to the end of FY17. The Readiness Fund balance at the end of FY17 is \$202 million, with a cash balance of \$160 million. The difference of \$42 million is represented by outstanding contributions from the European Commission (\$1 million) and Norway (\$41 million), as shown in table 7.

Total donor contributions received to date amount to \$326 million. Investment income of \$20 million brings the total receipts to date to more than \$346 million. Total disbursements to the end of FY17 are almost \$187 million, and consist of \$61 million in cash disbursements, \$90 million in grants to REDD+ Countries, and \$35.4 million in disbursements to Delivery Partners for Readiness Preparation Grants to countries.

Total new funds into the account during FY17 amounted to about \$9.6 million, made up of investment income of \$7.2 million earned on the account balance and a \$2.4 million contribution installment from Norway. Total disbursements on a cash basis during FY17 were \$43 million, made up of cash expenditures of \$7 million, grant disbursements of approximately \$31 million (of which \$0.8 million were for the IP/CSO Capacity Building Program Grants), and disbursements to Delivery Partners for grants totaling \$5 million.

### 6.2.2. Funding Sources

#### a) Donor Contributions

Table 7 presents the committed contributions to the Readiness Fund as of the end of FY17. There is no real change to report in total contributions of \$369 million at the end of FY17 compared to the total as of the end of FY16—likewise \$369 million.

There are outstanding contributions of \$42.6 million from existing signed agreements to be paid by Norway (\$41.4 million) and the European Commission (\$1.1 million) into the Readiness Fund in the coming years. These outstanding contributions represent agreed, phased contributions, spread out over a number of years.

#### b) Investment Income

Table 6 shows investment income earned over the life of the fund. Amounts paid into the trust fund, but not yet disbursed (that is, the fund balance), are managed by the International Bank for

AT THE END OF  
FY17 MORE THAN  
\$1.1 BILLION WERE  
COMMITTED...

ALMOST  
\$370 MILLION  
COMMITTED TO  
THE READINESS  
FUND...

AND \$740 MILLION  
COMMITTED TO  
THE CARBON  
FUND



**TABLE 6: FCPF READINESS FUND SUMMARY FINANCIAL STATEMENT FY17 (\$, THOUSANDS)**

Description	Total	FY17	FY16	FY15	FY14	FY13	FY12	FY11	FY10	FY09
<b>Beginning Balance</b>		<b>192,767</b>	<b>226,801</b>	<b>224,869</b>	<b>195,830</b>	<b>189,999</b>	<b>165,804</b>	<b>77,695</b>	<b>50,945</b>	
Donor Contributions	326,001	2,370		27,014	54,004	30,009	31,538	94,880	32,290	53,895
Investment Income	18,224	7,241	3,094	2,008	1,960	897	924	732	821	547
Investment Income (Transferred from the CF)	2,023				2,023					
<b>Total Receipts</b>	<b>346,248</b>	<b>9,611</b>	<b>3,094</b>	<b>29,022</b>	<b>57,987</b>	<b>30,906</b>	<b>32,462</b>	<b>95,612</b>	<b>33,111</b>	<b>54,442</b>
Cash Disbursements	60,784	7,134	7,909	6,914	9,373	8,752	5,383	6,421	5,402	3,497
Grant Disbursements*	89,759	29,940	25,419	16,379	8,173	4,923	2,884	1,082	959	
IP/CSO Grant Disbursements	832	832								
Disbursements to DPs for Grants	35,400	5,000	3,800	3,800	11,400	11,400				
<b>Total Disbursements</b>	<b>186,774</b>	<b>42,906</b>	<b>37,128</b>	<b>27,093</b>	<b>28,946</b>	<b>25,075</b>	<b>8,267</b>	<b>7,503</b>	<b>6,361</b>	<b>3,497</b>
<b>Fund Balance (cash)</b>	<b>159,473</b>	<b>159,473</b>	<b>192,767</b>	<b>226,801</b>	<b>224,870</b>	<b>195,830</b>	<b>189,999</b>	<b>165,804</b>	<b>77,695</b>	<b>50,945</b>
plus Outstanding Contributions	42,567									
<b>Fund Balance</b>	<b>202,040</b>									

Note: CF = Carbon Fund; DPs = Delivery Partners; IP/CSO = Indigenous Peoples/Civil Society Organizations Capacity Building Program.

\*Includes \$599,694, of Bank-executed grant disbursements

**TABLE 7: FCPF READINESS FUND DONOR CONTRIBUTIONS AS OF END OF FY17 (\$, THOUSANDS)**

Participant Name	Total	Outstanding*	FY17	FY16	FY15	FY14	FY13	FY12	FY11	FY10	FY09
Australia	23,892							6,330	7,997		9,565
Canada	41,360								41,360		
Denmark	5,800									5,800	
European Commission	5,192	1,140				1,364		2,688			
Finland	23,196				3,230		5,261	5,749			8,956
France	10,340							5,136		592	4,612
Germany	76,766				23,784	13,913	13,113		25,956		
Italy	5,000								5,000		
Japan	14,000							4,000		5,000	5,000
Netherlands	20,270						7,635	7,635			5,000
Norway	112,723	41,427	2,370			38,727			8,801	16,398	5,000
Spain	7,048										7,048
Switzerland	8,214										8,214
United Kingdom	5,766								5,766		
United States of America	9,000						4,000			4,500	500
<b>Committed Funding</b>	<b>368,568</b>	<b>42,567</b>	<b>2,370</b>		<b>27,014</b>	<b>54,004</b>	<b>30,009</b>	<b>31,538</b>	<b>94,880</b>	<b>32,290</b>	<b>53,895</b>

\*Amounts may vary due to exchange rate fluctuations.

Reconstruction and Development (IBRD), which maintains a pooled investment portfolio (the Pool) for all the trust funds administered by the World Bank Group. Because all Participation Agreements with Carbon Fund Participants indicate that any interest generated by prepaid contributions shall be channeled to the Readiness Fund, the Readiness Fund receives an allocated share of investment income from this Pool, which consists of interest earned on both the Readiness Fund and the Carbon Fund. The total investment income deposited into the Readiness Fund (on the Readiness and Carbon Fund balance) up to the end of FY17 was \$20 million.

### 6.2.3. Funding Uses

#### a) Cash Disbursements

Cash disbursements represent all non-grant disbursements and total \$60.8 million from the opening of the fund to the end of FY17. Table 8 shows the annual expenditures by activity, while table 9 compares the approved budget with the actual expenditures by activity for FY17.

Total cash disbursements for support to REDD+ Countries over the lifetime of the fund represent around 70 percent of total cash disbursements, while administrative costs represent five percent of total cash disbursements. These country-focused disbursements combined—the cash disbursements for support to REDD+ Countries of \$47 million with the grant disbursements of \$91 million (of which \$0.8 million are for IP/CSO capacity building, table 6) and the disbursements to Delivery Partners for grants of

\$35 million (table 6)—represent 93 percent of total disbursements of \$187 million (table 6). Administrative and secretariat costs (which include the cost of all Participants Committee and Participants Assembly meetings, including travel costs for REDD+ country participants and some observers) over the lifetime of the fund of \$13.7 million (net of shared costs on secretariat costs) represent just 7 percent of total disbursements of \$187 million, while administrative costs alone represent less than two percent of total disbursements. Details may be found in tables 6 and 8.

The FY17 budget for the Readiness Fund, net of shared costs, is \$7.7 million, while total Readiness Fund expenditures for the year amount to \$7.1 million (table 9). The fiscal year therefore closed with spending at 92 percent of budget and a corresponding underrun of \$600,000.

Costs for country implementation support totaled \$3.1 million, or 86 percent of the planned budget. This spending covers the direct assistance of Delivery Partner country teams to REDD+ countries, including technical assistance, grant supervision, and assessments provided to the Participants Committee. This expense category was underrun mainly because of a planned replenishment of the implementation budget for UNDP in the amount of \$300,000, which will occur in FY18.

The expenses recorded for country advisory services came to about \$1.58 million, or about 105 percent of the \$1.5 million originally budgeted in FY17. The team carried out substantial work supporting 12 countries in their submission of mid-term reviews, unlocking additional

**TABLE 8: FCPF READINESS FUND CASH DISBURSEMENTS (\$, THOUSANDS)**

Activity	% of Total	Total	FY17	FY16	FY15	FY14	FY13	FY12	FY11	FY10	FY09
Country Implementation Support	34%	22,713	3,145	4,275	2,676	3,730	3,213	1,701	1,904	1,660	409
Country Advisory Services	18%	12,401	1,584	1,632	1,881	2,342	1,750	1,073	545	793	801
REDD Methodology Support	18%	11,774	1,209	843	1,071	1,796	1,842	999	1,921	1,266	827
Subtotal Support to REDD Countries	70%	46,888	5,939	6,749	5,628	7,868	6,805	3,773	4,370	3,719	2,037
IP and CSO Program	4%	2,927	87	253	480	751	1,089	267			
FCPF Secretariat	21%	14,107	2,118	1,434	1,299	1,515	1,690	2,056	1,685	1,321	989
Readiness Trust Fund Administration	5%	3,114	162	269	327	397	404	356	366	362	471
Total Readiness Fund (including Carbon Fund Shared Costs)		67,037	8,306	8,706	7,735	10,532	9,988	6,452	6,421	5,402	3,497
Less Carbon Fund Shared Costs		(6,254)	(1,172)	(797)	(821)	(1,159)	(1,236)	(1,069)			
<b>Total Readiness Fund</b>	<b>100%</b>	<b>60,784</b>	<b>7,134</b>	<b>7,910</b>	<b>6,914</b>	<b>9,373</b>	<b>8,752</b>	<b>5,383</b>	<b>6,421</b>	<b>5,402</b>	<b>3,497</b>

**TABLE 9: FCPF READINESS FUND CASH DISBURSEMENTS FOR FY17 (\$, THOUSANDS)**

Activity	Budget	Actual Expense	Variance	Expense Rate (%)
Country Implementation Support	3,645	3,145	500	86
Country Advisory Services	1,508	1,584	(76)	105
REDD Methodology Support	1,386	1,209	177	87
<b>Subtotal Support to REDD Countries</b>	<b>6,538</b>	<b>5,939</b>	<b>600</b>	<b>279</b>
IP and CSO Capacity Building Program	285	87	198	31
FCPF Secretariat	1,893	2,118	(225)	112
Readiness Trust Fund Administration	165	162	3	98
<b>Total Readiness Fund (including Carbon Fund Shared Costs)</b>	<b>8,881</b>	<b>8,306</b>	<b>575</b>	<b>94</b>
Less Carbon Fund Shared Costs	(1,148)	(1,172)	24	102
<b>Total Readiness Fund</b>	<b>7,733</b>	<b>7,134</b>	<b>600</b>	<b>92</b>

grant funds of up to \$5 million each for work on readiness. Continued progress was also seen in the form of three countries signing \$3.8 million Readiness Preparation Grants (Argentina, Belize, and the Central African Republic) and four countries (Indonesia, Madagascar, Nepal, and Vietnam) signing grants for additional funding of up to \$5 million this FY. The bulk of these costs came from Facility Management Team (FMT), forestry, and social development staff advice and guidance to REDD+ countries on their programs. Expenditures in FY17 also included specific work on SESA and ESMF Risk Management.

With the budget for REDD Methodology Support activities set at \$1.4 million for FY17, and total expenditures at \$1.2 million, spending represented 87 percent of the FY17 plan. The main source of the underspending in this category is the work planned on gender inclusion, with an underspending of \$170,000 with respect to the budget.

The Indigenous Peoples/CSO Capacity Building Program, including grants, has historically been included in the operating budget. However, this inclusion means the operating budget is very dependent on the outflow of grants that typically should be accounted for elsewhere, along with other recipient-executed activities such as the readiness grant disbursements to countries. As shared at the 21st Participants Committee Meeting, this report separates the grants from the real operating budget to better reflect the true operating budget. Only 31 percent

of the budget set aside for administration of the Indigenous Peoples/CSO grants was used in FY17.

FCPF secretariat expenses were \$2.1 million, or 112 percent of the activity budget of \$1.9 million. Expenditures included the standard costs of program management, organization of the annual Participants Assembly (PA) and Participants Committee (PC) meetings, and travel costs for REDD+ Countries and some observers to those meetings. FCPF secretariat costs include the costs of hosting and maintaining the FCPF website, communicating with FCPF stakeholders, and translating FCPF materials. The main contributing factors to the \$225,000 overrun are the follow-on work for the 2015 Evaluation, increased translation costs associated with the large number of long technical documents submitted for review (mid-term progress reports, Readiness Packages), and the higher than average cost of the PC/PA meeting in Ghana.

Expenditures on Readiness Trust Fund administration costs were 98 percent of budget. These administrative costs reflect the work of all World Bank staff involved in fund management, contributions management, accounting, specific legal operations related to the facility as a whole, and other services required by the Readiness Fund trustee, including making the arrangements for the Monitoring and Evaluation Framework (M&E) for the FCPF. These expenses were in line with the budget.

#### *b) Shared Costs*

As part of the approval of the Readiness Fund budget, the FCPF Charter indicates that the PC shall make decisions on all shared costs for activities that cut across and benefit both the Readiness and the Carbon Fund. In practice, the shared costs have typically included FCPF Secretariat and REDD+ Methodology Support activities, such as the costs of travel and expenses for REDD+ Countries to attend the PA and PC meetings and the work of the Technical Advisory Panels (TAPs).

Pursuant to the Charter, the Readiness Fund pays 65 percent and the Carbon Fund pays 35 percent of shared costs, unless the PC decides otherwise. The PC approved resolutions waiving cost sharing through the end of FY11 (to reflect the fact that the Carbon Fund was only fully operational as of May 2011) and paying 100 percent of the shared costs from the Readiness Fund. In addition, the PC agreed that cost sharing at the 65/35 level would apply from FY12 onward. However, there is an important caveat in Resolution PC/8/2011/8, approved in March 2011: the PC agreed to a lifetime cap of \$12 million on the shared costs that it will charge to the Carbon Fund. This resolution responded to the concern of several existing and potential Carbon Fund Participants that without an upper limit on shared costs, the PC would be making all decisions regarding their composition and annual approvals.

**TABLE 10: FCPF READINESS FUND GRANT DISBURSEMENTS THROUGH THE WORLD BANK ONLY (\$, THOUSANDS)**

Region/Country	Allocation	% total disb	Signed Grant	Total Disbursed	FY17	FY16	FY15	FY14	FY13	FY12	FY11	FY10
<b>Africa</b>												
Burkina Faso	3,800	13%	3,800	508	263	245						
Cameroon	8,793	55%	3,793	2,073	510	516	476	379	134	3	55	
CAR	3,800		3,800									
Cote D'Ivoire	8,800	80%	3,800	3,057	1,097	1,232	728					
DRC	8,791	100%	8,791	8,790	1,233	1,825	2,202	1,161	1,381	797	14	177
Ethiopia	3,800	100%	3,800	3,799		2,247	694	258	400		100	100
Ghana	8,586	83%	8,586	7,126	1,500	2,240	1,204	1,270	312	400		200
Kenya (moved to UNDP)	170	100%	170	170							170	
Liberia	8,782	54%	8,782	4,719	1,572	1,689	682	289	305		107	75
Madagascar	8,800	30%	8,800	2,665	1,781	883						
Mozambique	8,800	83%	8,800	7,322	3,522	1,950	851	911	87			
Nigeria	3,800	42%	3,800	1,592	1,092	500						
Republic of Congo	8,033	75%	8,033	6,004	1,885	1,582	1,244	481	237	381	108	87
Sudan	8,800	38%	3,800	1,460	906	554						
Togo	3,800	42%	3,800	1,591	970	277	344					
Uganda	7,549	84%	3,800	3,199	1,055	644	1,334			(14)	140	40
<b>Africa Sub-Total</b>	<b>104,904</b>	<b>63%</b>	<b>86,155</b>	<b>54,076</b>	<b>17,388</b>	<b>16,384</b>	<b>9,759</b>	<b>4,749</b>	<b>2,856</b>	<b>1,567</b>	<b>694</b>	<b>679</b>
<b>East Asia &amp; Pacific</b>												
<b>Disbursed</b>												
Fiji	3,800	19%	3,800	740	453	287						
Indonesia	8,594	44%	8,594	3,802	359	279	167	1,233	1,247	518		
Lao PDR	8,347	63%	3,772	2,371	1,234	658	305				123	50
Thailand	3,800	13%	3,800	500	300				163	37		
Vanuatu	3,728	26%	3,728	956	467	177	186		106	21		
Vietnam	8,800	53%	8,800	4,630	1,990	1,055	1,084	501				
<b>East Asia &amp; Pacific Sub-Total</b>	<b>37,069</b>	<b>40%</b>	<b>32,494</b>	<b>12,999</b>	<b>4,803</b>	<b>2,455</b>	<b>1,742</b>	<b>1,734</b>	<b>1,516</b>	<b>576</b>	<b>123</b>	<b>50</b>
<b>Latin America &amp; Caribbean</b>												
<b>Disbursed</b>												
Argentina	3,800		3,800									
Belize	3,800		3,800									
Chile	8,800	80%	3,800	3,037	1,463	1,274	300					
Colombia	8,730	28%	3,800	1,067	467	400				66	134	
Costa Rica	8,758	43%	8,758	3,763	585	732	1,431	479	375		22	139
Dominican Republic	3,800	14%	3,800	534	54	480						
El Salvador	3,800	49%	3,800	1,862	1,161	509		42	98	52		
Mexico	8,800	59%	3,800	2,242	557	1,019	665					
Nicaragua	8,800	82%	3,800	3,126	1,100	1,016	431	378	77	123		
Uruguay	3,800	13%	3,800	500	500							
<b>Lat Amer &amp; Car Sub-Total</b>	<b>62,888</b>	<b>38%</b>	<b>42,958</b>	<b>16,129</b>	<b>5,887</b>	<b>5,430</b>	<b>2,827</b>	<b>899</b>	<b>550</b>	<b>241</b>	<b>156</b>	<b>139</b>
<b>South Asia</b>												
<b>Disbursed</b>												
Bhutan	8,530	52%	3,800	1,989	980	372	637					
Nepal	8,233	44%	8,233	3,633	400	327	1414	792		500	109	91
Pakistan	3,800	25%	3,800	932	481	451						
<b>South Asia Sub-Total</b>	<b>20,563</b>	<b>41%</b>	<b>15,833</b>	<b>6,554</b>	<b>1,861</b>	<b>1,150</b>	<b>2,051</b>	<b>792</b>		<b>500</b>	<b>109</b>	<b>91</b>
<b>Totals</b>	<b>225,424</b>	<b>51%</b>	<b>177,439</b>	<b>89,759</b>	<b>29,940</b>	<b>25,419</b>	<b>16,379</b>	<b>8,173</b>	<b>4,923</b>	<b>2,884</b>	<b>1,082</b>	<b>959</b>

Note: CAR = Central African Republic; DRC = Democratic Republic of Congo; Lao PDR = Lao People's Democratic Republic.

Shared costs transferred to the Carbon Fund for FY17 were slightly above budget, at \$1.2 million (table 9). Shared costs over the lifetime of the Facility up to the end of FY17 are on track to remain well under the lifetime cap of \$12 million, as they currently stand at \$6.3 million (table 8).

### c) Grant Disbursements

An important aspect of the Readiness Fund is that it makes available grant funding to countries—the initial grants are up to \$3.8 million per REDD+ country—in support of country-led readiness work. The REDD+ Countries manage and use the grants for REDD+ activities and expenses. These are counted as disbursements in World Bank financial statements only after the REDD+ country completes reimbursement from the grant resources. By the end of FY17, 39 Readiness Preparation Grants were disbursing—not including the 10 signed grants for Additional Funding of about \$5 million each. Signed Formulation, Readiness Preparation, and Additional Funding (of up to \$5 million) Grant Agreements represent firm commitments of about \$208 million.

Grant disbursements from the Readiness Fund have continued to accelerate, and at the end of FY17 stood at \$125 million, including transfers to Delivery Partners other

than the World Bank for onward transfer to REDD+ Countries of \$35.4 million (table 6).

Grant disbursements, excluding those through Delivery Partners other than the World Bank, totaled around \$90 million at the end of FY17, a continued increase on previous years. Grants disbursed during FY17 amounted to \$30 million, representing an increase of 20 percent on the previous year. Of the total grant disbursements to date of approximately \$90 million, more than \$54 million have been made in Africa. More details on the grant disbursements through the World Bank as Delivery Partner are provided in table 10.

In addition, disbursements to Delivery Partners on account of grants totaling \$35.4 million represent eight Readiness Preparation Grants of \$3.8 million—three each in FY13 and FY14, one in FY15, one in FY16, and an additional funding grant of up to \$5 million in FY17. This brings the total grant disbursements of the FCPF to \$125 million (table 6). During FY17, ineligible expenses totaling approximately \$360,000 were incurred under the grant with Côte d'Ivoire. The government took appropriate remedial action, replacing the staff involved, and plans to reimburse these expenditures to the World Bank during FY18.



#### 6.2.4. Financial Commitments over the Longer Term

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

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

As noted earlier, full signed grant commitments amount to about \$208 million (including grants signed by countries working with the IDB and UNDP as Delivery Partners). However, the FCPF has made a considerably higher level of notional grant commitments to REDD+ countries. Table 11 provides a more complete picture of the level of these notional commitments, together with the necessary notional commitments to operate the fund for its full life, including the direct implementation support costs and associated country services costs.

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

Table 11 shows the long-term notional commitments or planned uses of the fund. The table shows that, as of the end of FY17, notional commitments of full grants to all 45 active countries and the estimated associated costs of the fund during its lifetime, plus additional funding of up to \$5 million for 25 countries that show significant progress, amount to \$378.5 million. On the other hand, total committed funding sources (including investment income) to the Readiness Fund as of June 30, 2017, are \$382.4 million (table 11). This level of funding is therefore adequate to meet the notional commitments of \$378.5 million.

**TABLE 11: OVERVIEW OF LONG-TERM SOURCES AND USES OF READINESS FUNDING AS OF JUNE 30, 2017 (\$, MILLIONS)**

Description	Amounts (\$m)	Totals (\$m)
<b>Sources Of Funds</b>		
Committed Funding	368.6	
Less 15% discount applied to outstanding contributions that are in a currency other than US dollars, the holding currency of the fund (World Bank policy)	(6.4)	
Investment income to date	20.2	
<b>Total Available Funding</b>		<b>382.4</b>
<b>Uses of funds</b>		
<b>Grant Allocations</b>		
Signed grants to REDD Countries (commitments)	(207.8)	
Allocations to REDD Countries (not yet signed)	(77.6)	
Allocations to IP/CSO Capacity Building Program	(3.0)	
<b>Total Grant Allocations</b>		<b>(288.4)</b>
<b>Administrative, Operations, and Country Support costs over lifetime of fund</b>		
FY09-17 Actual costs	(60.8)	
FY18-21 Projected costs	(28.3)	
Reserve for Delivery Partner capacity for dispute resolution	(1.0)	
<b>Total Administrative, Operations, and Country Support costs over lifetime of fund</b>		<b>(90.1)</b>
<b>Total Uses of Funds</b>		<b>(378.5)</b>
<b>Estimated Reserve: Total Available Funding less Total Uses</b>		<b>3.9</b>

A discussion was held in FY17 on the optimal, final allocations of the Readiness Fund, thereby fully committing that fund. During that discussion, in addition to the uses of funds shown in table 11, the Participants Committee agreed to an additional \$5 million allocation to the Capacity Building Program for Indigenous Peoples and Southern Civil Society Organizations, subject to availability of funding. The estimated reserve of \$3.9 million has therefore been wholly allocated to that program, but the full allocation of \$5 million will only be made when the full funding becomes available.

## 6.3. THE CARBON FUND

### 6.3.1. Fund Balance

Table 12 shows the summary financial statement for the Carbon Fund from its opening to the end of FY17. The fund's balance at the end of FY17 is \$718 million, with a cash balance of \$470 million. The difference of \$248 million is accounted for by outstanding balances on promissory notes and outstanding contributions from Norway and the United Kingdom.

Total donor contributions received to date are \$500.6 million. Total disbursements to the end of FY17 are \$21.2 million, made up solely of cash disbursements. The Carbon Fund has been fully operational since May 2011. No payments have been made for emission reductions to date.

Total receipts during FY17 were \$59.3 million, made up of donor contributions from Germany and the United States, with contribution amounts of \$54.8 and \$4.5 million respectively (table 13).

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

### 6.3.2. Funding Sources

Table 13 presents the committed contributions to the Carbon Fund as of the end of FY17. In terms of cash, the Carbon Fund received donor contributions of \$59.3 million over the past year from Germany and the United States. This brought the total cash contributions to the end of FY17 to \$500 million, leaving two outstanding contributions of \$70.3 million (Norway) and \$168.7 million (United Kingdom). These outstanding contributions totaling almost \$239 million represent agreed phased contributions spread out over a number of years.

### 6.3.3. Funding Uses

Cash disbursements total \$21.2 million from the opening of the fund to the end of FY17. Table 14 shows the annual expenditures by activity, while table 15 compares the approved budget with the actual expenditures by activity for FY17.

The total cash disbursements from the opening of the fund to the end of FY17 of \$21.2 million are made up of \$4.3 million administration costs, which include all meetings and financial management, \$1.0 million of TAP work, \$3.3 million of technical support by the FMT to directly support countries, \$6.3 million of Emission Reductions Program Development costs, and finally \$6.3 million of shared costs (table 14).

**TABLE 12: FCPF CARBON FUND SUMMARY FINANCIAL STATEMENT FY17 (\$, THOUSANDS)**

Description	Total	FY17	FY16	FY15	FY14	FY13	FY12	FY11	FY10	FY09
<b>Beginning Balance</b>		<b>417,099</b>	<b>350,826</b>	<b>316,474</b>	<b>293,275</b>	<b>122,283</b>	<b>86,390</b>	<b>24,700</b>	<b>20,356</b>	
Donor Contributions	500,569	59,271	71,681	32,222	27,280	171,866	36,912	71,800	4,181	25,356
Investment Income (transferred to RF)					(2,023)	901	520	256	346	
<b>Total Receipts</b>	<b>500,569</b>	<b>59,271</b>	<b>71,681</b>	<b>32,222</b>	<b>25,257</b>	<b>172,767</b>	<b>37,432</b>	<b>72,056</b>	<b>4,527</b>	<b>25,356</b>
Cash Disbursements	21,160	6,619	5,432	2,846	2,058	2,117	1,539	366	183	
ER Payments										
<b>Total Disbursements</b>	<b>21,160</b>	<b>6,619</b>	<b>5,432</b>	<b>2,846</b>	<b>2,058</b>	<b>2,117</b>	<b>1,539</b>	<b>366</b>	<b>183</b>	
less Promissory Note balances	(9,658)		25	4,975		342		(10,000)		(5,000)
<b>Fund Balance (cash)</b>	<b>469,751</b>	<b>469,751</b>	<b>417,099</b>	<b>350,826</b>	<b>316,474</b>	<b>293,275</b>	<b>122,283</b>	<b>86,390</b>	<b>24,700</b>	<b>20,356</b>
plus Outstanding Promissory Notes	9,658									
plus Outstanding Contributions	238,970									
<b>Fund Balance</b>	<b>718,379</b>									

**TABLE 13: FCPF CARBON FUND DONOR CONTRIBUTIONS AS OF END OF FY17 (\$, THOUSANDS)**

Participant Name	Total	Outstanding*	FY17	FY16	FY15	FY14	FY13	FY12	FY11	FY10	FY09
Australia	18,393							5,658	12,735		
BP Technology Ventures	5,000								5,000		
Canada	5,015							5,015			
European Commission	6,709									362	6,347
France	5,114				114				5,000		
Germany	178,440		54,771	13,329	32,108	27,280	6,556	15,443	21,125	3,819	4,009
Norway	299,938	70,276		58,352			161,310				10,000
Switzerland	10,796							10,796			
The Nature Conservancy	5,000										5,000
United Kingdom	186,635	168,695							17,940		
United States of America	18,500		4,500				4,000		10,000		
<b>Committed Funding</b>	<b>739,539</b>	<b>238,970</b>	<b>59,271</b>	<b>71,681</b>	<b>32,222</b>	<b>27,280</b>	<b>171,866</b>	<b>36,912</b>	<b>71,800</b>	<b>4,181</b>	<b>25,356</b>

\*Amounts may vary due to exchange rate fluctuations.

**TABLE 14: FCPF CARBON FUND CASH DISBURSEMENTS (\$, THOUSANDS)**

Activity	Total	FY17	FY16	FY15	FY14	FY13	FY12	FY11	FY10
Carbon Fund Administration	4,250	657	555	741	626	652	470	366	183
Carbon Fund TAP	977	514	440	23					
Carbon Fund Country Advisory Services	3,331	1,691	1,290	350					
ERPA Costs - Development of ER Programs	6,348	2,585	2,351	910	273	229			
Program Development - general	907		235	170	273	229			
Program Development - ER-PDs	5,441	2,585	2,116	740					
Shared Costs	6,254	1,172	797	821	1,159	1,236	1,069		
<b>Total Carbon Fund</b>	<b>21,161</b>	<b>6,619</b>	<b>5,432</b>	<b>2,846</b>	<b>2,058</b>	<b>2,117</b>	<b>1,539</b>	<b>366</b>	<b>183</b>
CF Admin made up of:									
Carbon Fund Administration	2,479	369	343	377	321	234	286	366	183
Meeting Logistics	1,360	288	212	340	263	74	183		
Marketing to Private Sector	319					318	1		
Sustaining Costs	91			24	41	26			
<b>Total CF Admin</b>	<b>4,250</b>	<b>657</b>	<b>555</b>	<b>741</b>	<b>626</b>	<b>652</b>	<b>470</b>	<b>366</b>	<b>183</b>

Note: CF = Carbon Fund; ER = Emission Reductions; ER-PDs = Emission Reductions Program Documents; ERPA = Emission Reductions Payment Agreement; FCPF = Forest Carbon Partnership Facility; TAP = Technical Advisory Panel.

**TABLE 15: FCPF CARBON FUND CASH DISBURSEMENTS FOR FY17 (\$, THOUSANDS)**

Activity	Budget	Actual Expense	Variance	Expense Rate [%]
Carbon Fund Administration	717	657	60	92
Carbon Fund TAP	646	514	131	80
Carbon Fund Country Advisory Services	2,128	1,691	437	79
ERPA Program Development	5,077	2,585	2,492	51
Shared Costs	1,148	1,172	(24)	102
<b>Total Carbon Fund</b>	<b>9,716</b>	<b>6,619</b>	<b>3,096</b>	<b>68</b>

Note: ERPA = Emission Reductions Payment Agreement; FCPF = Forest Carbon Partnership Facility; TAP = Technical Advisory Panel.

### 6.3.3.1. Fund Admin, TAP, and Country Advisory Services

The figure for total Carbon Fund expenditures for the year is \$6.6 million, while the final budget for the Carbon Fund, including Shared Costs, is \$9.7 million. The fiscal year therefore closed with spending at 68 percent of budget—an underspending of about \$3.1 million. More details are given in table 15.

Carbon Fund administration costs are slightly below budget—with 92 percent of the budgeted amount spent.

Total Carbon Fund TAP costs are under budget—at 80 percent of the budgeted amount. This is attributed to a few Emission Reductions Program Documents in the pipeline that did not reach the complete review stage, as anticipated (Madagascar, Mozambique, Nepal, and Vietnam are under initial review as of the drafting of this report). Also covered under this activity, a fruitful TAP Calibration workshop that took place in April 2017, where 30 participants exchanged lessons learned on Emission Reductions Program Document development. Because of the usefulness of this event, another one is planned for FY18.

The budget for Country Advisory Services was \$2.1 million, and was well used, as the FMT provided support to Emission Reductions Program Document development during the year. The FMT has provided the requested level of support as 19 countries work to develop Emission Reductions Program Documents, with FY17 spending on this item representing about 80 percent of budget. The ability to combine trips brought the overall cost down, as more countries were served in a coordinated fashion.

### 6.3.3.2 ERPA Costs — Development of Emission Reductions Programs

Once Letters of Intent (Lol) have been signed, Emission Reductions Program Document development funds start flowing. The budget of \$5.1 million was calculated based on an estimated spending amount during FY17 deriving from the \$650,000 allocations made to programs entering the Carbon Fund pipeline and signing a Lol. The budget was made up of the estimated unspent allocation to the countries that had been invited to join the CF Pipeline in FY16 plus portions of five more \$650,000 allocations for countries that could be invited in FY17.

Of the countries selected into the Carbon Fund pipeline, only those that sign a Lol gain access to the \$650,000 allocations for Emission Reductions Program Document development. Currently, of the 19 countries selected into the pipeline of the Carbon Fund, 18 have signed Lols, thus releasing the \$650,000 of Emission Reductions Program Document development funds for each program. Of the \$5.1 million budgeted for FY17, \$2.6 million were spent in FY17, representing an underrun of approximately \$2.5 million.

**TABLE 16: CARBON FUND SOURCES AND USES AS OF JUNE 30, 2017 (\$, MILLIONS)**

Description	Current Situation
<b>Sources (\$m)</b>	<b>739.5</b>
<b>Number of Lols (#)</b>	<b>19</b>
Number of ER Programs (#)	13
<b>Uses</b>	
<b>Costs over Fund Lifetime</b>	
Fixed Costs (FY10 to FY26)	22.7
ER Program Costs	30.7
<b>Total Costs</b>	<b>53.4</b>
<b>Available for Purchase of ERs</b>	<b>686.1</b>
<b>Average ER Program</b>	<b>52.8</b>

Note: ER = Emission Reductions.

### 6.3.4. Shared Costs

As explained earlier, shared costs are directly related to the Readiness Fund expenses in two key, cross-cutting areas: FCPF Secretariat and REDD methodology support costs. The expenditure, as a result of spending in the Readiness Fund, is slightly over budget at \$1.2 million, an expense ratio of 102 percent.

### 6.3.5. Financial Commitments over the Longer Term

Diverging from the Readiness Fund, the life of the Carbon Fund was extended to December 2025 by the Carbon Fund Participants at the 12th Carbon Fund Meeting (Resolution CFM/12/2015/1), to allow for minimal ERPA terms of at least five years—accommodating a longer than anticipated program design phase. As pointed out in the Readiness Fund section, the annual budgets need to fit into a long-term financial planning framework for each fund that is consistent with World Bank policies for the financial management of trust funds. These policies generally require funds to be fully set aside to meet the commitments made by the participants and the fiduciary obligations entered into by the World Bank as trustee. The long-term financial plan presented at the 16th Carbon Fund Meeting in Paris, in June 2017 (but with updated figures for sources shown in table 16), indicates that around \$686 million would be available for the purchase of emission reductions.

#### **6.4. BUDGET APPROVAL PROCESS**

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



# 7. RESULTS MEASUREMENT REPORTING FRAMEWORK

**TABLE 17. FCPF REPORTING FRAMEWORK**

Impact/Outcome/ Output and relevant Indicators	Expected #/target year	Current (as of end FY17)	Traffic Light
Impact I.1. The FCPF has contributed to the design of a global regime under or outside UNFCCC that provides incentives for REDD+		See section 3 for examples of progress	
Impact I.2. Reduced emissions from deforestation and forest degradation from FCPF, especially CF portfolio countries	Not yet applicable		
Impact I.3. FCPF has catalyzed the creation of recognized global standards for REDD+	No applicable target	See section 3 for examples of progress	
Impact I.4. FCPF has catalyzed investment in REDD+ (CF, and grants)	No applicable target	See section 3 for examples of progress	
Impact I.5. The FCPF has generated momentum to address governance and transparency issues and policy reforms related to sustainable forest resource management and REDD+	Not yet applicable	See section 3 for examples of progress	
<b>Outcome 1. Efforts successfully undertaken by countries with FCPF support, to achieve emission reductions from deforestation and/or forest degradation, and to benefit from possible future systems of positive incentives for REDD+ (Readiness Fund)</b>			
Outcome Indicator 1.A. Number of Readiness Packages endorsed by PC	2 Readiness packages by 2014, 8 Readiness Packages by 2015, 20+ Readiness Packages by 2018	9 Readiness Packages	
Output 1.1. Readiness Assessment Framework is agreed upon and disseminated			
Indicator 1.1. Existence of published assessment framework on Readiness Package	Assessment Framework published following PC14 adoption	Completed	
Output 1.2. Countries demonstrate an adequate plan to achieve preparedness for REDD+ funding			
Indicator 1.2.a. Number of R-PPs endorsed by PC	30+ R-PPs by 2015	45 R-PPs	
Indicator 1.2.b. Number of Readiness Preparation Grant Agreements signed	30+ signed grant agreement by 2015	44 signed Grant Agreements	



Impact/Outcome/ Output and relevant Indicators	Expected #/target year	Current (as of end FY17)	Traffic Light
Output 1.3. Countries progress adequately on implementation of their R-PP and Grant Agreements			
Indicator 1.3.a. Number of mid-term progress reports presented by countries that follow agreed reporting standards and are presented in a timely manner	20+ MTRs by 2015, 25+ MTRs by 2018	26 MTRs	
Indicator 1.3.b. Percentage of countries that are achieving planned milestones according to approved Readiness Preparation grant (→ \$3.4 million)	At least 60% of countries have performance that is satisfactory or above	GRMs for FY17 not fully available at time of print.	
Indicator 1.3.c. Percentage of countries that are overall achieving planned milestones for subcomponent—as per country annual reporting scale Subcomponent 1 to 9	By 2015, 50% of countries have performance “further development required” in 50% of subcomponents  By 2018, 100% of countries implementing R-PPs have performance that is “progressing well” or above for 80% of subcomponents	93% of countries that reported (28 of 39 due to report) have performance that is satisfactory or above	
Indicator 1.3.d. Percentage of countries with a disbursement rate that is in line with agreed Readiness Preparation Grant (→ \$3.4 million) disbursement plans of grant agreement (up to 10% variance with plans)	60% (of countries with signed grant agreements)	15 out of 42 or 36% of countries	
<b>Outcome 2. Selected FCPF countries demonstrate key elements (carbon accounting, programmatic elements and pricing) of performance-based payment systems for emission reductions generated from REDD+ activities with a view to ensuring equitable benefit sharing and promoting future large-scale positive incentives for REDD+ (Carbon Fund).</b>	Not yet applicable as no ERPA has been signed.		
Output 2.1. Standards and preparations in place for high-quality ER Programs discussed and endorsed by CF Participants and/or PC			
Indicator 2.1. Number and types of standards and management tools discussed and endorsed by CF participants and/or PC for ER programs including:			
2.1.a. Methodological Framework and Pricing Approach	Fully developed draft by CF7 and final version endorsed by CF8	MF endorsed at CF8	
2.1.b. Business processes (ER-PIN, ERPD, ERPA)	Fully developed draft by CF7 and final version endorsed by CF8	Business process defined	
2.1.c. Legal documents (General Conditions, ERPA term sheet)	Fully defined ERPA Term Sheet draft by PC14 and General Conditions for ERPA endorsed by PC16	Term Sheet is endorsed at PC14; General Conditions endorsed at PC18	
Output 2.2. Countries have entered in the portfolio of the CF			
Indicator 2.2.a. Number of early ideas or ER Programs presented by countries to the CF	10 by 2015	24 early ideas, 19 ER-PINs, 6 ER-PDs	
Indicator 2.2.b. Number of REDD+ countries that have signed ERPA	5 by 2015	0 (18 Lols signed)	

Impact/Outcome/ Output and relevant Indicators	Expected #/target year	Current (as of end FY17)	Traffic Light
Output 2.3. Increased levels of private sector investment for incentivizing, testing, and supporting up-scaling of ER activities			
Indicator 2.3.a. Number of private participants in CF	2 new private sector participants by 2014	Target is no longer relevant. New approach for private sector engagement at program level.	
Output 2.4. ER Programs are being implemented in a timely manner	Not yet applicable as no ERPA has been signed.		
<b>Outcome 3. Engagement of all stakeholders (government, CSOs, IP, private sector, delivery partners) to sustain or enhance livelihoods of local communities and to conserve biodiversity within the approach to REDD+</b>			
Indicator 3.A. Design of national REDD+ strategies, monitoring systems and ER Programs addresses indicators for enhancement of livelihoods of local communities and for biodiversity conservation	All national REDD+ strategies, monitoring systems and Emission Reductions Programs incorporate indicators related to biodiversity conservation and forest community livelihood development	See section 3 for examples of progress	
Indicator 3.B Actual examples on the inherent social and biodiversity benefits of REDD+ and how they are used to inform REDD+ agenda and to scale up results	International REDD+ agenda by 2017 is informed by documented results from Emission Reductions Programs	See section 3 for examples of progress	
Output 3.1. Enhanced capacity of Indigenous Peoples and CSOs to engage in REDD+ processes at the country level			
Indicator 3.1.a. (i) Number and type of examples of in-country REDD+ actions where Indigenous Peoples and CSOs and local communities participate actively	Various new examples exist with strong evidence of Indigenous Peoples and CSO active participation and broad community support in REDD+ programs / readiness by 2015	See section 3 for examples of progress	
Indicator 3.1.a. (ii) Examples of resources made available to enable active participation of IPs, CSOs, and local communities in national REDD+ readiness	Examples exist with evidence of resources being made available through national and/or bilateral support to Indigenous Peoples and CSO networks to enable active participation in national REDD+ readiness	See section 3 for examples of progress	
Indicator 3.1.b. Number of IP and REDD+ country CSO representatives (men/women and/ or youth) that have participated and benefitted from FCPF organized workshops/trainings on SESA, governance, MRV aspects/related aspects of REDD+	At least 20 men and 20 women and/or 20 youth representatives participated and/or trained per country, in a minimum of 15 participant countries by 2015	See section 3 for examples of progress	
Indicator 3.1.c. Examples of IPs and REDD+ country-CSO representation in institutional arrangements for REDD+ at the national level	Examples in all REDD+ Participant Countries, of institutional arrangements for national REDD+ readiness where Indigenous Peoples and CSOs are represented	See section 3 for examples of progress	

Impact/Outcome/ Output and relevant Indicators	Expected #/target year	Current (as of end FY17)	Traffic Light
Output 3.2. Pilots have been successfully implemented on ways to sustain and enhance livelihoods and conserve biodiversity	Not yet applicable as no ERPA has been signed.		
Indicator 3.2.a. Number of countries where stakeholder engagement platforms proposed in Readiness Preparation Proposals have taken up work and meet regularly	All countries that have signed Readiness Grants	See section 3 for examples of progress	
<b>Outcome 4. Knowledge gained in the development of the FCPF and implementation of Readiness Preparation Proposals (under the Readiness Fund) and Emission Reductions Programs (under the Carbon Fund) broadly shared, disseminated and used by international REDD+ practitioners</b>			
Indicator 4.A. Number of new countries/stakeholders requesting to become FCPF: - observers - members	A number of new requests to become: - Country observers - Country members	No Formal requests in FY17	
Indicator 4.B. Examples of utilization of/or reference to FCPF knowledge products	An increasing number of examples exist by 2015 and remains stable afterwards until 2020	See section 3 for examples of progress	
Output 4.1. Knowledge products and lessons from piloting of REDD+ in general and FCPF activities in particular are developed and disseminated, in accordance with global knowledge management and communication strategy and annual work plans		See section 3 for examples of progress	
Output 4.2. Participants actively engage in South-South learning activities		Shift in FY14 to focus on country-tailored support.	
Output 4.3. Strong visibility of REDD+ and FCPF is achieved			
4.3.a. Number of neutral/positive mentions of FCPF and REDD+ issues in different key media worldwide per X period	Increase in neutral and positive mentions worldwide—TBD in work plans	Yes	
4.3.b. Number of negative mentions of FCPF and REDD+ issues in different key media worldwide per year	Decrease of negative mentions worldwide	Yes in quantitative mentions, but targeted detailed publications with critical content	

Note: CF = Carbon Fund; CSO = Civil Society Organization; ER = Emission Reductions; ERPA = Emission Reductions Payment Agreement; ERPD = Emission Reductions Program Document; ER-PIN = Emission Reductions Program Idea Note; FCPF = Forest Carbon Partnership Facility; GRM = Grant Reporting and Monitoring (Report); FYn = Fiscal Year 20n; IPs = Indigenous Peoples; Lol = Letter of Intent; MRV = Measurement, Reporting and Verification; SESA = Strategic Environmental and Social Assessment;



## Acknowledgments

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