World Bank - Forest Carbon Partnership Facility: REDD+ Readiness and MRV capacity building

Alexander Lotsch
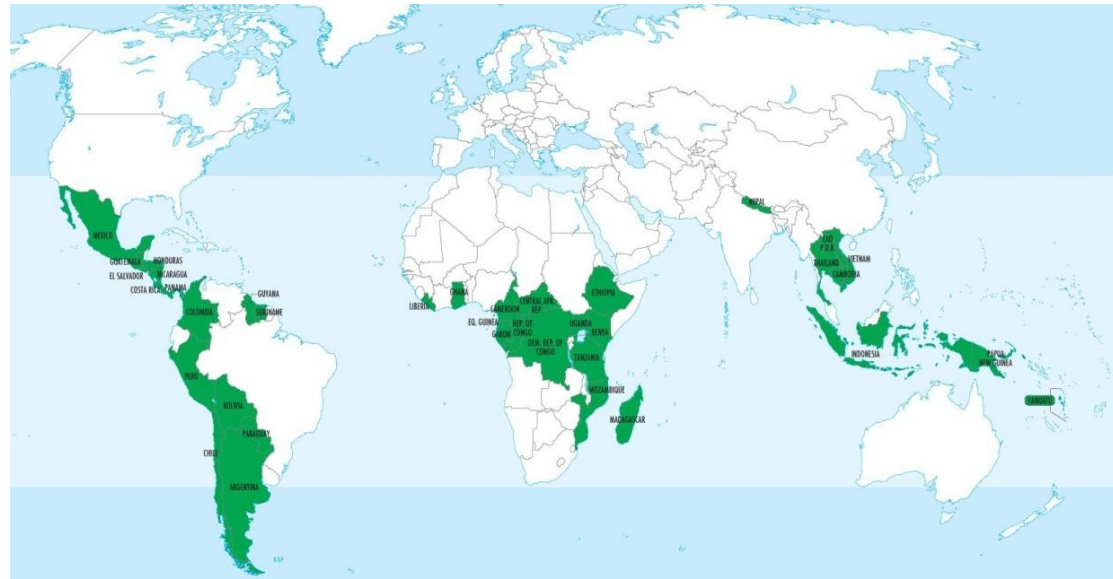Forest Carbon Partnership Facility
The World Bank
www.forestcarbonpartnership.org

GOFC-GOLD/CIFOR Workshop   Wageningen, The Netherlands   Sept. 3-5, 2012

What does it mean to 'do REDD+'?

- Forest Carbon Partnership Facility (FCPF) created after Bali COP 2008

- The World Bank is

  (i)   Secretariat

  (ii)   Implementing Agency

  (iii) Trustee

- FCPF established collaborative partnership & transparent platform for meaningful exchanges on REDD+

  - 36 REDD Countries, 11 Donors, 6 Observers

- FCPF pioneered REDD Readiness preparation process

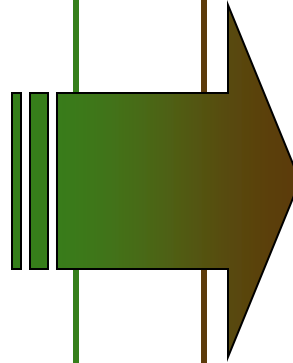# Forest Carbon Partnership Facility: Two Mechanisms

Readiness Mechanism

READINESS FUND

Capacity Building

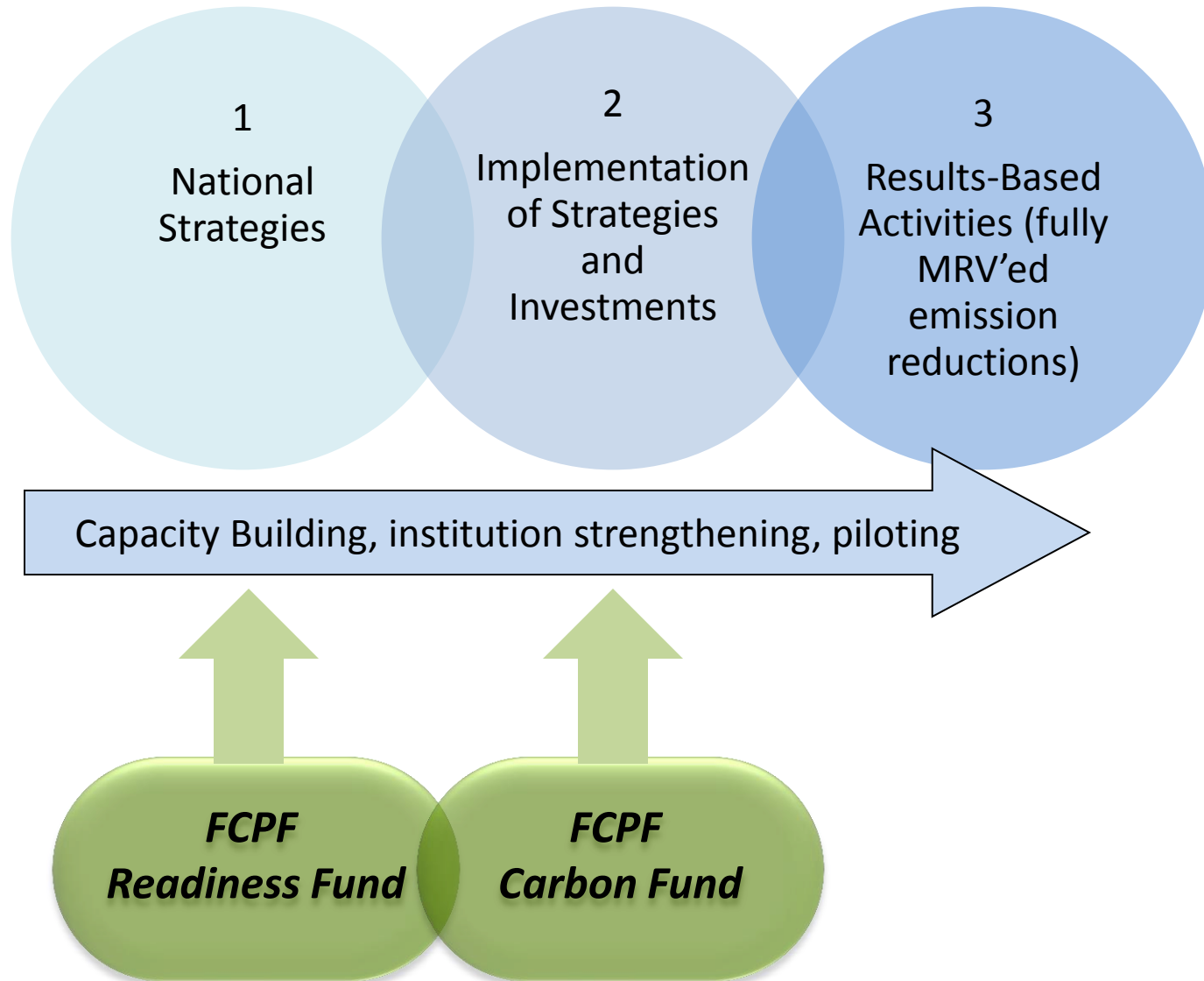*(since 2008)*

$229 million

Carbon Finance Mechanism

CARBON FUND

Emission Reductions

(since 2011)

$ 205 million

3 REDD+ Readiness Phases (per Cancun Agreements)

1

National Strategies

2

Implementation of Strategies and Investments

3

Results-Based Activities (fully MRV'ed emission reductions)

Capacity Building, institution strengthening, piloting

FCPF Readiness Fund

FCPF Carbon Fund

From Readiness to Performance Payments

Formulation and Readiness Preparation (Readiness Fund) | Implementation (Carbon Fund)

R-PIN   **R-PP**   Progress Report   **R-Package**   ER Program

Readiness Grant Agreement $200,000

Supplementary Grant Agreement $3.6m

ER-PIN

ERPA e.g. $40m
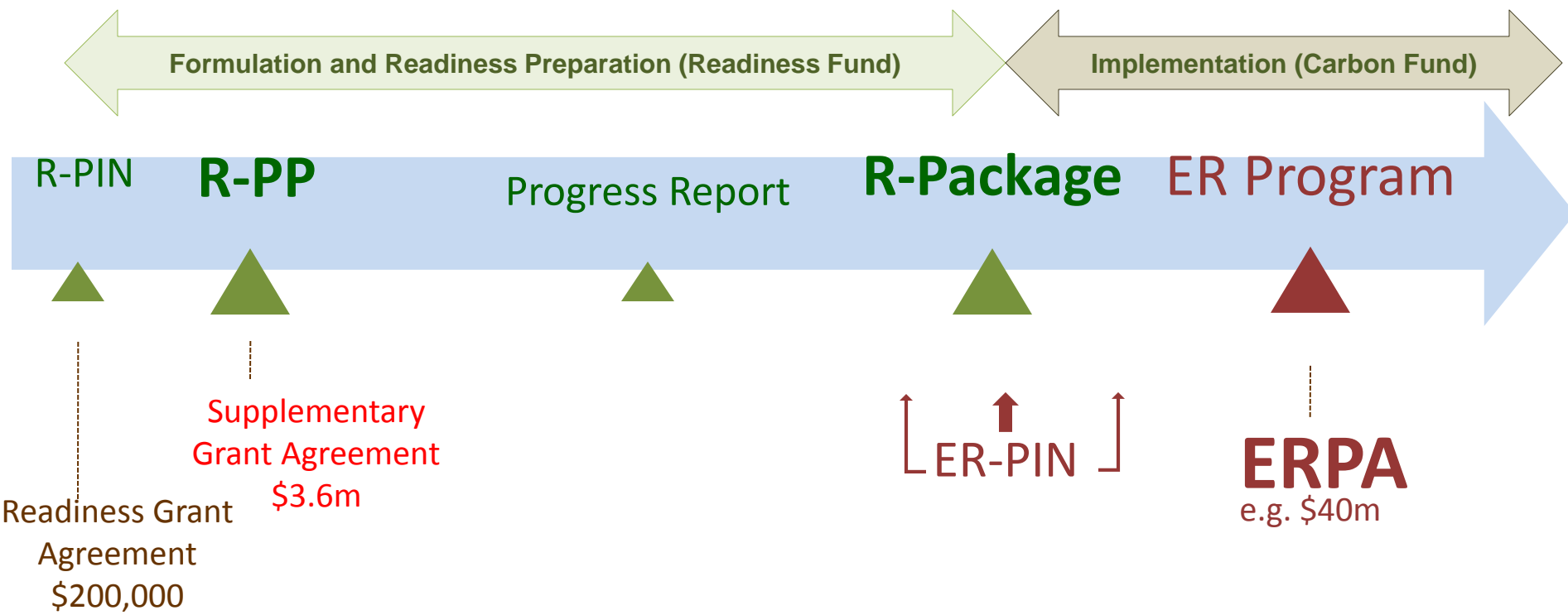
- FCPF Grant Agreements (Sep. 2012)
  - Signed: Costa Rica, DRC, Ghana, Indonesia, Liberia, Nepal, Rep. Congo
  - Signed soon: Colombia, Ethiopia, Mozambique, Nicaragua, Vietnam

5

Components of Readiness Package

1.Readiness Organization and Consultation

    a. National REDD management arrangements

    b. Consultation, Participation, and Outreach

2. REDD+ Strategy Preparation

    a. Assessment of Land Use, Land Use Change Drivers, Forest Law, Policy and Governance

    b. REDD Strategy Options

    c. Implementation Framework

    d. Social and Environmental Impacts

3. Reference Levels

4. Monitoring Systems for Forests and Safeguards

    a. National Forest Monitoring System

    b. Information System for Multiple Benefits, Other Impacts, Governance, and Safeguards

How are REDD countries approaching MRV?

- Key source for MRV information are R-PPs
  - Mostly proposals at this stage, some at implementation stage
  - Proposals often are revised during implementation
  - Not all countries use FCPF grants for RL and MRV work

- Combination of Forest Inventories and Remote Sensing
  - Many reference GOFC-GOLD Sourcebook and IPCC GPG
  - Use existing/ongoing NFI's or propose to implement NFI
  - A variety of remote sensing approaches
  - Seeking synergy with other mapping and NRM activities

  …. but many implementation challenges
  …. and little cost-benefit analysis

- *Objective:* Identify the technical, institutional and financial needs of UN-REDD and FCPF countries to complete their REDD+ readiness phases (phases I and II)

- General Findings (in terms of urgency):
  - Governance Issues (institutional coordination, legal frameworks, benefit sharing)
  - Strategy Development (drivers analysis, strategy options, impact monitoring)
  - Social and environmental safeguards
  - Reference Levels and MRV (most urgently in Africa and Asia)

- Countries that are approaching end of phase 1 primarily prefer financial support and less technical assistance

- Countries prefer guidelines and specific expertise to address RL and MRV activities
  - On governance and strategy development, on the other hand, countries tend to prefer *funding*

# Country Needs Assessment: Budget Requirements by Readiness component in L. and C. America ('000 US$)
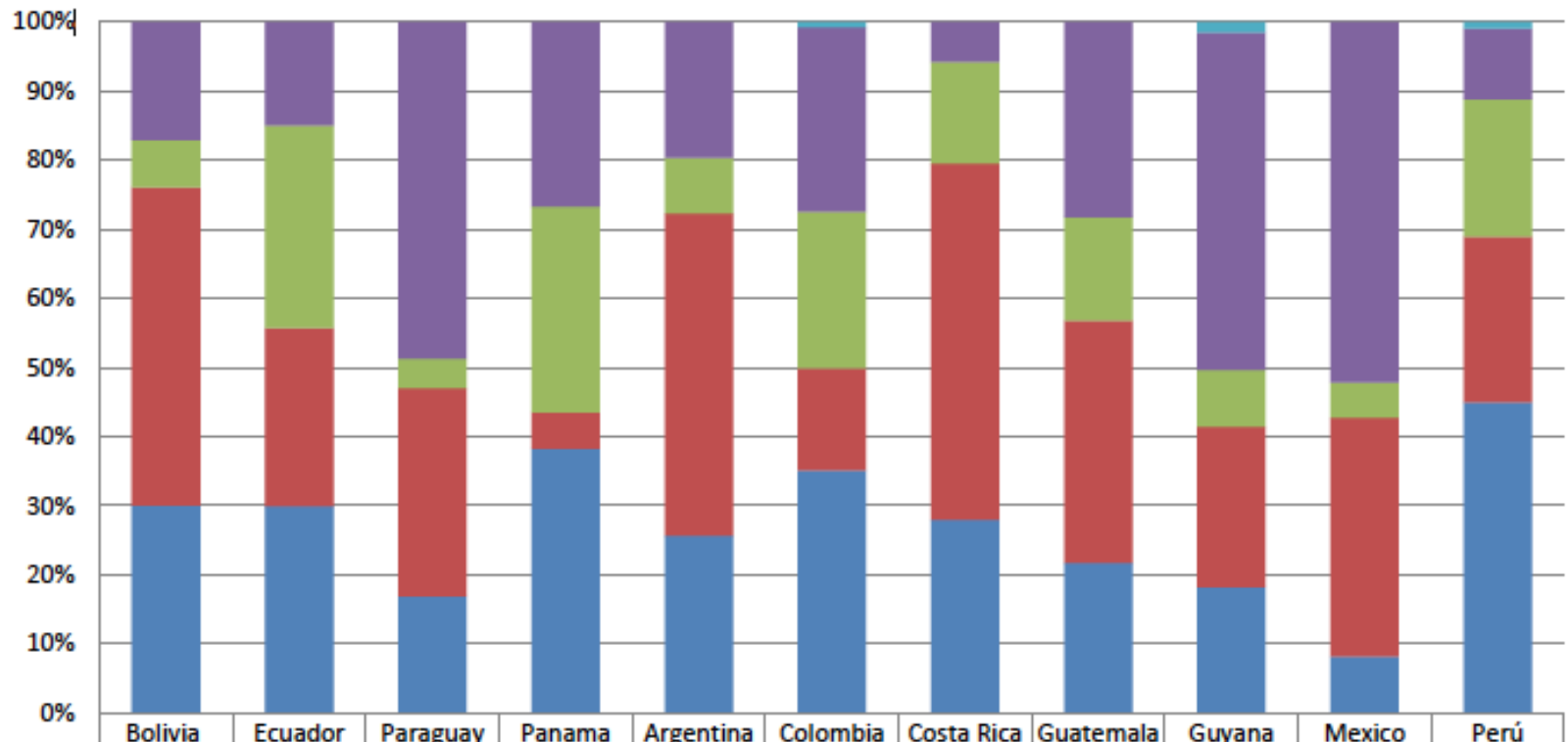
	Bolivia	Ecuador	Paraguay	Panama	Argentina	Colombia	Costa Rica	Guatemala	Guyana	Mexico	Perú
Program Management						140			85		116
Monitoring system	750	527	2149	1414	1875	4930	248	2887	2850	12000	1294
Reference level	300	1030	187	1580	765	4177	642	1520	480	1175	2512
REDD+ Strategy	2030	907	1327	278	4450	2735	2240	3581	1355	7940	3027
Organize and consult	1320	1054	748	2028	2456	6490	1219	2216	1065	1900	5687

Country Needs Assessment: Budget Requirements by Readiness component in Africa ('000 US$)
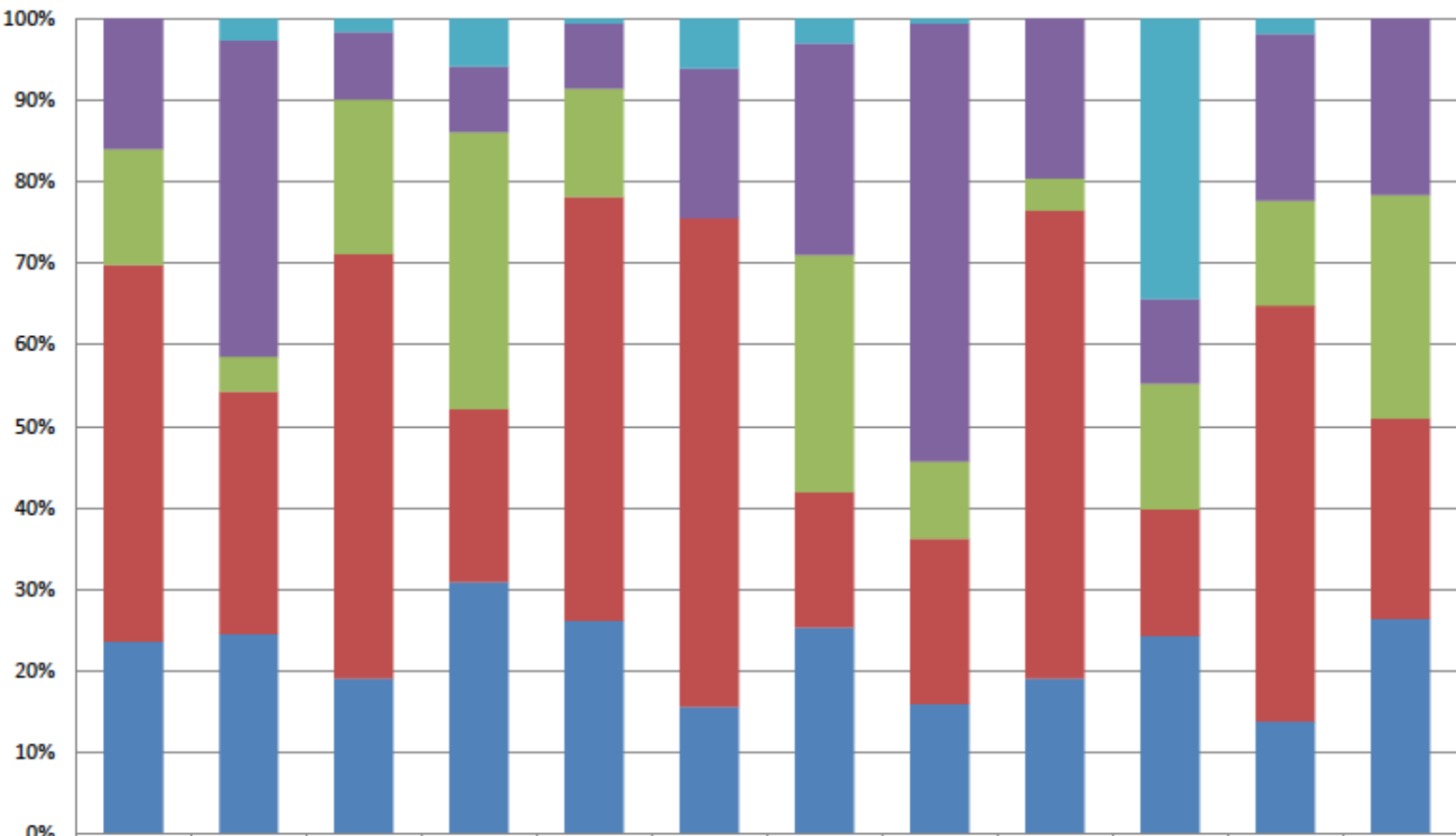
	CAR	DR Congo	Ethiopia	Ghana	Kenya	Liberia	Madagascar	Mozambique	Republic of Congo	Tanzania	Uganda	Zambia
Program Management	0	598	230	430	60	280	165	100		3470	97	
Monitoring system	1067	8810	1170	590	820	845	1445.89	9700	3398	1049	1060	907
Reference level	945	980	2670	2490	1366	0	1615	1697.5	690	1555	665	1150
REDD+ Strategy	3080	6749	7345	1557	5358	2765	920.36	3661	9984	1575	2643	1033
Organize and consult	1577	5580	2700	2267	2697	720	1408.1	2882	3321	2451.5	716	1107

Country Needs Assessment: Budget Requirements by Readiness component in Asia ('000 US$)
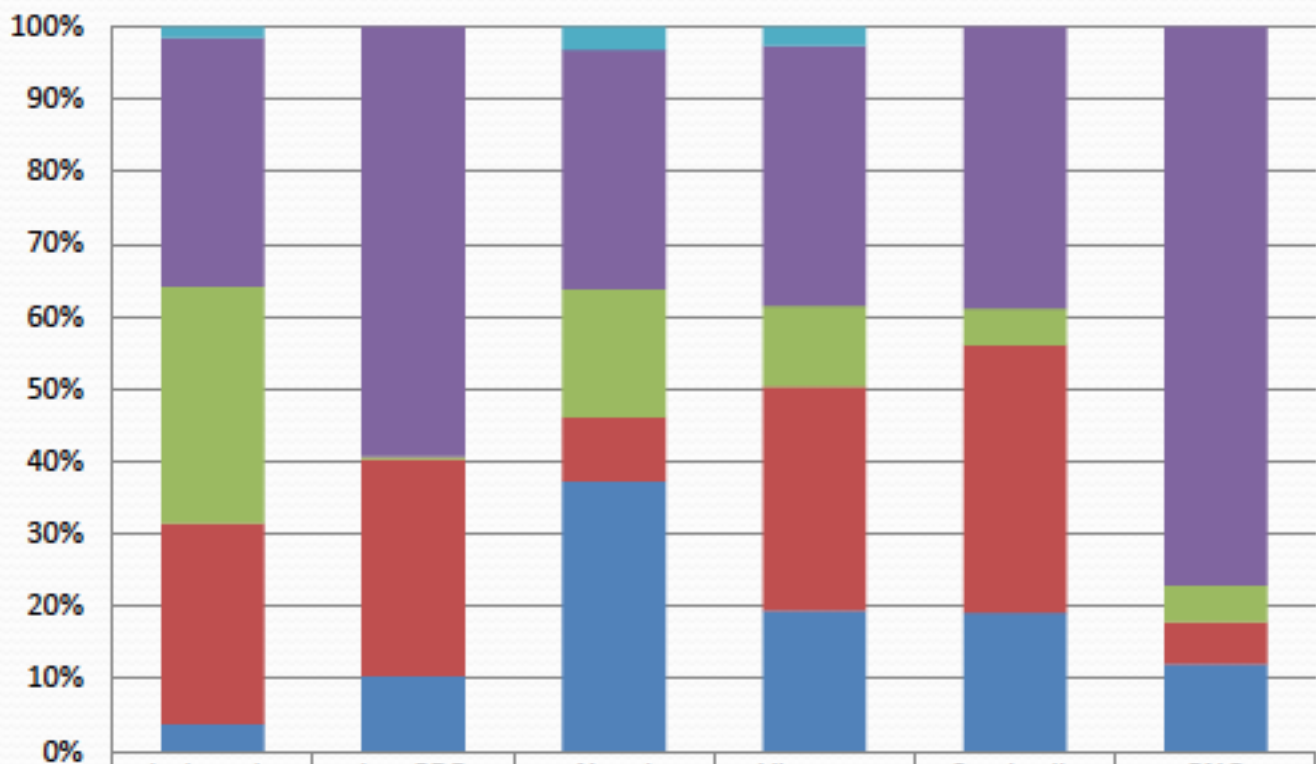
	Indonesia	Lao PDR	Nepal	Vietnam	Cambodia	PNG
Program Management	285	0	241	230	0	0
Monitoring system	6475	13945	2530	3210	4240	4600
Reference level	6153	85	1355	1000	550	300
REDD+ Strategy	5238	7039	672	2763	4020	350
Organize and consult	713	2448	2857	1736	2095	721

Recommendations of the UN-REDD/FCPF Country Needs Assessment

- Improve, strengthen sub-national structures

- Integrate REDD+ into national development frameworks

- Demonstrate 'business case' for REDD+ (competing investments)

- Require long-term political commitment in countries (difficult given the protracted international negotiations)

- Demonstrate REDD+ through pilot programs: important for testing and learning, but requires clear frameworks

- Harness/enhance opportunities for S-S cooperation and learning

- Support countries through multi-disciplinary technical groups

- Build capacity in RL and MRV

- Resolve issues on land tenure and carbon rights

Piloting REDD+ through FCPF Carbon Fund

- Piloting Carbon Finance
  - Project/business cycle currently being developed
  - Focus on transaction and performance

- Development of Emission Reduction Programs
  - PC agreed (in June '12) on guiding principles for Methodological Framework
    - **Accounting Elements**
    - Programmatic Elements
    - Guidance on Pricing
  - Full framework to be developed by spring 2013

FCPF Carbon Fund: Carbon Accounting Elements

- **Stepwise approach to reduce uncertainties**
  - ER Program data and methods are *consistent with IPCC Tier 2 standards*, and ER Programs should, by using *conservative assumptions* and quantitative *assessment of uncertainties*, be incentivized to reduce uncertainties associated with all aspects of accounting, inter alia, reference levels, monitoring, and reporting (i.e., such that reductions in uncertainty are rewarded by a corresponding upward adjustment in ER volume).

- **Reference Levels**
  - ERs from an ER Program should be conservatively measured and reported relative to *a transparently presented* and *clearly documented* forest reference emission level (REL) or forest reference level (RL) for the ER Program area, following the guidance of the Carbon Fund Methodological Framework and informed by the emerging national REL/RL.

FCPF Carbon Fund: Carbon Accounting Elements

- **Consistency with Monitoring System**
  - ER Programs shall monitor and report ERs and other non-carbon variables consistent with the ***emerging national forest monitoring system***, using ***methods appropriate*** for ER Program circumstances, including community monitoring, that are transparently presented and clearly documented.

- **Address reversals**
  - ER Programs should identify potential sources of reversal of ERs (non-permanence); have the ***capacity to monitor and report any reversal*** of previously monitored and reported ERs; and have ***measures in place to address major risks*** of anthropogenic reversals for the ER Program area, to the extent feasible.

- **Address displacement**
  - Potential sources of domestic and international displacement of emissions (leakage) are identified by ***assessment of all drivers of land-use change relevant for the ER Program***; and measures to minimize and/or mitigate the risk of displacement of domestic emissions are incorporated into ER Program design and the estimation and monitoring of ERs.

MRV challenges in REDD countries (1)

- Thus far national REDD coordination teams have primarily focused on consultations and strategy development
  - Work on REL/RL and MRV system development is ongoing, but not always well coordinated and integrated with strategy development

- PROs and CONs of different monitoring technologies and approaches
  - Confusing/inconsistent expert advice
  - Potential of R&D approaches *vs.* established robust techniques
  - Getting the right external assistance and alignment of donor activities

- Risk: 'miss the forest for the trees'
  - Focus on policies and drivers, not just carbon
  - *reduce* emissions not just *monitor* them

MRV challenges in REDD countries (2)

- The consistency, relationship, and sequence of
  - (i)   drivers analysis
  - (ii)   strategy options
  - (iii) REL/RL, and
  - (iv) MRV

- Role of local communities, including Indigenous Peoples
  - Role in MRV
  - Participatory Forest Monitoring
  - Links with benefit sharing

- Nesting: from pilots to sub-national demonstration activities to full national system

Implementation and Practical Challenges

- Developing a Road Map (Step-wise) for RL and MRV work
  - Developing Terms of Reference
  - Assessing Proposals
  - Supervising technical work

- Finding practical and sustainable institutional arrangements

- Making methodological decisions that have policy implications
  - Forest definition
  - Decision support tool can help

- How to utilize existing data/information (e.g. historical inventories) for RL definition

- Coordination of development partner support

Prioritizing and Sequencing Forest Monitoring Activities

- Desired 'national systems' are the end-point of REDD-Readiness
  - Long-term (10? years) and sustained effort of technical assistance

- Approach to MRV and REL/RL development
  - Step-wise
  - Learning-by-doing
  - From sub-national to national

- REDD+ encompasses a total of 5 activities
  - Each requires a tailored MRV approach
  - Stratify forest area by emission in recent past (and future?)
  - Prioritize regions, carbon pools, REDD+ activities

- Having intermediate outputs and demonstrating performance early will be essential to maintain momentum (donor interest, private sector, market development)

Workshop Questions (1)

- What are experiences for building capacity for national forest monitoring for REDD+ MRV?
  - REDD countries start from very different starting points (e.g. Ethiopia vs. Mexico)
  - Institutional arrangements are often not clear and take time to establish
  - Generally little capacity for operational data and information management (e.g., 'lost' NFI data)

- How and where have national monitoring capacities improved in the past?
  - Sustained effort of technical assistance (technical/scientific partners, NGOs, bi-laterals), e.g. Colombia, Tanzania, Nepal
  - South-South Collaboration, e.g. Brazil/DRC
  - Learning-by-doing

- What are factors of success in improving capacities?
  - Functioning and active platforms for technical collaboration (technical working groups etc.)
  - 'Partnerships' within government agencies, with development partners, with national and international experts
  - Linking REDD MRV with 'normal' or operational forest management (no regrets)

- … and those that limit progress?
  - Human resources and government capacity, staff rotation
  - Unclear/undefined institutional mandates
  - Lack of or unclear guidance and expertise

Suggestions for 'Step-Wise' MRV

- Work with what you got and see where the gaps are
  - Institutions, human resources, data
  - Learning-by-doing: reveals strengths and weaknesses

- Partnership approach: Govt/Donors/NGOs/Technical

- Focus on priority areas, stratify!

- Integrate MRV with 'normal' forest management activities
  - Stand-alone is likely not cost-effective and risky
  - No regrets activities
  - Do cost-benefit analysis

- Focus on priority areas in REDD+ strategy
  - RL and MRV work can support strategy development (e.g. understand where the potential is and its size)
  - Once strategic priorities are defined the RL and MRV task becomes much more focused

Thank You!

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FCPF REDD+ Readiness Organization

- Process to facilitate REDD Readiness
  - Process of country submissions and reviews:
    - Readiness Preparation Idea Note (R-PIN)
    - Readiness Preparation Proposal (R-PP)
      - *$200, 000 for proposal formulation, $3.6m for implementation*
    - Readiness Package (R-Package)
  - Comprehensive and independent reviews by
    - Technical Advisory Panel
    - World Bank (Delivery Partner)
    - Participants Committee + Observers

- Transparent governance
  - Country-driven process of presenting and discussing R-PPs
  - Facilitating new in-country cross-sector and stakeholder dialogues