Climate Investment Funds

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Montego Bay, Jamaica
June 28, 2014

# LINKAGES BETWEEN REDD+ READINESS AND THE FOREST INVESTMENT PROGRAM

**(Consultant Report)**

## BACKGROUND

During its last meeting in October 2014, the FIP Sub-Committee reviewed document, FIP/SC.11/3, *FIP Semi-Annual Operational Report*, and welcomed the progress that has been made in advancing the work of the FIP in the pilot countries. The Sub-Committee particularly appreciated the progress in completing the programming phase of the FIP and took note of the work that has been initiated to assess the process, experience and lessons learned in developing FIP investment plans. The Sub-Committee requested that the outcome of the work be presented to the Sub-Committee for discussion at its next meeting.

The CIF Administrative Unit commissioned a study, *Linkages between REDD+ Readiness and the Forest Investment Program*, reflecting the experiences of FIP pilot countries, and the specific role of REDD+ readiness, in progressing through the FIP programming process. The report also explores the extent to which FIP funding has supported REDD+ readiness activities in pilot countries and the interplay between different funding initiatives in these countries.

*Climate Focus, B.V.* was contracted to undertake the study under the guidance of the CIF Administrative Unit and in collaboration with the MDBs.

The study was conducted in four phases:

- **Inception phase**: A comprehensive literature review was conducted and a methodology and framework for assessing readiness within FIP countries was developed. This framework considers a variety of sources, including the *FIP Design Document*'s objectives, selection criteria, and investment criteria. The framework covers institutional, technical, political and financial aspects and serves to guide the rapid assessments, the in-depth questionnaires and interviews and the findings of the report.
- **Data collection phase**: An online questionnaire was developed and sent to more than 100 relevant stakeholder representatives from all eight FIP countries, the MDBs and the CIF Administrative Unit. Burkina Faso, Laos and Mexico were selected for in-depth case studies. Follow up interviews were conducted with governments, NGOs, and MDBs from these countries. Participation in the questionnaires and interviews was voluntary and responses are kept confidential.
- **Data analysis and reporting phase**: The questionnaire responses were combined with country-specific literature reviews to complete rapid assessments for each of the eight FIP countries. Information from these rapid assessments and the interview responses were then incorporated into the in-depth case studies. These case studies intend to further explore the linkages between REDD+ readiness approaches and the FIP IPs and complement and give context to the information derived from the questionnaires.
- **FIP and peer review phase**: Drafts of report were sent to the CIF Administrative Unit, MDBs partners and experts for external review. A one-day workshop on the draft was conducted with the CIF Administrative Unit and MDBs to discuss emerging findings and recommendations. The final draft was shared with the FIP pilot countries focal points for comments before the report was concluded.

# Linkages between REDD+ readiness and the Forest Investment Program

## Contents

# Executive Summary

The Forest Investment Program (FIP) was established in 2008 under the Climate Investment Funds to support the development and implementation of government-led programs to achieve measurable reductions in greenhouse gas emissions and other co-benefits from forests. The FIP focuses primarily on *REDD+ implementation* (Phase 2) activities and aims to bridge the gap between *REDD+ readiness* (Phase 1) and *results-based payments* (Phase 3) activities. In this regard, the FIP is often described as the "*missing middle*" in REDD+ finance.

This report summarizes the differing experiences of FIP pilot countries, and the specific role of REDD+ readiness, in progressing through the FIP programming process. The report also explores the extent to which FIP funding has supported REDD+ readiness activities in pilot countries and the interplay between different funding initiatives in these countries. The report uses an analytical framework that covers 15 institutional, technical, political and financial criteria to guide the findings of the study.

## Summary of Implications of REDD+ Readiness for FIP Progress

Six key factors can be highlighted as contributing most to countries' progress through the FIP.

High **political will** and **institutional capacity** stand out as particularly important criteria for developing and implementing FIP Investment Plans (IPs) and related programs and projects. Countries with high institutional capacity have been more able to manage large-scale investments and apply them to more innovative approaches to address the drivers of deforestation.

Countries that have successful **coordination mechanisms** across government ministries and clear **accountability** for the development and implementation of FIP programs and other REDD+ initiatives have been more equipped to progress through the FIP programming process. Equally, the absence of these mechanisms can significantly block the development of FIP programs and activities. Aligning the FIP program with the broader REDD+, climate change and development agendas within countries can also facilitate acceptance by government ministries, and with local communities.

The existence of **REDD+ strategies or equivalent** and relevant **policies and measures to address the drivers of deforestation** were also major contributing factors for progression within the FIP. Building on existing strategies and policies has helped to fast track the development of IPs and projects and help ensure its alignment to long-term, national programs. The FIP has also played a role in developing capacity in some countries including Burkina Faso, Peru and DRC, incentivizing and propelling their progress in the FCPF and other REDD+ initiatives.

While all 15 readiness-criteria were helpful in one way or another to progress through the FIP programming process, some were not as important as others. **Registries and carbon accounting systems** and **non-carbon monitoring systems** are currently being developed, generally for Phase 3, performance-based payments, and therefore do not tend to impede progress in Phase 2.

## Implications for Existing and Future REDD+ Financing Mechanisms

**Phase 2 funding is an important bridge between REDD+ readiness and results-based payments. The continuation of Phase 2 funding will be an important component of an international REDD+ mechanism.**

On the one hand Phase 2 funding can provide a *pull* mechanism for REDD+ countries by incentivizing them to progress under their grants from REDD+ readiness funds. On the other hand, Phase 2 finance can provide a *push* mechanism, by developing relevant capacity and experience for countries aiming to progress to phase III and receive results-based payments. In the future, the FIP may choose to define entry and exit criteria to ensure that this push and pull is harmonized with other sources of international finance for REDD+.

**Country selection and investment criteria drive the types of FIP investments for meeting goals and objectives, and may dictate the pace of adoption. When allocating funding for Phase 1, 2 and 3, understanding the enabling conditions in a country is pivotal for choosing countries or regions.**

REDD+ readiness was not a priority in the selection of FIP pilot countries. To improve the effectiveness and efficiency of Phase 2 finance, future programs could more closely consider which countries have the necessary enabling conditions in place to carry out their desired objective of reducing GHG emissions from deforestation through transformative measures. The selection criteria, and potentially the investment criteria would then need to reflect those conditions.

**The scope and objectives of REDD+ have shifted over time and have increased the complexity of national planning processes. Adaptive management could be applied to help countries account for changes in programmatic strategies and measures.**

The evolving mission and scope of REDD+, as well as insufficient enabling conditions on the ground, have made it more difficult to meet some of the objectives stated at the outset of the FIP. Adaptive management of IPs, projects and programs would provide a useful tool to address changes and refocus and reprioritize plans and activities in a changing environment. Additionally, future FIP funding could be redirected towards gaps or weaknesses identified through adaptive management approaches.

**Donor coordination is important to ensure efficiency and overall success of achieving REDD+ objectives in a country. Collaboration between REDD+ finance initiatives should be mainstreamed at the international and national levels.**

A reliance on in-country systems, and clear and accountable institutions can help to avoid duplication of efforts within countries. There are some existing donor coordination efforts including the FCPF and UN-REDD common approaches, and coordination between the FCPF Readiness Fund and Carbon Fund, but the effectiveness of finance could be further improved through an increase in coordination and harmonization. While a more formal link between the FIP and other REDD+ funds would increase bureaucracy it could help to improve REDD+ country buy-in and donor efficiency in achieving REDD+ outcomes.

# 1 Introduction

## 1.1 Background

The Climate Investment Funds (CIFs) were established in 2008 to support a transition to low-carbon and climate-resilient development in developing countries by providing targeted, scaled-up financing. The finance is administered through two Trust Funds, the Clean Technology Fund (CTF) and the Strategic Climate Fund (SCF), and channeled through five multi-lateral development banks (MDBs): the African Development Bank (AfDB), Asian Development Bank (ADB), European Bank for Reconstruction and Development (EBRD), Inter-American Development Bank (IADB), and World Bank Group (WB), including the International Finance Corporation (IFC).

The Forest Investment Program (FIP) is a targeted program of the SCF, supporting developing countries' efforts to reduce deforestation and forest degradation and promote sustainable forest management (REDD+). The FIP supports the government-led development and implementation of pilot programs and public and private sector investments that can achieve measurable reductions in GHG emissions and other co-benefits (FIP Design Document 2009, ICFI 2013).[1,2] FIP-financed projects and programs may include support for forest governance capacity, forest protection efforts, investments in certification systems, or support to forest-dependent communities. FIP investments are also designed to recognize the importance of building resilience to the impacts of climate change and associated co-benefits to biodiversity conservation, rural livelihoods, and indigenous peoples.[3]

The Forest Investment Program focuses primarily on *REDD+ implementation* activities (Phase 2) and aims to build on national strategies and capacity building of *REDD+ readiness* activities (Phase 1). In some cases, FIP investments also link with *results-based payments* (Phase 3) – see Section 2 for more detail on the *Phased approach*. The FIP is often described as the "*missing middle*" due to the widely held perception that FIP finance is currently the largest source of financing for Phase 2 REDD+ activities. Currently, the most prominent multilateral initiatives providing funding can be mapped against the three phases of REDD+ as follows:

- **Phase 1**: Forest Carbon Partnership Facility (FCPF)-Readiness Fund, UN-REDD Programme, Forest Investment Program (few cases);
- **Phase 2**: Forest Investment Program; and
- **Phase 3**: FCPF-Carbon Fund

During the meeting of FIP pilot countries in November 2012, country participants in the FIP noted challenges in developing FIP IPs and moving through the FIP programming process.[4] Overwhelmingly, focal points reported that the FIP has raised the importance of REDD+ in their country, linking relevant REDD+ initiatives together and providing additional motivation for a comprehensive engagement and dialogue on the issue. At the

[1] CIF. 2013. *FIP: REDD+ Stakeholder Collaboration.* https://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/FIP_Learning_Product_REDD+_Stakeholder_Collaboration.pdf, accessed 21 October 2013.
[2] ICF International. 2013. *Independent Evaluation Of The Climate Investment Funds*, Final Interim Report. Washington, DC.
[3] See CIF. 2009. *Illustrative Examples of Potential Investments Under the FIP*. CIF/DMFIP.2/Inf.5. Second Design Meeting on the Forest Investment Program. Washington, D.C. March 5-6, 2009. A separate Dedicated Grant Mechanism (DGM) exists to directly fund projects with indigenous and community groups.
[4] CIF. 2013. FIP Semi-Annual Operational Report. April 3, 2013. FIP/SC.10/3. https://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/FIP_SC.10_3_FIP_semi_annual_operational_report_0.pdf

FIP Sub-Committee (SC) in May 2013, members expressed an interest in exploring the reasons for these differences and requested the CIF Administrative Unit, in collaboration with MDBs, to prepare a CIF knowledge product to provide an in-depth study of the FIP programming process, including lessons learned in developing FIP investment plans (IPs) and projects, and specifically the linkages between REDD+ readiness and the development and implementation of FIP IPs. It is within this context that this study has been developed.

## 1.2 Objective and Methodology

This report aims to analyze and summarize the differing experiences of pilot countries in progressing through the FIP programming process. Specifically the report clarifies the role of REDD+ readiness and the FIP programming process in FIP pilot countries and the implications for REDD+ implementation finance. In addition the report explores the role that the FIP has had in supporting REDD+ readiness in FIP pilot countries and the interplay between different REDD+ initiatives in these countries. This study presents both the domestic viewpoint of FIP pilot countries (and relevant actors such as private sector and civil society) and the global perspective of FIP coordinating and administrative agents.

This study was undertaken in four phases:

- **Inception phase**: A comprehensive literature review was undertaken and a methodology and framework for assessing readiness within FIP countries was developed. This framework considers a variety of sources, including the FIP Design Document's objectives, selection criteria, and investment criteria. The framework covers institutional, technical, political and financial aspects and serves to guide the rapid assessments, the in-depth questionnaires and interviews and the findings of the report.
- **Data collection phase**: An online questionnaire was developed and sent to over 100 relevant contacts representing stakeholders from all eight FIP countries, MDBs and the FIP Administrative Unit (questionnaire is included in the Annex). Follow up interviews were then conducted remotely with government, NGO, and MDB contacts specific to Burkina Faso, Laos and Mexico for the in-depth case studies. Participation in the questionnaires and interviews was voluntary and responses are kept confidential.
- **Data analysis and reporting phase**: The questionnaire responses were combined with country-specific literature reviews to complete rapid assessments for each of the eight FIP countries. Information from these rapid assessments and the interview responses were then incorporated into the in-depth case studies. These case studies intend to further explore the linkages between REDD+ readiness approaches and the FIP IPs and complement and give context to the information derived from the questionnaires.
- **FIP and peer review phase**: Drafts of report were sent to the CIF Administrative Unit, MDBs partners and experts for external review, and then a final draft was concluded.

This report is intended, primarily, to inform the ongoing programmatic process of the FIP, but holds relevance for other multilateral and bilateral donors - including the Green Climate Fund - that intend to target investments towards various phases of REDD+, and understand the linkages between those phases.

## 1.3 Outline of the paper

This report is broken down into five sections. **Section 2** of this report provides a framework for assessing readiness within FIP countries. The framework covers institutional, technical, political and financial aspects and serves to guide the country assessments and the findings of the report. **Section 3** presents the progress of FIP countries through the FIP programmatic process. **Section 4**, which forms the bulk of this report, provides an overview of the state of REDD+ Readiness of the eight FIP pilot countries and linkages to the design and implementation of FIP IPs, projects, and programs in those countries. This section includes the results of the questionnaires and interviews as well as case studies for Burkina Faso, Laos and Mexico. **Section 5** presents a discussion of the findings and conclusions of the study, and highlights the implications for existing and future Phase 2 finance for REDD+ implementation.

# 2 REDD+ Readiness

## 2.1 What is REDD+ Readiness?

The World Bank first coined the term *readiness* in 2006 while designing the Forest Carbon Partnership Facility (FCPF) to define the level when governments are able and prepared to achieve emission reductions and account for them.[5] The term entered the lexicon of UN climate negotiators to describe the status and process that enables a country to receive payments or other support for climate action under an international mechanism within the UN Framework Convention on Climate Change (UNFCCC).[6] Under the negotiations on REDD+, the term "REDD+ readiness" refers to a process for putting in place the preconditions necessary to enable countries to implement REDD+ and measure, report and verify (MRV) their associated climate benefits.

**Phased approach**

Under the Cancun Agreements negotiated at the 16th Conference of the Parties (COP 16) in 2010, Parties to the UN Framework Convention on Climate Change (UNFCCC) officially adopted REDD+ as a framework that uses financial mechanisms to mitigate climate change through five identified activities: reducing deforestation, reducing degradation, conservation, sustainable management of forests, and enhancement of carbon stocks.[7] It was agreed that REDD+ should follow a step-wise or phased approach,[8] in which Countries engaging in REDD+ would begin by building technical and institutional capacity (*Phase 1 or 'readiness'*); followed by policy reform and demonstration activities (*Phase 2 or 'implementation'*); ramping up to fully measured, reported and verified (MRV) implementation (*Phase 3 or 'results-based payments'*). These phases could be partly or fully overlapping.

The Cancun Agreements also request countries aiming to undertake REDD+ activities to develop the following elements, which are also largely considered as Phase 1 "*readiness activities*": a national strategy or action plan, a national forest reference level, a robust and transparent national forest monitoring system, and a system for providing information on how the safeguards are being addressed and respected.[9]

Recently at COP 19 in Warsaw, Parties concluded several years of negotiations with a package of seven decisions that provides the architecture for Phase 3 *results-based* REDD+ actions. These include specific guidance on finance and coordination of support including an information hub; national forest monitoring systems; reference levels and MRV; summary of information on safeguards; and drivers of deforestation and forest degradation.[10]

**Readiness programs**

Various multilateral and bilateral donor programs assist developing countries in the process of achieving REDD+ readiness, the most prominent of these being the World Bank's FCPF Readiness Fund and the UN Collaborative Programme on Reducing Emissions from Deforestation and Forest Degradation in Developing Countries (UN-

[5] Ibid.
[6] Streck 2009. Sectoral Transformation Plans as Strategic Planning Tools
[7] UNFCCC (2011) Report of the Conference of the Parties on its sixteenth session, held in Cancun from 29 November to 10 Addendum FCCC/CP/2010/7/Add.1 paragraph 70.
[8] Ibid. paragraph 73
[9] ibid. paragraph 71
[10] Climate Focus (2013). CP19/CMP9 Warsaw Analysis and Briefing. http://www.climatefocus.com/documents/files/climate_focus_warsaw_briefing.pdf

REDD). Since their inception in 2008, the FCPF and UN-REDD have collectively supported 52 developing countries with funds totaling approximately USD240 million and USD169 million respectively.[11] Of the eight pilot countries engaged in the FIP, all except Brazil are participating members of one or both of the REDD readiness programs (see Table 1).[12] Participation in the FCPF and UN-REDD readiness initiatives is not a prerequisite for FIP progress or implementation, however many consider the readiness process established by these programs to be enabling conditions under the FIP.

***Table 1 Participation by FIP pilot countries in REDD Readiness Programs.***

| FIP Pilot Country | FCPF | UN-REDD[13] |
|---|---|---|
| **Brazil** | No | No |
| **Burkina Faso** | Participant | No |
| **Democratic Republic of the Congo** | Participant | National Program |
| **Ghana** | Participant | Partner Country |
| **Indonesia** | Participant | National Program |
| **Lao PDR** | Participant | Partner Country |
| **Mexico** | Participant | Partner Country |
| **Peru** | Participant | Partner Country |

Both the FCPF and UN-REDD have their own criteria and procedures to support the readiness of a country, and both aim to ensure that a country is able to achieve measurable emission reductions by identifying and addressing *readiness components* of the joint R-PP document (Table 2). These readiness components and activities have been defined through an iterative process, incorporating country experiences and results of participatory consultations. Various studies have also identified important enabling conditions for REDD+, including land tenure, natural resource rights, and greater public participation that have been largely incorporated in the of the UN-REDD and FCPF activities.

***Table 2 R-PP Readiness components[14]***

| R-PP Readiness Components | Related readiness preparation activities |
|---|---|
| **1. Organize and Consult** | a. National readiness management arrangements<br>b. Information sharing and early dialogue with key stakeholder groups<br>c. Consultation and participation process |
| **2. Prepare REDD+ Strategy** | a. Assessment of Land Use, Land Use Change Drivers, Forest Law, Policy and Governance<br>b. REDD+ Strategy Options<br>c. REDD+ Implementation Framework<br>d. Social and Environmental Impacts during readiness and implementation |
| **3. Develop a National Forest Reference Emission Level and/or Forest Reference Level** | |
| **4. Design Systems for National Forest Monitoring and Information on Safeguards** | a. National Forest Monitoring System<br>b. Designing an Information System for Multiple Benefits, Other Impacts, Governance, and Safeguards |

[11] Climate Funds Update 2013. Website available at: www.climatefundsupdate.org

[12] As of December 2013, Burkina Faso is the most recent admitted member of the FCPF. See http://www.afdb.org/en/news-and-events/article/burkina-faso-admitted-into-forest-carbon-partnership-facility-12727/

[13] For UN-REDD, partial means the country is a partner but does not have a full National UN-REDD Programme office in the country.

[14] FCPF 2012. FCPF Readiness Preparation Proposal (R-PP) Template, Version 6. 20 April 2012.

## 2.2 Readiness assessment framework

To assess the level of REDD+ readiness in FIP pilot countries and to better understand the progress and possible links between REDD+ readiness and the FIP programming process, this report develops a framework for REDD+ readiness. This framework will be used to conduct rapid assessments of FIP country readiness and to guide interviews and report findings. The framework builds on some of the main sources that have defined and assessed REDD+ readiness, namely:

- UNFCCC decisions on REDD+;
- FCPF and UN-REDD R-PP Readiness components (table 2)
- "Guide to the FCPF Readiness Assessment Framework" which outlines 34 criteria to gauge readiness (June 2013)[15];
- A report commissioned by the FCPF and UN-REDD to determine REDD+ readiness needs among FCPF and UN-REDD countries (Oct 2012) which outlines readiness components and 54 "capacities to fulfill readiness requirements" [16];
- "Governance of Forests Principles and Indicators" (Nov 2013) which details five principles and 122 indicators for successful forest governance;[17]
- An analysis by the World Resources Institute (WRI), which assesses country preparedness proposals and identifies eight factors for "What it takes to be ready for REDD+" (March 2013)[18];
- PROFOR Diagnostic Tool on "Assessing and Monitoring Forest Governance"[19].

The numerous elements, criteria, and indicators from these sources were analyzed and grouped into three readiness components for the framework:

- **Governance**: How strong and effective is governance in the land use sector? This is usually associated with capacity, transparency, accountability, coordination and participation;
- **Strategy (or equivalent)**: Are there existing REDD+ strategies or related land use, climate, and/or socioeconomic policies and measures that facilitate REDD+ implementation? *and*
- **Measurement, Monitoring, Reporting and Evaluation**: What systems are there for measuring, monitoring, reporting and evaluating land use change, emissions, ecosystem services, biodiversity and socioeconomic impacts?[20]

The framework is further broken down into 15 assessment criteria that were developed from the multiple sources cited above and supported by operational documents of the FCPF, UN-REDD and FIP, independent evaluations of country programs, country strategy documents, governance literature and expert knowledge (see Figure 1). The selected criteria are not meant to be exhaustive, but rather a summary of the most important elements for assessing the level of REDD+ readiness of a country and potential linkages to the FIP programming process. Figure 1 below, presents the readiness components and the

[15] FCPF. 2013. A Guide to the FCPF Readiness Assessment Framework. http://www.forestcarbonpartnership.org/sites/fcp/files/2013/june2013/FCPF%20R-Package%20User%20Guide%20ENG%206-18-13%20web.pdf

[16] Kojwang & Ulloa. 2012. Country Needs Assessment: a report on REDD+ Readiness among UN-REDD Programme and FCPF Member countries. UN-REDD Programme and FCPF. https://www.forestcarbonpartnership.org/sites/fcp/files/Country%20Needs%20Assessment%20report%20UN-REDD%20Programme%20and%20FCPF%2012%20October%202012%20(1).pdf

[17] Davis et al. 2013. Assessing Forest Governance: The Governance of Forests Initiative Indicator Framework. Washington DC: World Resources Institute. http://www.wri.org/publication/assessing-forest-governance

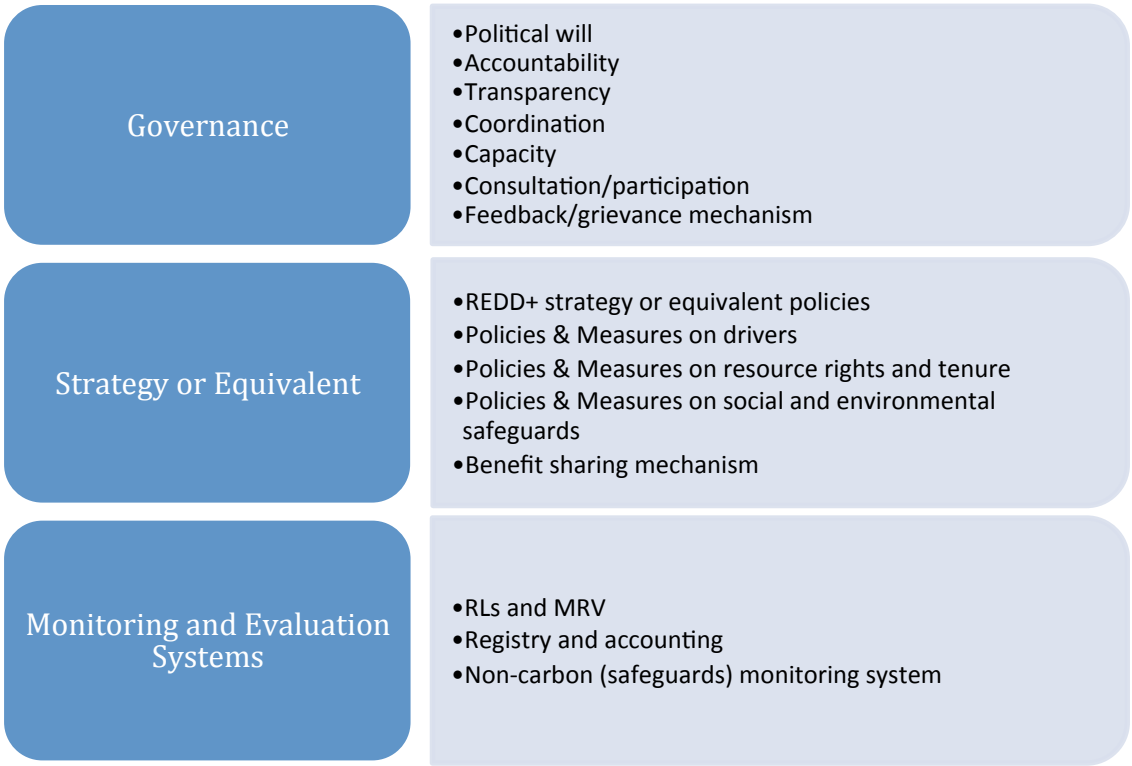
[18] Williams. 2013. Putting the Pieces together for Good Governance of REDD+: An Analysis of 32 REDD+ Country Readiness Proposals. Working Paper. Washington DC: World Resources Institute. http://pdf.wri.org/putting_the_pieces_together_for_good_governance_of_redd.pdf

[19] PROFOR. 2012. Assessing and Monitoring Forest Governance: A user's guide to a diagnostic tool. http://www.profor.info/node/1998

[20] The development of national forest reference levels, which is separated in most other frameworks is included in this component.

assessment criteria with the most relevant sources. These criteria are explained further in Section 4.

***Figure 1. Readiness Assessment Framework***




While considerable work has already gone into understanding enabling conditions for readiness, it is an evolving topic that merits further exploration and improvement. This framework is meant to guide the assessment and findings for this report, but may also complement existing analyses in understanding the most relevant enabling conditions for REDD+ readiness.

## 2.3 Linkages between REDD+ Readiness and the FIP design

Readiness is embedded to a large extent within the FIP program design including Objectives and Principles, Criteria for Initiating Transformational Change, Country Selection and Investment Criteria, and Core Indicators from Results and Monitoring Framework. Table 3 illustrates how the FIP objectives, design document and results framework are linked to the readiness framework elaborated in Figure 1. A complete flow diagram and list of these objectives and criteria is elaborated in Annex B.

***Table 3. Readiness Assessment Framework and link to FIP Design Documents[21]***

| Links to Readiness | Objectives and Principles | FIP Criteria for Initiating Transformational Change | Country Selection and Investment Criteria | Core Indicators from Results and Monitoring Framework |
|---|---|---|---|---|
| GOVERNANCE | | | | |
| 1. Political will | X | X | X | |
| 2. Accountability | X | X | | X |
| 3. Transparency | X | X | | X |
| 4. Coordination and collaboration | X | X | X | X |
| 5. Capacity | X | X | X | X |
| 6. Consultation and participation | X | X | X | X |
| 7. Feedback and grievance redress mechanism[22] | | X | X | X |
| STRATEGY or EQUIVALENT | | | | |
| 8. REDD+ strategy or equivalent policies | X | X | X | X |
| 9. PAMs on drivers | X | X | X | X |
| 10. PAMs on resource rights and tenure | X | X | | X |
| 11. PAMs on social and environmental safeguards | | X | X | X |
| 12. Benefit sharing mechanism | X | X | X | X |
| MONITORING and EVALUATION SYSTEMS | | | | |
| 13. RLs and MRV | | X | X | X |
| 14. Registry and accounting system | | | | |
| 15. Non-carbon (safeguards) monitoring system | | X | X | X |

## 2.4 FIP pilot country progress under the FCPF Readiness Fund

The FCPF Readiness Fund provides a stepwise approach for building REDD+ readiness and provides an indication of countries' progress in REDD+ (see Figure 2). Progress within the FCPF Readiness Fund is divided into the following, four key milestones[23]:

- **Pre-programming phase:** The country begins by submitting a Readiness Project Idea Note (R-PIN) to outline proposed readiness activities and request formal consideration for FCPF membership. Upon acceptance, a Participation Agreement is signed.
- **R-PP Formulation:** Following this, the country receives approval for a Readiness Preparation Proposal (R-PP) Formulation Grant of up to $200,000 to fund the design and drafting of the R-PP document.[24] The R-PP provides a description of activities for the country to develop the necessary policies and systems to implement REDD+ (i.e. readiness criteria). The R-PP goes through a process of revision, review, and approval that culminates in the submission of the final R-PP.
- **R-PP Implementation (Readiness Preparation):** Beginning when the R-PP Preparation Grant (of approximately US$ 4 million) is signed, this phase involves the implementation of activities detailed in the R-PP. When approximately half of the grant is spent, countries must submit a mid-term progress report. After the grant is fully executed, countries submit an R-Package for assessment. The submission of the R-Package is also considered to mark the completion of the Phase I readiness process.[25]

[21] See Annexes for further linkages between the FIP design documents and the Readiness Framework.
[22] Indicate reference within FIP criteria to Conflict Resolution Mechanisms, given no explicit references to Feedback and Grievance Redress Mechanisms
[23] The information has been gathered from the FCPF dashboard, meeting documents on the FCPF website, and from expert interviews.
[24] Only the DRC, Ghana, Indonesia, and Lao PDR received R-PP Formulation Grants. Indonesia's grant is bank-executed.
[25] Because none of the FIP countries currently have a scheduled date of R-Package completion, this step is not indicated in the timeline.

- **Emission Reductions Program Idea Note (ER-PIN):** Countries seeking to access Phase 3, results-based finance under the Carbon Fund can begin this process by submitting an ER-PIN. If accepted, countries would then be eligible to submit an Emission Reductions Payment Agreement (ERPA).

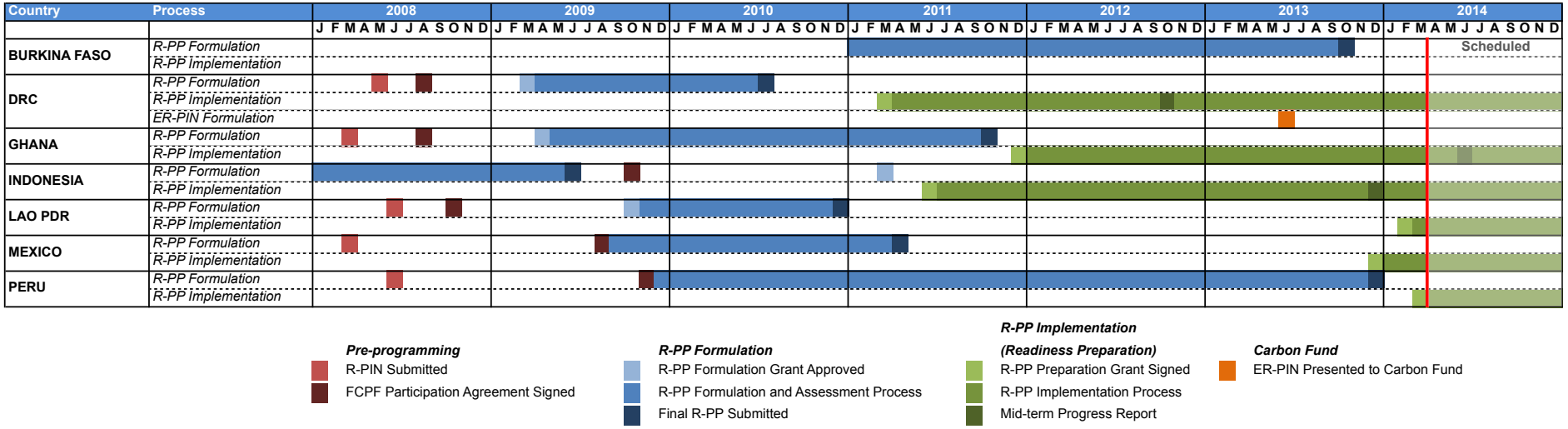
As Figure 2 shows, countries are at varying stages of progression within the FCPF Readiness Fund. DRC is arguably the most advanced country, as it has already submitted its midterm progress report and submitted two drafts of its ER-PIN to the Carbon Fund. Ghana and Indonesia are also relatively well advanced, as both countries have completed their mid-term progress reports, and Ghana has also submitted an ER-PIN.[26]

Mexico and Peru are the next most advanced in the process, as they have both recently signed their R-PP Preparation Grants in order to implement their R-PPs. Of all FIP countries, Lao PDR and Burkina Faso are at the earliest stages in the FCPF Readiness Fund. Lao PDR progressed rapidly through R-PP formulation, but has not yet signed its R-PP Preparation Grant. Burkina Faso to-date has only developed its R-PP, and plans to use some of its FIP finance to progress its readiness activities (see Burkina Faso case study in Section 4).

It should be noted that country progress in the FCPF Readiness Fund, though useful, is only a proxy of countries' level of readiness. The FCPF readiness process establishes certain conditions for receiving results-based payments (e.g., REDD+ Strategy, MRV systems, and SESA/ESMF), but achievement of the milestones outlined does not necessarily provide the necessary granularity to understand how well developed a countries capacity is for a given readiness criteria. For example, Mexico is relatively advanced in REDD+ and recently submitted an ER-PIN to the Carbon Fund, but has only recently begun implementation of its R-PP. On the other hand, Indonesia is fairly advanced in the FCPF process, yet has more difficulty in developing REDD+ actions nationally. These examples show that while progress in the FCPF and the readiness criteria highlighted in Figure 1 are complementary, they are not comparable to each other.

[26] Ghana is scheduled to submit its mid-term progress report in June 2014.

***Figure 2 Timeline of pilot countries in progressing through the FCPF Readiness Process***



# 3 FIP programming process

This section explores the variation in experiences that FIP pilot countries have had throughout the FIP programming process. We assess the time taken to progress through the various stages of the programming process, and any potential delays or setbacks. We also highlight any explicit linkages between a country's relative REDD+ readiness and the development and implementation of its FIP IPs. Other considerations of the FIP process and related projects and programs—such as GHG emission reductions, stakeholder approval, cost effectiveness and co-benefits—are considered outside the scope of the report. The FIP SC assesses these evaluation criteria during the IP endorsements, development of FIP activities, disbursement of funds, and monitoring of results.[27]

The FIP programming process is divided into ten stages, with steps 1-5 designated as pre-programming, and steps 6-10 as programming.[28] For the purpose of this report, we will consolidate the pre-programming steps into one, and focus on the remaining steps of the programming phase and additional monitoring and reporting requirements. This section presents an overview of these phases as well as a summary of progress of FIP pilot countries through these steps. Examples provided in this section are for illustrative purposes only and are not meant to highlight a particular country's experience in comparison with other countries.

## 3.1 Pre-programming

This preliminary phase began with an expression of interest (EoI) from potential countries, followed by the selection of pilot countries by the FIP SC.

**The CIF admin unit (AU) received 48 EoIs from national and regional entities. The FIP SC approved the first five pilot countries (Burkina Faso, Ghana, Indonesia, Lao PDR, and Peru)[29] in March of 2010, and the remaining three (Brazil, DRC, and Mexico) in June 2010**.

The pilot countries were selected based on a set of criteria detailed in Annex B and summarized below: [30, 31]

- Potential for GHG reductions
- Potential to contribute to FIP objectives and adherence to FIP principles (including Potential and capacity for FIP investments to initiate transformational change)
- Diverse regional and ecological representation
- Country preparedness, ability and interest – institutional and otherwise – to undertake REDD initiatives and address drivers of deforestation

There were two rounds in the pilot selection process. The Expert Group (EG) recommended eight pilot countries/regions[32] out of 48 in the first round, of which the FIP

[27] For example, the FIP Investment evaluation criteria include: (a) Climate Change Mitigation (b) Potential Demonstration Potential at Scale (c) Cost-effectiveness (d) Implementation Potential (e) Integrating sustainable development (co-benefits) (f) Safeguards

[28] Climate Investment Funds (2010). FIP Operational Guidelines, flowchart for FIP Programming, pg 3

[29] In addition to the five recommended countries, the three proposed "additional" pilots in the Report of the Expert Group to the FIP Sub-Committee were COMIFAC, Mexico and the Philippines

[30] CIF. 2009. Design Document for the Forest Investment Program, a Targeted Program under the SCF Fund, pg. 7 paragraph 15

[31] CIF. 2010. *Recommendations for the Selection of Pilots under the Forest Investment Program (FIP).* Report of the Expert Group to the FIP Sub-Committee, pg. 13

[32] There were five recommended countries (Burkina Faso, Ghana, Indonesia, Lao PDR, and Peru), as well as three "additional" pilots (COMIFAC, Mexico and the Philippines)

SC selected five. The countries were chosen based on the FIP SC selection criteria and FIP objectives, and represented a variety of tropical biomes and climate risks, forest-based adaptation and mitigation potentials as well as a diversity of institutional and governance capacities. The selection process placed emphasis on selecting countries that represented a diverse range of biophysical and political circumstances, and not necessarily those with the highest criteria rankings across all five criteria. The advantage of this approach was to provide an opportunity to build experience across varying country conditions. In the second round the EG recommended six additional countries from which the SC selected three countries.[33] The EG conducted a more quantitative approach with a weighted analysis, first based on the five selection criteria, then the four main FIP objectives, and finally on the country distribution across regions and biomes.[34]

While *readiness* criteria were included in the selection process, they were not prioritized higher than other criteria, and varied in their application by country. In addition, the indicators related to readiness in "*country preparedness*," "*potential for transformational change*," and "*potential to contribute to FIP objectives*" included FLEGT situation, investment climate, and forestland ownership situation, which differ from the readiness indicators of the FCPF Readiness Assessment and those highlighted in this report. Given that *readiness* did not play a key role in selecting FIP pilot countries, it is a likely contributor to the differing outcomes and links to readiness in the current FIP pilot countries.

## 3.2 Programming

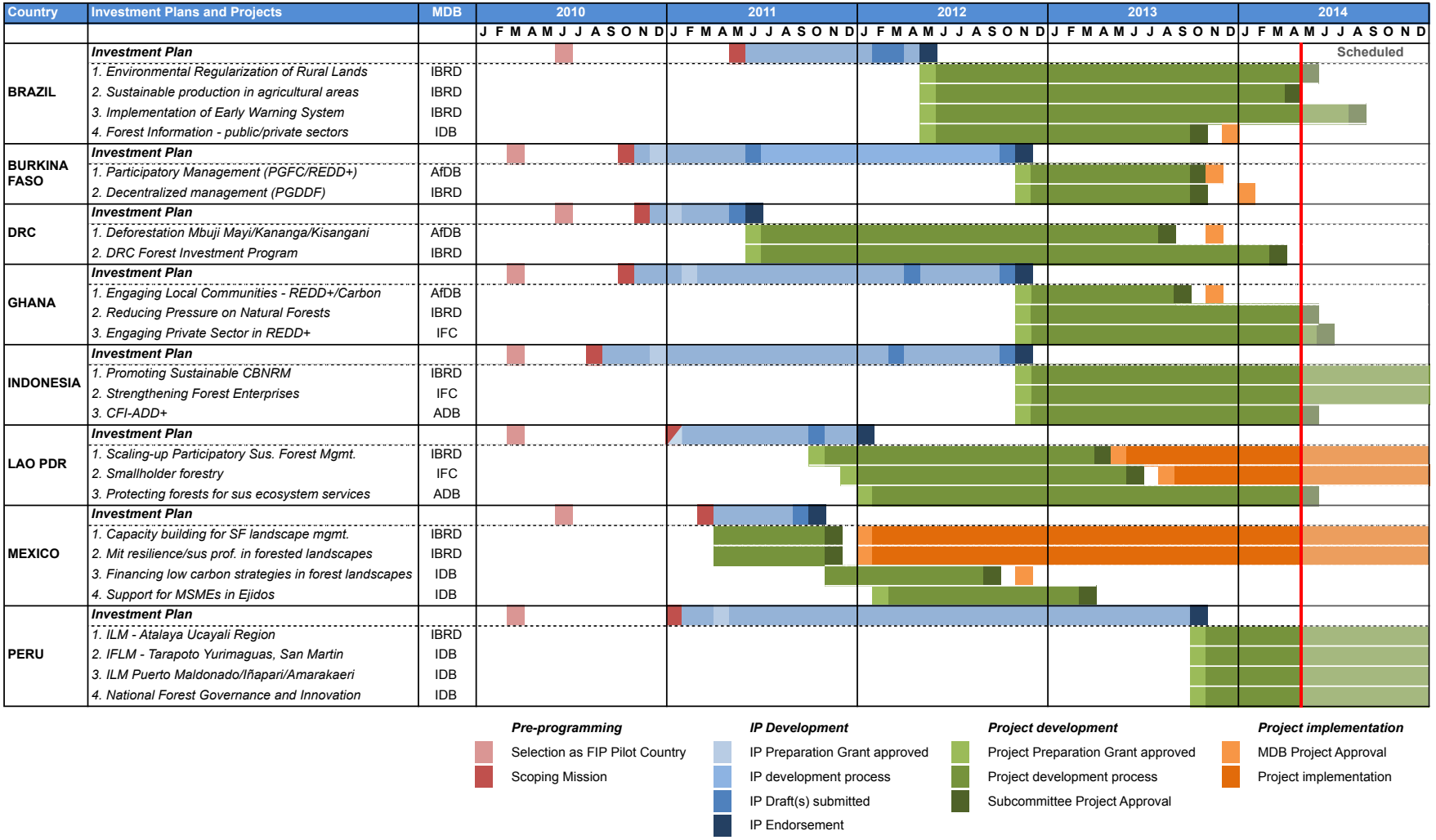
Beyond the pre-programming phase, the FIP programming process is divided into six steps (including monitoring and reporting), which we consolidate here to four for increased simplicity:

1) Development and Endorsement of IP;
2) Preparation and FIP Funding Approval of Projects and Programs[35];
3) MDB Approval and Project Implementation;
4) Monitoring, Reporting, and Evaluation.

Figure 3 illustrates the progress of FIP pilot countries through the FIP programming process. The diagram highlights the time taken for each country to develop its IP (Step 1 shown in blue), its subsequent projects and programs (Step 2 shown in green) and further implementation of these projects (Step 3 shown in orange). This section does not aim to extract lessons about *why* these processes have been slower or faster, but simply compares and highlights different experiences of the FIP pilot countries in progressing through the FIP programming process. The following Section 4 explores the relationship between progress under the FIP and REDD+ readiness in FIP pilot countries.

[33] In proposed priority order: Brazil, DRC, Mexico, Philippines, Mozambique, and Nepal
[34] CIF. 2010. *FIP Expert Group: Recommendations for Additional Pilots under the FIP*, pp 13-15
[35] These are counted as two steps in the FIP Operational Guidelines.

***Figure 3 Timeline for completion of the FIP Programming Process***



### 3.2.1 Development and Endorsement of IP

*IPs are developed through a consultative process between the pilot country government, MDBs, CSOs, NGOs, indigenous communities and the private sector. Following the selection of the eight pilot countries, MDBs and countries planned in-country scoping missions to develop IPs, with IP preparation grants of up to $250,000 available to facilitate this process. All countries except Mexico received IP preparation grants ranging from $180,000 to $250,000. The government submits IP drafts for independent technical review to outside experts,[36] and must also make the IP available for a public comment period of at least two weeks prior to final submission to the CIF administrative unit. Once comments have been taken into consideration, the IP is submitted to the FIP SC, which evaluates and decides whether to endorse the plan based on its potential to meet the FIP investment criteria addressing GHG mitigation, scalability, cost-effectiveness, implementation potential, sustainable development co-benefits, and safeguards.*[37]

**FIP pilot countries demonstrated wide variability in the time required to develop and obtain endorsement of their IPs after the in-country scoping mission. While this process was originally intended to require no more than 18 months, in practice this has taken longer in most countries, ranging from 7 months to over 30 months (See** Figure 3**).**[38]

Brazil, DRC, Lao PDR, and Mexico took the least amount of time to submit the first draft of their IPs following the scoping mission: DRC and Mexico required seven months while Brazil and Lao PDR took nine months. Burkina Faso also took a relatively short time to develop their first draft but did not submit a second draft until over a year later, after they developed their R-PP under the FCPF Readiness Fund. Ghana and Indonesia submitted their first IPs around two years after the scoping mission, and Peru did not submit its first (and final) IP until almost three years after its first scoping mission. Overall, from the time of country selection to endorsement, only DRC completed the process in less than one year. Mexico and Brazil required more than one year, while four countries (Burkina Faso, Ghana, Indonesia, and Peru) required more than two years for this process. The average time required to complete the FIP programming process, from the time of the scoping mission until IP endorsement, was 26.5 months.[39]

### 3.2.2 Preparation and FIP Funding Approval of Projects and Programs

*Following the endorsement of the IP, individual projects and programs that are outlined in the IP are developed through a government-led process in coordination with the designated MDB, allowing for relevant disclosure and public comment. For private sector operations, programs and projects are developed by the private sector MDB in coordination with the government.*[40]

**All countries have received project preparation grants (PPGs) to design and conduct feasibility studies of the specific projects proposed under their IPs. The time taken to prepare projects varies across countries. For the thirteen projects that have received FIP funding approval by the FIP SC, project preparation has taken an average of 21**

[36] CIF. 2011. Procedures For The Preparation Of Independent Technical Reviews Of Investment Plans Under The Forest Investment Program (FIP).
[37] CIF. 2009. FIP Operational Guidelines. June 29, 2010., paragraph 18
[38] Minimum: 4-5 months (Brazil and DRC). Maximum: 20+ months (Burkina Faso, Indonesia, and Peru), average 15.6 months
[39] Kutter, Andrea. 2013. "Forest Investment Program Update on Implementation." Presentation at the 15th Meeting of the FCPF Participants Committee, June 29 - July 1, 2013, Lombok, Indonesia.
[40] ibid.

**months.**

There are a total of 25 projects and programs across the eight pilot countries with a combined project cost of $420 million.[41] Countries have typically received PPG approvals within a month or two of receiving endorsement of the IPs. Project development has generally taken longer due to extensive work required in stakeholder consultations, negotiating agreements between ministries, navigating procedural requirements, and building project-level capacity.[42]

Pilot countries vary in the number of projects that they have proposed: Burkina Faso and DRC[43] have both proposed two projects; Lao PDR, and Indonesia have each proposed three projects; and Mexico, Brazil and Peru have proposed four projects each. MDB involvement also varies across countries: IBRD are supporting all eight countries, implementing a total of 11 projects; AfDB and ADB are implementing a single project in each of the three African and two Asian countries respectively; IDB are implementing six projects in the three Latin American countries; and IFC are implementing projects in Ghana, Indonesia and Lao PDR.

The time taken to develop projects and programs also varies considerably across countries: Mexico developed two projects shortly after the approval of their IP in 2011, but took another year to develop and obtain FIP funding approval of the other two projects. Burkina Faso took over one year to develop their two projects and have FIP funding approved for them by the FIP SC. Lao PDR and DRC took over two years to develop their projects. In DRC this was mostly due to delays in consolidating a much larger portfolio of five projects down to just two projects. Peru and Indonesia are still in the process of developing their projects and programs.

### 3.2.3 MDB Approval and Project Implementation

*After subcommittee approval of FIP funding, a project will still need to complete the normal project approval process of the implementing MDB (board approval, grant agreement, negotiations) before project implementation can begin. Projects may have multiple funding sources, but are administered and approved through a single MDB. In many cases, this approval process will include further consultations, negotiations, and procurement activities, including contracting personnel and consultants, and ensuring compliance with the MDB's safeguards requirements. The preparation of such activities will be pursued in accordance with the specific MDB partner's procedures.*

**As of March 2014, thirteen projects have received FIP funding approval with a total value of $193 million.[44] From these thirteen projects, ten have received approval by the MDB Boards, and four are under implementation (two in Mexico and two in Lao PDR). In most cases, MDB approval has occurred within one to three months following SC approval (see** Figure 3**).**

To date, total FIP funds disbursement is around 2% of approved funding, which in December 2013 totaled $3.29 million (see Table 3 below).[45] Despite these relatively low

[41] CIF Annual Report 2013. Available at https://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/cif-AR2013-05-Forest%20Investment%20Program.pdf
[42] See: CIF. 2013. Updates from the FIP Pilot Countries. September 2013. FIP/SC.11/Inf.2 and CIF. 2012. FIP Pilot Country Updates. October 2012.
[43] Although DRC originally proposed five projects under its IP, these were eventually consolidated down to two projects one for each MDB involved.
[44] CIF. 2013. FIP Semi-Annual Operational Report. FIP/SC.11/3.
[45] These do not include the Dedicated Grant Mechanism and Private Sector set asides, which follow different approval processes and are not examined in this report.

disbursement rates, two pilot countries (Lao PDR and Mexico) have begun project implementation: Mexico began implementation of two projects in 2012, while Lao PDR began implementation of two projects in June and September of 2013. There are five additional projects that have already received MDB approval (2 in Burkina Faso, and 1 each in Brazil, DRC, and Ghana) but have not yet begun implementation. An additional 7 projects are currently scheduled for MDB approval in 2014.[46]

***Table 3 Number of projects approved, approved amounts, and disbursements (in US$ millions) in FIP pilot countries as of December 2013.[47]***

| Pilot Country | Projects with approved FIP funding | FIP Funds approved ($US m) | Total disbursed (including IP and project preparation grants) ($US m) | Total disbursed for project implementation ($US m) |
|---|---|---|---|---|
| **Brazil** | 1 | 17 | 0.4 | 0 |
| **Burkina Faso** | 2 | 30.3 | 0.2 | 0 |
| **DRC** | 2 | 23.4 | 0.9 | 0 |
| **Ghana** | 1 | 11.0 | 0.5 | 0 |
| **Indonesia** | 0 | 1.7 | 0.5 | 0 |
| **Lao PDR** | 2 | 17.3 | 3.4 | 1.0 |
| **Mexico** | 4 | 60.0 | 2.4 | 2.29 |
| **Peru** | 0 | 1.8 | 0.3 | 0 |
| **TOTAL** | **12** | **162.5** | **8.6** | **3.29** |

### 3.2.4 Monitoring, Reporting, and Evaluation

*Country-level monitoring of programs and projects is a requirement of the FIP and should be coordinated through a multi-stakeholder national-level steering committee. This committee should provide adaptive management advice and report back on implementation progress of the IP to the FIP Sub-Committee. The report to the FIP SC should be submitted on an annual basis, be transparent, measurable, reportable, and verifiable, and include progress towards agreed results, performance of involved stakeholders, tracking of co-financing and important lessons learned. In this context, national systems should be adapted to incorporate and capture REDD+ relevant information.*

**FIP pilot countries began submitting annual progress update reports in late 2012, where countries present information on themes related to advances and challenges, institutional arrangements, and status of FIP projects among others. All countries have submitted two progress reports to date.**

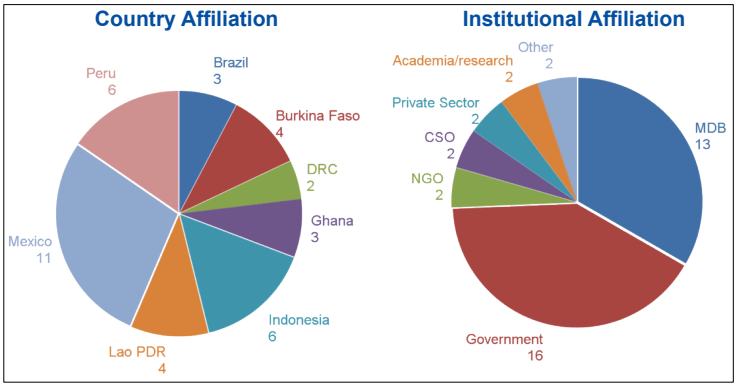
In November 2013, an updated M&R guideline was approved by the FIP SC to establish a more comprehensive assessment of progress at the IP level, including GHG impacts, livelihoods co-benefits, biodiversity, governance, tenure, and capacity development.[48] The FIP Monitoring and Reporting Toolkit is currently being developed to further guide pilot countries in implementation,[49] and a timeline is still being decided upon for a work plan on monitoring against agreed upon indicators. FIP pilot countries will be expected to use these tools moving forward and submit annual progress reports in the first half of each year. Countries with M&E systems and processes in place may be better poised to fulfill these requirements in a shorter time span.

[46] Schedule of FIP Project Approvals available at https://www.climateinvestmentfunds.org/cif/content/Schedule_of_Project_Approvals_FIP.
[47] Data provided by the CIF AU. March 2014.
[48] CIF. 2013. *Results Monitoring and Reporting in the FIP.*
[49] CIF. 2014. FIP Monitoring and Reporting Toolkit, Draft of April 2014.

# 4 Linkages between FIP country progress and REDD+ Readiness

The following chapter reviews progress of the eight FIP pilot countries in progressing through the FIP programming process described in Section 3 in relation to the readiness assessment framework described in Section 2. The analysis is based on a desk review of existing literature, government reports, R-PPs, countries' IPs, and official documents, followed by an online survey (see Annexes) and more than 20 direct interviews conducted with relevant stakeholders and experts.

***Figure 4. Country and institutional affiliation of online survey respondents.***




The analysis is organized along the three main readiness components—Governance; Strategy or Equivalent; and Monitoring and Evaluation Systems—specified by the 15 criteria of the readiness assessment framework (shown in Figure 1). Each sub-section follows a similar format: 1) We first define the readiness element; 2) We then provide a general status of implementation of this element amongst the FIP pilot countries, with specific country examples;[50] 3) Finally we describe how this readiness element has contributed to country progress in the FIP. We also note which readiness factors were not closely tied to country progress in the FIP.

Because each country starts from very different circumstances and has distinct goals for participating in the FIP this section should be considered illustrative and for informative purposes only and is not intended to suggest that country situations and states of REDD+ readiness are directly comparable. In addition, we assess readiness components based on information from 2010- early 2014; as such the evolution of future readiness is not considered. Many country lessons are also tied to more than one readiness element, and in such cases the country may only be mentioned under the element that was most influential for progress. Throughout this section, omission or inclusion of a country is for illustrative purposes, and omission does not imply that a particular country lacks a given element of REDD+ readiness.

Finally, to offer more detailed accounts of FIP country progress, readiness, and crosscutting issues, three case studies on the experiences of Burkina Faso, Lao PDR, and Mexico. The full, more in-depth case studies are located in the Annexes. The countries in these case studies have been included to highlight differences in geography, readiness program engagement, and specific country circumstances.

[50] This desk review analysis is distilled from the rapid country assessments found in Annex E.

## 4.1 Governance

### 4.1.1 Political will

*Political will refers to the support and actions by the highest levels of government (heads of state, ministers, etc.) that demonstrate the intent of the government to advance the country's REDD+ efforts. Examples include commitments and policies to reduce deforestation by a certain date.*

#### *Readiness across FIP Pilot Countries*

**In general, most FIP countries have demonstrated a high level of political will to achieve REDD+ outcomes**.

Brazil's national government passed a National Policy on Climate Change in 2007 with goals to reduce deforestation by 80% by 2020, and is implementing action plans and increasing enforcement to stop deforestation in the Amazon and the Cerrado. These biome-centered plans exhibit political will at both national and sub-national levels.[51] Mexico published its National Strategy on Climate Change in 2007,[52] passed the General Law on Climate Change in 2012,[53] and published its national vision for REDD+ in 2010.[54] Both Mexico's Presidents during and after the FIP Programming Process were major proponents of forestry and climate change initiatives. The Democratic Republic of the Congo (DRC) has built upon forest policy reforms since 2002 – the President issued a statement that REDD+ is "an important national strategy,"[55] and the Prime Minister established the country's three REDD+ committees through a decree in 2009.[56] In Ghana, the government has demonstrated high levels of interest in addressing climate change through participation in REDD+ mechanisms and small-scale pilot activities,[57] and has assigned cabinet-level ministries to coordinate the REDD+ strategy.[58] Indonesia's President has also openly supported REDD+, signing a Letter of Intent (LoI) with Norway in 2010 to reduce deforestation and instituting a decree in 2011 to establish a two-year forest concession moratorium (later extended for a further two years).[59]

#### *Implications for FIP Progress*

**Strong political will is a key component for country progress under the FIP.**

Countries demonstrating strong political will, particularly in the key agencies charged with managing the FIP program and projects, have been able to progress relatively quickly through the FIP programming process. 82% of survey respondents stated their country had high or very high political will related to REDD+, and 88% of respondents stated that political will was helpful or very helpful to FIP progress. Respondents cited the importance of political will among key technical officials in REDD+ focal point agencies

[51] See Governo Federal Comitê Interministerial sobre Mudança do Clima; Decreto no 6.263, de 21 de 3novembro de 2007; Ministerio do Meio Ambiente (MMA). 2013. Plano De Ação Para Prevenção e Controle Do Desmatamento Na Amazônia Legal (PPCDAm); and MINISTÉRIO DO MEIO AMBIENTE. Plano de Ação Para Prevenção e Controle do Desmatamento e das Queimadas: Cerrado. Brasília: MMA, 2011.
[52] Interministerial Committee on Climate Change (CICC). 2007. National Strategy on Climate Change. Executive Summary.
[53] GLOBE International. 2013. "Climate Legislation Study: A Review of Climate Change Legislation in 33 Countries. Third Edition." Edited by Terry Townshend, Sam Fankhauser, Rafael Aybar, Murray Collins, Tucker Landesman, Michal Nachmany and Carolina Pavese.
[54] Comisión Nacional Forestal (CONAFOR). 2010. Visión de México Sobre REDD+: Hacia una Estrategia Nacional.
[55] Kabila, H.E. Joseph. 2010. "Inventing REDD+. Democratic Republic of the Congo. Brochure. http://www.unredd.net/index.php?option=com_docman&task=doc_download&gid=4084&Itemid=53
[56] Muzito, A. 2009, *Prime Ministerial Decree No 09140 of 26 November 2009 providing for the creation, composition and organisation of the implementation structure of Reducing Emissions from Deforestation and Forest Degradation (REDD).*
[57] Würtenberger, L., I.G. Bunzeck, and X. van Tilburg. 2011. Initiatives related to climate change in Ghana: Towards coordinating efforts. April 2011. Environmental Research Centre for the Netherlands. http://www.ecn.nl/docs/library/report/2011/e11010.pdf.
[58] Government of Ghana. 2010. REDD+ Readiness Preparation Proposal (R-PP).
[59] Letter of Intent between the Government of the Kingdom of Norway and the Government of the Republic of Indonesia on "Cooperation on reducing greenhouse gas emissions from deforestation and forest degradation (2010). Available at: http://www.regjeringen.no/upload/SMK/Vedlegg/2010/Indonesia_avtale.pdf.

for maintaining progress (even if slow), when higher-level political will is lower.

### 4.1.2 Accountability

*Accountability is defined as having clear institutional roles and responsibilities for managing the REDD+ process, evidenced through an organizational or legal framework establishing these roles. Additionally, there should be a sanctions process if actors and actions fail to meet obligations.*

#### *Level of Readiness across Pilot Countries*

**While all FIP countries have demonstrated accountability, lines of authority on REDD+ remain unclear in some countries, and little information is available on oversight or sanctioning mechanisms in pilot countries to ensure that these responsibilities are carried out**.

Burkina Faso has defined responsibilities for REDD+ in their R-PP and created a national REDD+ Committee and a Technical REDD+ coordination unit that are centralized and under the authority of the Ministry of Environment and Sustainable Development.[60] DRC coordinates REDD+ under the Ministry of the Environment, Nature Conservation, and Tourism, which works alongside the Climate and REDD Working Group from Civil Society to provide structure for accountability.[61] Since DRC's arrangements are new, they are likely to change and adapt as these functions and the involvement of additional ministries play out in practice.[62] The Indonesian government has established three new REDD+ offices (REDD+ agency, REDD+ funding instrument, and the REDD+ MRV institution) in coordination with Norway,[63] and will also establish local-level Forest Management Units to help implement the REDD+ strategy.[64] However, it is still unclear how the new REDD+ Agency will coordinate REDD+ strategies and activities with the Ministry of Forestry, which currently presides over FCPF and FIP programs in the country. In Peru, the Ministry of the Environment, which manages the climate change and protected areas strategy and is in the process of establishing the Forests and REDD+ Coordination Office, will lead the REDD+ strategy. However, enforcement of forest policies falls under the Ministry of Agriculture, and as REDD+ activities are likely to impact lands under both ministries' authorities, further clarification of responsibilities will be needed.[65]

#### *Implications for FIP Progress*

**The presence or emergence of accountable institutions has facilitated FIP implementation.**

Primary reasons include: the platforms or bodies established for readiness activities were used for coordinating the FIP process; existing ministries had experience working with a wide range of government sectors; and responsibility for overall coordination was clearly vested in a single agency. In countries where the responsible FIP agency is different from the primary REDD+ agency (e.g. in Indonesia, Lao PDR, and Peru), or there are overlapping mandates or uncertainties about the scope of authority (countries listed above plus Ghana), progress was more difficult due to unclear lines of responsibility and consensus between the relevant ministries.

[60] Burkina Faso MEDD. 2012. READINESS PREPARATION PLAN FOR REDD. (R-PP – Burkina Faso).
[61] Democratic Republic of the Congo. 2010. Readiness Plan for REDD, 2010-2012; R-PP Final Version. V 3.1.
[62] Bofin, Peter, Mari-Lise du Preez, André Standing, Aled Williams. 2011. REDD Integrity: Addressing governance and corruption challenges in schemes for Reducing Emissions from Deforestation and Forest Degradation (REDD).
[63] See Norway-Indonesia. 2010. Letter of Intent on REDD; and Government of Indonesia. 2012. REDD+ National Strategy.
[64] GoI. 2009. Indonesia Climate Change Sectoral Roadmap (ICCSR): Synthesis Report.
[65] The REDD Desk. 2013. http://theredddesk.org/countries/peru/actors

***Case Study: Burkina Faso***

**Background**

Burkina Faso is a land-locked country in West Africa with a population of 15.76 million in 2009.[66] Despite political stability and steady economic growth in recent years, Burkina Faso remains one of the poorest countries in Africa. With a poverty rate of approximately 55%, Burkinabe citizens suffer from insufficient access to basic necessities such as water and sanitation, and therefore their reliance on the environment to sustain their livelihoods is significant. Forest-based economic activities, such as making charcoal and selling forest products, contribute to over 25% of rural household income. Furthermore, fees, taxes and permits paid for the use of timber and other wood products, mostly in the form of fuelwood, contribute 5.6% of total GDP. The definition of forests and therefore deforestation rates in Burkina Faso is still under development, and has led to varying data on deforestation rates. Based on FAO data, annual deforestation rates are 65,000 ha/year. However, according to recent government estimates the annual deforestation rate is 107,626 ha/year—almost double the FAO's estimate.

Burkina Faso provides an example of how the FIP has directly supported country readiness. It is the only country to develop its R-PP and FIP IP in parallel by using FIP funding for both activities. Burkina Faso had previously developed several successful pilot projects on forest conservation. The country also has extensive legislation governing natural resource and land use with a recent trend toward decentralization. Burkina Faso was chosen as a FIP pilot country in March 2010, and received endorsement of its investment plan in November 2012. Its FIP strategy focuses on reducing deforestation through improved governance, local socio-economic development, and sustainable management of forest resources and wooded areas.

**FIP projects**

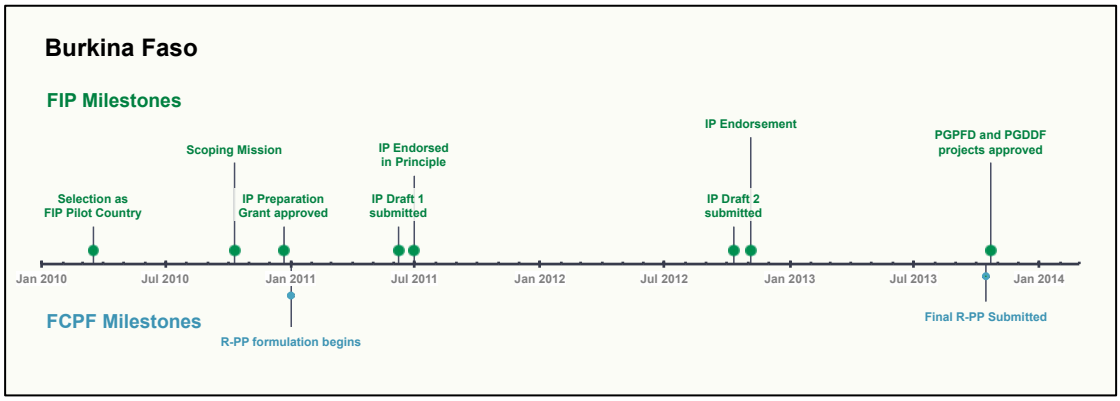
Burkina Faso's FIP investment plan includes two projects. Both began their development upon endorsement of the investment plan, and were approved by the FIP subcommittee in October 2013.

1. Decentralized Forest and Woodland Management (PGDFEB) (World Bank, $18 million)
2. Gazetted Forests Participatory Management Project (PGFC/REDD+) (AfDB, $12 million)

**Lessons learned**

- **Centralization and coordination play vital roles.** The Ministry of Environment and Sustainable Development (MEDD) coordinates FCPF and FIP programs in Burkina Faso as well as coordinating both of the countries' FIP investments. There is little distinction within the government regarding the FIP versus the FCPF process, and both process have also used common funding to progress (the FIP IP preparation grant was used to develop the R-PP). This has led to strong, coordinated development of REDD+ and FIP activities within Burkina Faso.
- **Prior national strategies provide a strong basis for the development of projects.** The PGDFEB project builds on the existing National Program for Decentralized Rural Development, which provides a strong foundation for the FIP investment, and to some extent will realign ongoing rural development programs with the new opportunities of REDD+.
- **FIP funding plays an important role in developing countries' REDD+ readiness.** FIP played a flexible role in Burkina Faso by facilitating the country's R-PP formulation in parallel with the development of the FIP IP and investments.
- **Sequencing of readiness and the FIP is not necessarily important.** Although Burkina Faso was not considered REDD+ ready when its participation in the FIP began, this has not hampered its ability to progress through the FIP programming process. In fact, the FIP has provided the primary incentive for Burkina Faso to proceed through the FCPF readiness process in parallel.

[66] FIP Sub-Committee. *Climate Investment Funds: Investment Plan for Burkina Faso*. FIP Sub-Committee, 2012.




### 4.1.3 Transparency

*Transparency refers to any actions, policies, or institutions that a country has enacted to provide relevant, easily accessible, and current information on the status of REDD+ design and implementation within the country. Transparency is an important component of governance to ensure accessibility of information, and fostering trust among stakeholders.*

#### *Level of Readiness across Pilot Countries*

**Current levels of transparency across countries are varied; where they exist they typically involve specific laws or institutions for transparency and information sharing, or efforts to encourage stakeholder engagement**. **Public information platforms are still uncommon**.

Burkina Faso requires the REDD+ coordination unit to provide transparent information to REDD+ stakeholders, but the type of information and mechanisms for sharing have not yet been specified.[67] Indonesia has passed a law requiring transparency for public information related to REDD+,[68] and established a website detailing REDD+ activities, but this website has been discontinued since the REDD+ task force's mandate ended.[69] Mexico has specified that the public can request all information on REDD+ activities in the country through the National Forestry Commission (CONAFOR), while oversight and enforcement is carried out by the Internal Control Body.[70] The country's Technical Advisory Committee on REDD+ also runs a website to compile all national information on Mexico's REDD+ activities.[71] Brazil's Ministry of the Environment maintains a voluntary project database, but the information is unverified.[72]

#### *Implications for FIP Progress*

**FIP programming was able to progress more effectively in countries with transparency mechanisms already in place.**

Laws to ensure access of public information were particularly helpful in Mexico, which drew upon its existing laws and has published REDD+ activities online. Transparency processes are closely tied to inclusive and successful stakeholder consultations. Where lapses in transparency processes and reporting of REDD+ activities have occurred (e.g. Indonesia and Lao PDR) unexpected delays have resulted.

[67] Burkina Faso MEDD. 2012. READINESS PREPARATION PLAN FOR REDD. (R-PP – Burkina Faso).
[68] Law No. 14/2008. http://ccrinepal.org/files/documents/legislations/12.pdf.
[69] See http://www.satgasreddplus.org/en/accountability/public-report
[70] FCPF. 2011. Mexico REDD Readiness Preparation Proposal: Final Approved version.
[71] Available at http://www.reddmexico.org.mx.
[72] List of registered projects available at: http://www.mma.gov.br/redd/index.php/2013-04-01-14-54-26/cadastrados

### 4.1.4 Coordination and Collaboration Across Sectors and Institutions

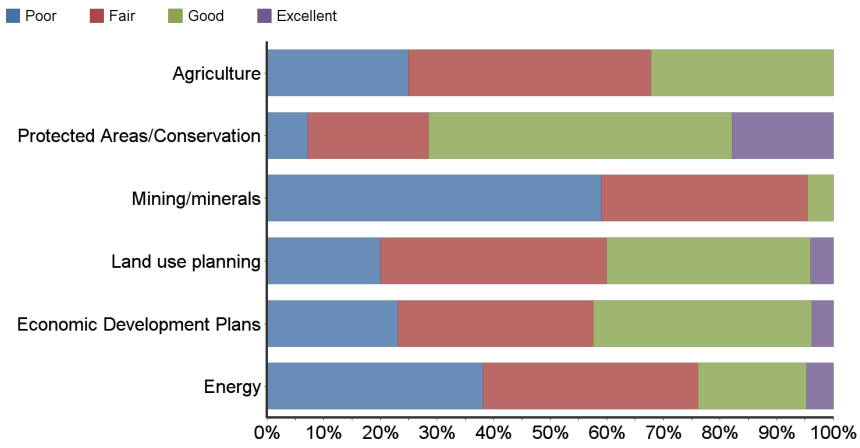
*Coordination and collaboration requires different institutions and sectors to work together to address common goals and avoid duplication of efforts. The government can establish explicit structures and mandatory processes for bringing together institutions and organizations across sectors (forests, agriculture, economic, etc.), as well as across levels of government (local, regional, national) to work on REDD+.*

#### *Level of Readiness across Pilot Countries*

**Existing coordination bodies are found in many countries and typically defined in each country's REDD+ strategy or R-PP. Many of these structures are new, however, and it is still early to evaluate their effectiveness**.

Mexico's REDD+ working group, led by CONAFOR, coordinates the activities of the ten ministries represented in the Intersectoral Commission on Climate Change (CICC).[73] Ghana's Environment and Natural Resources Advisory Council (ENRAC), which includes the country's relevant land use, planning, and environmental ministries, oversees the National REDD+ Technical Coordination committee (TCC+).[74] This committee is responsible for linking Ghana's climate change strategies with its REDD+ strategies, which are currently run under different ministries.[75] Lao PDR has established a REDD+ task force of key land use and environmental ministries that also oversees the REDD+ office.[76] This office coordinates technical working groups that inform the decisions of the REDD+ task force. Peru will establish an interministerial REDD+ coordination office, which will coordinate efforts between the Ministry of Agriculture and Ministry of the Environment within a forest management landscape that has been heavily decentralized in recent years.[77]

***Figure 5 Respondents' evaluation of effectiveness of coordination between REDD+ strategy and other sectors of the government.***




[73] These ministries include Environment and Natural Resources (SEMARNAT); Agriculture, Livestock, Rural Development, Fisheries, and Nutrition (SAGARPA); Energy (SENER); Communications and Transport (SCT); Economy (SE); Tourism (SECTUR); Social Development (SEDESOL); Governance; Treasury, and Public Credit (SHCP); Health; and Foreign Relations (SRE); with the National Institute of Statistics and Geography (INEGI) FCPF. 2011. Mexico REDD Readiness Preparation Proposal: Final Approved version.

[74] WRI. 2010. Governance of REDD+: Ghana. http://www.wri.org/sites/default/files/pdf/rpp_country_table_ghana.pdf.

[75] Government of Ghana (2010). Readiness Preparation Proposal (R-PP). December 2010. http://www.forestcarbonpartnership.org/sites/forestcarbonpartnership.org/files/Documents/PDF/Jan2011/Revised_Ghana_R-PP_2_Dec-2010.pdf. The REDD+ strategy is run by the Ministry of Land and Natural Resources (MLNR), while the climate change strategy is run under the Ministry of Environment, Science, and Technology (MEST).

[76] These include the MONRE, MAF, National Agriculture and Forestry Research Institute, Ministry of Energy and Mines, Electricity Department, Ministry of Justice, Ministry of Planning and Investment, Ministry of Finance, National Chamber of Industry and Commerce and two agencies close to civil society, namely the Lao Front for National Construction and the Lao Women's Union. From IGES (2012) Lao PDR REDD+ Readiness: State of Place. IGES Discussion Paper. No. FC-2012-05.

[77] See The REDD Desk. 2013. http://theredddesk.org/countries/peru/actors; and CIF. 2013. FIP Investment Plan for Peru. FIP/SC.11/4/Rev.1.

#### *Implications for FIP Progress*

**Intersectoral and interministerial coordination have been valuable to the FIP progress, but remain under-implemented and continue to face challenges.**

In Burkina Faso, good coordination between the FIP objectives and national development goals, as well as strong coordination between MDBs, have allowed the country to advance quickly through the FIP process despite only recently having joined the FCPF. Ghana has also demonstrated success in coordinating key ministries to meet FIP objectives through their national REDD+ steering committee. Mexico's interministerial coordination was key to harmonizing the goals of FIP projects with other ministries, particularly with those implementing FIP projects.[78] Some countries (Lao PDR and Indonesia) still face challenges in balancing forest policies designed around REDD+ and FIP objectives with national development goals. Lao PDR also faces challenges in coordinating its REDD+ programs: the REDD+ task force has not met frequently due to a ministerial reorganization, and direct coordination between ministries and MDB projects has had to fill this gap. REDD+ coordination remains strongest across agencies managing protected areas and conservation, and is weakest with energy and mining ministries (see Figure 5).

### 4.1.5 Capacity

*Capacity can be broadly defined as having the necessary financial, human, technological, legal and institutional resources to perform a function.[79] In this section we address four major areas of capacity: Administrative and Planning; Funds Management; Technical; and Legal and Enforcement.*

#### *Level of Readiness across Pilot Countries*

**Current levels of capacity across FIP countries are highly variable with some countries demonstrating high capacity across multiple areas and others still in need of capacity development. It should be noted that these capacities are simply snapshots in time, and boundaries between areas and levels of capacity are constantly in flux.**

Mexico exhibits strong administrative, technical and funds management capacity, specifically through CONAFOR, which coordinates the national REDD+ program including the FIP and has more than a decade of experience working closely with communities related to forestry programs, with strong subnational presence.[80] Ghana has experience with fund management in key ministries through administration of bilateral programs, such as the Forestry Commission (experience with FCPF and creation of R-PP), the Ministry of Environment, Science and Technology (experience with sustainable land management), the Ministry of Land and Natural Resources (experience with a Voluntary Partnership Agreement with the European Union), and the Ministry of Finance (experience coordinating with MDBs to implement the FIP).[81] An example of burgeoning technical capacity in forest program management, monitoring, and inventory can be seen in Indonesia, which has implemented a Forest Monitoring and Assessment System that has benefited from collaboration with Brazil. The system is designed to provide an up-to-date forest inventory and database of licensed activities to inform decision makers and the

[78] Information provided by CONAFOR representative in Mexico. January 2014.
[79] Davis et al. 2013. Assessing Forest Governance: The Governance of Forests Initiative Indicator Framework. Washington DC: World Resources Institute. http://www.wri.org/publication/assessing-forest-governance
[80] Information from CONAFOR representative. and WRI (2010) Review of R-PP for Mexico.
[81] Würtenberger, L., I.G. Bunzeck, and X. van Tilburg. 2011. Initiatives related to climate change in Ghana: Towards coordinating efforts. April 2011. Environmental Research Centre for the Netherlands and information provided by MLNR representative.

general public.[82] Brazil exhibits high enforcement capacity that is closely tied to their advanced forest monitoring system, known as Detection of Deforestation in Real Time (DETER)[83], which uses remote sensing to identify critical areas of forest change that may indicate illegal activity. The Brazilian Institute of Environment and Renewable Natural Resources (IBAMA) can then act on this information.[84] Burkina Faso illustrates the complexities of national and subnational management capacity needs. The country has an established network of local community forest user groups, historically entrusted with financial and technical forest management, including timber sales. Revenues are then re-invested into communities through village development funds.[85] The national government's responsibilities are broader, concerning the approval of management plans, taxation, and providing finance and technical support to forest user groups. While this framework is established, strong needs have been identified in improving the scientific management capacity of forest user groups in order to increase the value of harvested products.[86] In addition, much of the forest sector remains outside of the formal regulated economy.[87]

#### *Implications for FIP Progress*

**Technical capacity has been key to designing, prioritizing, and developing FIP IPs and projects.**

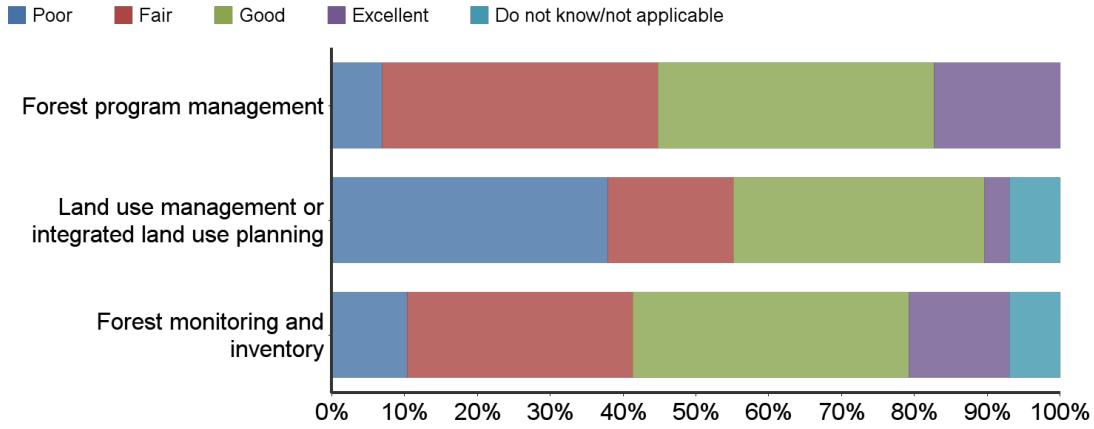
86% of respondents rated technical capacity as helpful or very helpful to FIP development. Forest monitoring systems have helped to identify drivers, trends and prioritize investments (e.g. in Ghana using maps of biomass, Mexico's existing forest inventory data). Identified weaknesses remain, however: the use of outside consultants may hide a lack of in-country capacity, and uneven capacity and delegation of responsibilities between the national government and regional authorities (cited as difficulties in DRC and Indonesia) may impede future implementation of national REDD+ strategies and FIP investments. Highlighted areas of low capacity across FIP countries include land use management and integrated land-use planning (see Figure 6).

**While limited legal and enforcement capacities have not prevented FIP progress, there are hopes that FIP investments will strengthen these shortcomings.**

Most respondents rated their country's enforcement and corruption resolution capacity as fair or poor, and these remain recognized risks in the FIP plans that will be gradually addressed. New institutions and efforts for forestry enforcement are being developed (e.g. in Lao PDR and Ghana), but the early stages of these efforts and the FIP investments prevent conclusions from being made at this time on the relationship between the FIP and improvements in forest law enforcement.

[82] Ministry of Forestry, Republic of Indonesia (2007). Indonesia's Forest Monitoring And Assessment System (FOMAS). http://www.sekala.net/files/Fomas%20Dephut%20final.pdf.
[83] See http://www.obt.inpe.br/deter/.
[84] May, P.H., Millikan, B. and Gebara, M.F. (2011) The context of REDD+ in Brazil: Drivers, agents and institutions. Occasional paper 55. 2nd edition. CIFOR, Bogor, Indonesia.
[85] Kokko, Suvi. 2010. Local Forest Governance and Benefit Sharing from Reduced Emissions from Deforestation and Forest Degradation (REDD) – Case study from Burkina Faso.
[86] The Forests Dialogue. 2011. The Forests of Burkina Faso. The Forests of Burkina Faso. http://tfd.yale.edu/sites/default/files/tfd_burkina_faso_ilcf_dialogue_background_paper.pdf
[87] Westholm, Lisa and Suvi Kokko. 2011. Prospects For REDD+: Local Forest Management and Climate Change Mitigation in Burkina Faso. Focali.

***Figure 6 Respondents' ratings of country technical capacity in forest and land use management***




### 4.1.6 Participation and Consultation of Key Stakeholders

*Full and effective participation of relevant stakeholders (including government, NGOs, indigenous or community groups, academia, and the private sector) allows for gathering information, integration of public concerns into decision-making, and managing social conflicts.*[88] *It is an important component in strengthening public institutions, increasing transparency, and promoting democratic processes.*

#### *Level of Readiness across Pilot Countries*

**Stakeholder consultations for FIP countries during the development of IPs have occurred mostly at the national level, while local or regional level consultations have depended on different country circumstances and existing programs on the ground.**

Brazil has a formalized consultation process through the Interministerial Working Group for the Amazon deforestation prevention plan,[89] and the National Indian Foundation (FUNAI) has extensive experience in engagement with indigenous peoples in the Amazon region.[90] At the state level, community workshops have been established in Amazonas for the Bolsa Floresta Program.[91] Peru established a National REDD+ Roundtable in 2008 to include the participation of civil society, indigenous groups, and the private sector alongside government officials; while regional roundtables have also been held.[92] Indigenous groups have achieved policy changes to their benefit,[93] while current reforms leading up to the Conference of the Parties (COP) in Lima indicate that more extensive stakeholder engagement is occurring.[94] However, the consultation process for the FIP in Peru has needed more time to incorporate the concerns and participation of indigenous peoples, which delayed the final endorsement of the IP.[95] Ghana has also implemented a variety of stakeholder engagement processes for REDD+. These include consultations under the FLEGT-VPA[96], national workshops surrounding the development of the R-PP,

[88] Davis et al. 2013. Assessing Forest Governance: The Governance of Forests Initiative Indicator Framework. Washington DC: World Resources Institute. http://www.wri.org/publication/assessing-forest-governance

[89] PPCDAm (Action Plan for Prevention and Control of Deforestation in the Amazon); and Champagne & Roberts. 2009. Case Study: Brazil http://theredddesk.org/file/438/download?token=-_7AfoJYSrTNMKJzk-d8DtnLWWpkbV6R96WMxigldOg

[90] Champagne & Roberts. 2009. Annex III. Case Study: Brazil. In Costenbader, J. (ed) (2009) Legal Frameworks for REDD. Design and Implementation at the National Level. IUCN, Gland, Switzerland.

[91] Bolsa Floresta: Forest Allowance. May, P.H., Millikan, B. and Gebara, M.F. (2011) The context of REDD+ in Brazil: Drivers, agents and institutions. Occasional paper 55. 2nd edition. CIFOR, Bogor, Indonesia.

[92] See The REDD Desk. 2013. REDD in Peru. http://theredddesk.org/countries/peru/; and Diamond, Nancy K. 2013. "Readiness To Engage: Stakeholder Engagement Experiences For REDD+." Arlington, VA: Forest Carbon, Markets and Communities Program (FCMC)

[93] Che Piu H y Menton M. 2013. Contexto de REDD+ en Perú: Motores, actores e instituciones. Documentos Ocasionales 90. Bogor, Indonesia: CIFOR.

[94] Hubert, Thomas. 2013. Peru reforms forest sector as it prepares to host next year's COP. Forests Climate Change. http://www.forestsclimatechange.org/peru-reforms-forest-sector-as-it-prepares-to-host-next-years-cop/

[95] Che Piu H y Menton M. 2013. Contexto de REDD+ en Perú: Motores, actores e instituciones. Documentos Ocasionales 90. Bogor, Indonesia: CIFOR.

[96] The Forest Law Enforcement Governance and Trade Voluntary Partnership Agreement between the European Union and Ghana, to guarantee legal sourcing of timber from Ghana to EU countries.

and IUCN's pro-poor REDD program designed to incorporate customary laws into REDD+.[97] In Lao PDR, stakeholder consultations for the FIP have been inclusive, but have occurred primarily at the national level.[98] Local consultation and capacity building for REDD have occurred, but mostly through NGO initiatives.[99]

#### *Implications for FIP Progress*

**Stakeholder consultation has been helpful to FIP progress in many countries, although the implementation of consultations has varied widely in scope, effectiveness, and inclusiveness. Management of expectations in the consultation process is key.**

66% of respondents said stakeholder consultations were helpful or very helpful to the FIP process. In Peru, the FIP helped facilitate consultations between indigenous groups and the government, and has paved the way for more effective collaboration between the two groups. In the DRC, stakeholder groups have formed due to the initiative of civil society groups, and will play a continued role in REDD+ and FIP activities. Respondents across several countries (e.g. Lao PDR and DRC) identified on-going challenges that include the need to involve a greater variety of marginalized groups as well as the need to more effectively reach remote and rural areas. In addition, the need to better manage expectations related to consultations was seen in all of the countries. Clarifying issues early on, including the number of consultations, when they will happen, who will be included, and what kind of influence they will have can facilitate the engagement process and set realistic expectations among stakeholders. Though respondents cautioned against premature conclusions, results indicate that stakeholder engagement processes have improved over time in most pilot countries.

### 4.1.7 Feedback and Grievance Redress Mechanism

*Feedback and grievance mechanisms are designed to address stakeholder concerns of policies, programs and projects and provide a way for local communities and other stakeholders to have a voice and a channel for resolution and redress. It is also a useful way to build trust with local communities, and gather lessons learned in real-time.*[100]

#### *Level of Readiness across Pilot Countries*

**Formalized mechanisms or processes for feedback and grievance redress are generally in the earlier stages of development in FIP countries, though some examples do exist.**

Burkina Faso has several institutions in place geared toward addressing grievances from the public, including the High Authority for State Oversight, the Ombudsman, National Anti-Corruption Network (RENLAC), and traditional conflict-resolution systems.[101] Mexico has incorporated public feedback for the FIP projects,[102] and has developed mechanisms to respond to concerns and grievances through the Mechanism for Citizen Attention coordinated by CONAFOR.[103] The Lao PDR has implemented initial efforts under its REDD+ strategy, including a hotline to members of the legislative assembly that

[97] Ortsin, George. 2013. Phase 1: Local Level Experience With Climate Finance And Forestry In Ghana. Implications For REDD+.
[98] Information provided by MDB and civil society representatives.
[99] See http://www.recoftc.org/site/Building-Grassroots-Capacity-in-Lao-PDR.
[100] Roe et al. 2013. Safeguards in REDD+ and Forest Carbon Standards: A Review of Social, Environmental and Procedural Concepts and Application. Climate Focus
[101] World Bank. 2012. FINDING THE RIGHT BALANCE. Scaling Up Complaints Handling Mechanism in the Burkina Faso Portfolio – A Blueprint.
[102] CIF. 2011. Investment Plan of Mexico. FIP/SC.7/5/Rev.1.
[103] Information provided by CONAFOR representative and; CONAFOR. 2013. Early Ideas for the Carbon Fund: Mexico. Presentation.

has been used to raise key concerns around land tenure.[104] In the DRC, the REDD+ Climate Working Group was meant to be an intermediary body to public concerns about REDD+ to the government, but members of this working group have not yet been satisfied with the process.[105] Well-established grievance mechanisms of the MDBs also exist in all of pilot countries and can be utilized for issues related to the projects.

#### *Implications for FIP Progress*

**An established Feedback and Grievance Redress Mechanism (FGRM) has not played an important role to date in FIP progress.** 70% of respondents said there is no official FGRM for REDD+ in the country, but 64% said its presence or absence was not important to FIP progress. Respondents noted, however, that it is impossible to predict at this early stage all the concerns that stakeholders may raise with respect to FIP investments, and therefore it is not yet possible to evaluate how well countries will be able to respond to FIP grievances and redress needs if they occur.

## 4.2 Strategy or Equivalent

### 4.2.1 REDD+ strategy or equivalent

*A national REDD+ strategy (or equivalent) provides guidelines for implementing REDD+. This could include climate, land use, forestry, and other policies that address land tenure rights, social and environmental safeguards, drivers of deforestation, and so on.*

#### *Level of Readiness across Pilot Countries*

**Most FIP pilot countries have developed a REDD+ strategy or equivalent policy depending on their national circumstances.**

In Indonesia, the government established the National REDD+ Strategy in 2012, which broadly outlines policies, strategic programs, stakeholder engagement processes and implementation plans for REDD+ activities. There is also a comprehensive set of laws, presidential decrees and ministerial declarations relevant to REDD+ that address climate change and forest management.[106] Mexico is developing its National REDD+ Strategy (due for completion in 2014), however has largely built their REDD+ program on developing and/or reforming existing strategies and policies including their General Law on Climate Change of 2012, the General Law of Sustainable Forest Development of 2003 and CONAFOR's Strategic Forest Program.[107] Ghana will also base its REDD+ strategy on existing natural resource laws regulating timber management and revenues, forest protection, and forests and wildlife policies that promote collaborative management approaches.[108] Brazil has greatly reduced deforestation through its National Plan to Prevent Deforestation in the Amazon (PPCDAm),[109] which is one component of its National Policy on Climate Change that prioritizes prevention of deforestation. Use of the

[104] Information provided by MDB representative.
[105] Forest Peoples Programme (2012) Civil society groups in DRC suspend engagement with National REDD Coordination Process. http://www.forestpeoples.org/topics/redd-and-related-initiatives/news/2012/07/civil-society-groups-drc-suspend-engagement-nationa
[106] Available from: State Ministry of the Environment (2007). Indonesia National Action Plan Addressing Climate Change. http://dp2m.umm.ac.id/files/file/National%20Action%20Plan%20Addressing%20Climate%20Change.pdf; and UN-REDD Programme Indonesia. 2011. Semi-Annual Report 2011. http://theredddesk.org/file/2588/download. See Annex for full list.
[107] See GLOBE International. 2013. "Climate Legislation Study: A Review of Climate Change Legislation in 33 Countries. Third Edition." Edited by Terry Townshend, Sam Fankhauser, Rafael Aybar, Murray Collins, Tucker Landesman, Michal Nachmany and Carolina Pavese and The REDD Desk. 2013. Mexico: Plans and Policies. http://theredddesk.org/countries/mexico/plans-policies.
[108] See http://theredddesk.org/countries/ghana/legal-frameworks and Ortsin, 2013; and Agidee, Yinka. 2011. Forest Carbon In Ghana: The Legal Framework and the Role of Community Resource Management Areas (CREMAs).
[109] Ministério do Meio Ambiente (MMA) (2013). Plano de Ação para prevenção e controle do desmatamento na Amazônia Legal (PPCDAm): 3a fase (2012-2015) pelo uso sustentável e conservação da Floresta / Ministério do Meio Ambiente e Grupo Permanente de Trabalho Interministerial. Brasília.

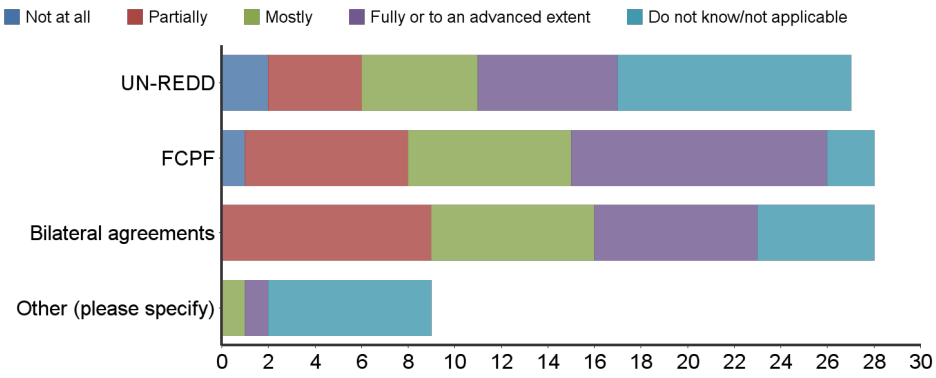
DETER remote sensing system has greatly increased enforcement effectiveness of PPCDAm.[110]

### *Implications for FIP Progress*

**The existence of a national REDD+ strategy or other relevant policies and strategies has been instrumental for many countries in the development of their FIP IPs and projects.**

68% of respondents stated that their pilot country had a national REDD+ strategy. Among these respondents, however, only 44% stated that it was good or very good, and only 59% said that it was helpful or very helpful to FIP progress. FIP programming has benefited from both general climate change strategies and specific REDD+ strategies developed through readiness programs in pilot countries (see Figure 7). In the DRC, for example, FIP investments are a direct outgrowth of the REDD+ strategy that has already been extensively elaborated through other readiness programs, with hopes that the FIP will increase reach into of the provinces.[111] Similarly, in Mexico, CONAFOR built on existing strategies and projects from their Strategic Forest Program, Specific Investment Loan (SIL), and others, and adopted them for FIP. This fast-tracked the development of the IP and projects and ensured its alignment to long-term, national programs. In Ghana and Lao PDR, the FIP is helping meet a variety of readiness, institutional, and project implementation needs. In Burkina Faso, the FIP is directly facilitating the readiness process by helping develop a national REDD+ strategy and update existing land use policies considered obsolete.[112] In Indonesia, however, there were concerns in the government that the FIP process would compete with the national REDD+ strategy, and significant additional work has been required to harmonize them.[113]

***Figure 7 Respondents' evaluation of how well FIP IP integrates with REDD+ readiness programs.***




Others include: Le Programme National du Secteur Rural, SIL/World Bank-CONAFOR, and Agreements with Norway and the European Union (LAIF).

[110] EDF (2009). Brazil National and State REDD. http://www.edf.org/sites/default/files/10438_Brazil_national_and_state_REDD_report.pdf
[111] Information provided by MDB representative in DRC. Jan 2014.
[112] Information provided by MDB representative in Burkina Faso. January 2014.
[113] Information provided by FIP consultant in Indonesia. January 2014.

***Case Study: Lao PDR***

**Background**

Lao PDR is one of the least developed countries in Southeast Asia, and has witnessed rapid deforestation and forest degradation in recent decades: total forest cover has declined an average of 1.4% per year, from 70% of its land area (around 16 million Ha) in 1940 to 40% (9.5 million Ha) of total land area in 2010. Average annual emissions from deforestation and forest degradation were estimated at 95.3 million $tCO_2e$ in 1982 and 60.6 million $tCO_2e$ in 2010.[114] Primary drivers of deforestation include unsustainable wood extraction, shifting cultivation, agricultural and urban expansion, mining and hydropower, and infrastructure development.[115] To reverse this trend, Lao has developed a Forestry Strategy that aims to increase the nation's forest cover to 70% of land area by 2020, with much of the focus on forest restoration and plantation development.[116]

As a least developed country (LDC) with high forest cover and deforestation, Lao PDR is an important testing ground for scaling-up REDD+. REDD+ forms an important part of the country's forestry strategy to achieve 70% national forest cover by 2020, and the country participates in both the FCPF Readiness Fund and bilateral REDD+ initiatives. Lao was selected as a FIP pilot country in March 2010 and received endorsement of its Investment Plan in December 2011. The government established a REDD+ task force in 2008—initially managed by the Ministry of Agriculture and Forestry (MAF)—and in 2011, formed a new Ministry of Natural Resources and Environment (MONRE), and subsequently divided REDD+ responsibilities between MAF and MONRE.

**FIP projects**

The Lao Investment Plan outlines three projects to be funded by the FIP:

1. Scaling-Up Participatory Sustainable Forest Management (SUPSFM) (World Bank, $12.83 million)
2. Smallholder Forestry (IFC, $3.33 million)
3. Protecting Forests for Sustainable Ecosystem Services (PFSES) (ADB, $12.83 million)

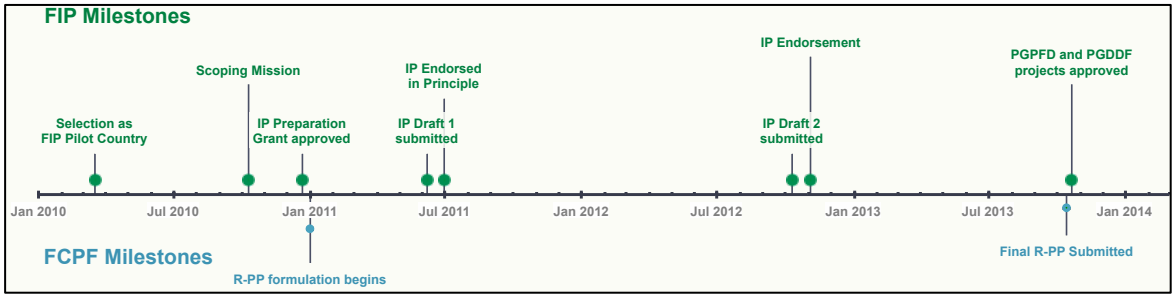
**Lessons Learned**

- **Strong political will and support for REDD+, as well as clear and accountable institutional arrangements in the key forestry ministries have been essential to FIP progress.** Dedicated individuals within the MAF and MONRE have been vital to move REDD+ forward through multilateral and bilateral processes. The experience of the Department of Forestry (in MAF) in REDD+ readiness activities, leadership of the REDD+ task force, and relationships with bilateral partners allowed rapid progress on FIP development.
- **Strong intersectoral and interministerial coordination led to rapid FIP progress.** High levels of coordination between government ministries and MDB partners were cited as key to rapid approval of the IP and the SUPSFM project in particular. However these efforts were hampered late in the FIP process due to a ministerial reorganization that divided REDD+ responsibility between MAF and MONRE.
- **Linking REDD+ to other national strategies provides an important framework for FIP implementation.** Lao PDR's FIP investments have been closely aligned with the country's Forestry Strategy 2020 and Climate Change Strategy, which has streamlined approval of investments and facilitated country buy-in while still benefiting from the contributions of outside experts.

[114] See Vongsiharath, Vongdeuane. 2010. Forest cover and land-use changes in Lao PDR according to the National Forest Reconnaissance Survey; and SUPSFM Preparation Team. 2013. Environmental Management Framework; Scaling-up Participatory Sustainable Forest Management (SUPSFM); Lao Forest Investment Plan.

[115] Government of Lao PDR. Investment Plan of Lao People's Democratic Republic. FIP/SC.7/4

[116] Government of Lao PDR. 2005. Forestry Strategy to the Year 2020 of the Lao PDR.




### 4.2.2 Direct and indirect drivers of deforestation

*Identifying the drivers of deforestation is essential to designing targeted and effective REDD+ programs and projects, reducing deforestation, and ultimately reducing emissions. It is important that credible assessments of direct and indirect drivers of deforestation (and if applicable, degradation) are conducted, and that identified drivers are linked to REDD+ policies and measures.*

#### *Level of Readiness across Pilot Countries*

**Most countries have identified direct and indirect drivers of deforestation within on-going readiness processes, and have explicitly linked their REDD+ priorities to these drivers.**

Studies of drivers have been carried out in all pilot countries through a range of means, such as through independent research (e.g. Mexico), through existing bilateral REDD+ programs (e.g. DRC, Ghana, and Lao PDR), or in conjunction with the development of the FIP IP (e.g. Burkina Faso and Peru). In their R-PP, the DRC cited multiple national studies of drivers, including one by the Université Catholique de Louvain, which identified slash and burn agriculture and firewood and charcoal harvesting as primary causes.[117] Indonesia incorporated an analysis of drivers into their FIP IP, which will allow drivers to be addressed through specific FIP investments.[118] Lao PDR has incorporated a detailed study of drivers in their IP as well,[119] which cites two separate studies conducted under bilateral REDD+ activities. These studies identify unsustainable and illegal logging as the major causes.[120] In its R-PP, Burkina Faso provided a detailed description of drivers that cites agricultural expansion, overgrazing, fuelwood harvesting, and overexploitation of non-timber forest products as primary causes.[121] Ghana's IP and R-PP also explicitly mention drivers, yet acknowledging that the sources of data on drivers for the R-PP remain unclear.[122]

#### *Implications for FIP Progress*

**Assessments of the drivers of deforestation have been critical to the development and prioritization of FIP IPs and investments.**

79% of survey respondents stated that an understanding of drivers was helpful or very helpful in prioritizing IPs and projects. Many respondents also identified drivers as a key building block for FIP investments, demonstrating broad agreement on its importance to

[117] See DRC (2010). Readiness Plan for REDD 2010-2012. https://www.forestcarbonpartnership.org/sites/forestcarbonpartnership.org/files/Documents/PDF/Jul2010/R-PP_V3.1_English_July2010.pdf;
[118] Climate Investment Funds (CIF). 2012. Investment Plan for Indonesia. FIP/SC.9/6.
[119] CIF. 2011. Investment Plan of Lao People's Democratic Republic. FIP/SC.7/4. October 6, 2011.
[120] See: SUFORD (2010) *PFA land cover and carbon change analysis 2010.* Vientiane, SUFORD; and Moore, Colin Jeremy Ferrand & Xaisavan Khiewvongphachan. 2011. Investigation of the Drivers of Deforestation and Forest Degradation in Nam Phui National Protected Area, Lao PDR.
[121] Burkina Faso MEDD. 2012. R-PP; and Burkina Faso. 2012. "Presentation of the Investment Plan." FIP Sub-committee meeting, Istanbul, 5 Nov 2012. https://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/FIP_presentation_1_Burkina_Faso.pdf.
[122] CIF (2012). Investment Plan for Ghana. FIP/SC.9/5. October 9, 2012.

the FIP process. Analyses and studies on drivers have been helpful to FIP countries regardless of whether the knowledge base was already present in the country prior to the FIP process or whether the analysis was conducted specifically for the FIP. Stakeholders in Mexico stated that without studies on drivers, it would not have been possible to design the FIP investments. In the DRC, data on drivers helped prioritize the geographical zones for FIP interventions. In Peru, although a nationwide drivers study was not available, the limited drivers studies available did help in the FIP IP design process.[123] In Lao PDR, drivers were essential to the design and endorsement of the IP, although the specific projects cited different drivers studies in their designs.[124]

### 4.2.3 Carbon rights, natural resource rights and land tenure

*Carbon rights, natural resource rights and land tenure are central to REDD+ as they not only affect all participants, but unclear rights and tenure are also broadly acknowledged to be an underlying condition driving deforestation.[125] Addressing these issues in policies and measures could include mapping community tenure areas and having policies in place that clarify these rights and who they apply to. While governments may address these issues separately, they are grouped here for simplicity.*

#### *Level of Readiness across Pilot Countries*

**There is a range of experiences in FIP pilot countries regarding rights and tenure issues. Some countries have adopted a range of strategies to help clarify carbon, natural resource rights, and land tenure issues, whereas others are relatively early in their development of these policies and laws.**

Burkina Faso has an overall coherent set of land use policies, beginning with the 2000 land tenure law that recognizes local use rights of forests, land for agrarian and pastoral use, and encourages collective and customary forms of management.[126] Ghana also has a well-established customary tenure system, although REDD+ will have to harmonize state-based management of natural resources with these customary regimes.[127] Lao PDR is in the process of revising its Forest Code to address carbon and natural resources rights, and is also piloting new approaches - such as Land-Use Planning and Land Allocation and Participatory Land Use Planning.[128] In Peru, tenure remains a controversial component for the REDD+ process, and efforts continue to work to clarify how carbon rights will be treated under state land (including conservation concessions or untitled communities) vs. private lands (which include titled indigenous communities).[129]

#### *Implications for FIP Progress*

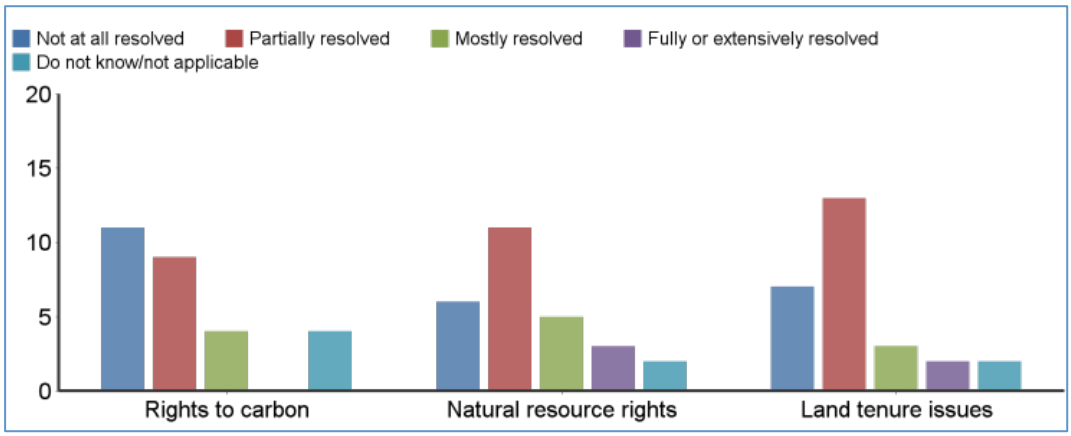
**The current status of natural resources, land tenure, and carbon rights remains unresolved in most pilot countries and will continue to be a challenge for implementation of FIP investments**.

Respondents from Burkina Faso and Mexico specifically stated that they were advanced in community forest processes; however, differing states of readiness in this area have not

[123] Information received from FIP stakeholder in Peru, March 2014.
[124] Information provided by FIP consultant in Lao PDR. January 2014.
[125] FCMC. 2013. REDD+ Social Safeguards and Standards Review. Forest Carbon, Markets and Communities Program (FCMC) for USAID (p. 9)
[126] See: USAID. 2010. Property Rights and Resource Governance: Burkina Faso; Law #034-2009/AN; The Forests Dialogue, 2011; Law #014/96/ADP concerning agrarian and landholding reorganization (RAF) and Decree 97-054/PRES/PM/MEF; Environmental Code (Law #005/97/ADP); and the General Code for *collectivités territoriales*.
[127] See Osafo, Yaw B. 2010. A Review of Tree Tenure and Land Rights in Ghana and their Implications for Carbon Rights in a National REDD+ Scheme; and Forest Trends. 2009. Realising REDD: Implications of Ghana's Current Legal Framework for Trees. Katoomba XV, October 2009.
[128] See Institute for Global Environmental Strategies (IGES). 2012. Lao PDR REDD+ Readiness: State of Place. IGES Discussion Paper. No. FC-2012-05; and The REDD Desk. 2013. http://theredddesk.org/countries/laos/
[129] Che Piu H y Menton M. 2013. Contexto de REDD+ en Perú: Motores, actores e instituciones. Documentos Ocasionales 90. Bogor, Indonesia: CIFOR.

prevented progress on FIP investments. On the contrary, many stakeholders expect FIP projects to lead to increased action on resolving resource, tenure rights, ethnic issues, and land conflicts (e.g. Lao PDR, Peru), or to assist in harmonizing customary tenure laws with national tenure laws (e.g. DRC). In general, rights to carbon were stated as being less resolved than both natural resource rights and land tenure issues (see Figure 8).

***Figure 8 Respondents' evaluation of the resolution of tenure rights in their respective pilot countries.***




### 4.2.4 Social and environmental safeguards

*Social and environmental safeguards are designed to mitigate potential harm and/or address positive benefits to citizens and the environment. Under REDD+, safeguards have been defined under UNFCCC decisions and other conventions as well as the requirements set by donors, including the FIP.*

#### *Level of Readiness across Pilot Countries*

**While some FIP countries already have certain systems in place to address social and environmental safeguards, the majority of countries are still in the process of developing safeguards.**

Brazil, Mexico, and Peru, have all ratified ILO 169[130], and all FIP pilot countries have signed the United Nations Declaration on the Rights of Indigenous Peoples. Brazil has addressed safeguards at the state level by using REDD+ Social and Environmental Standards (SES) for the jurisdictional REDD+ program in Acre and the Community Conservation and Biodiversity (CCB) standards for projects in Juma.[131] The Amazon Fund also requires participating states to comply with its safeguards and consultation policy.[132] Indonesia has worked to incorporate safeguards into the REDD+ planning process, through recommendations on Free, Prior, and Informed Consent to the National Forestry council and through the development of its country safeguards system, PRISAI.[133] Peru is gradually scaling up its safeguards efforts through workshops and pilot projects for safeguards monitoring systems that aim to meet national level goals outlined

[130] See International Labor Organization Convention Number 169 on the rights of indigenous and tribal peoples. See ILO. Ratifications of C169 - Indigenous and Tribal Peoples Convention, 1989 (No. 169).
http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:11300:0::NO:11300:P11300_INSTRUMENT_ID:312314:NO. Accessed Feb 2014.
[131] Champagne & Roberts. 2009. Case Study: Brazil
http://theredddesk.org/file/438/download?token=-_7AfoJYSrTNMKJzk-d8DtnLWWpkbV6R96WMxigIdOg
[132] http://www.fundoamazonia.gov.br/FundoAmazonia/fam/site_pt/Esquerdo/Fundo/salvaguardas6
[133] Principles, Criteria, and Indicators for REDD+ Safeguards in Indonesia. The PRISAI system includes ten principles developed by the REDD+ task force through stakeholder consultations.
Source: The REDD Desk. 2013. REDD in Indonesia. http://theredddesk.org/countries/indonesia/

in the R-PP and IP.[134] However, it remains unclear whether only the safeguards policies of the MDBs will be addressed in the socio-environmental impact assessments, or whether additional safeguards concerns of stakeholders will also be incorporated.[135] In the Lao PDR, the MDB safeguards will be in place for FIP projects, but there are some concerns that these are not fully aligned with those of the Cancun Agreements.[136]

#### *Implications for FIP Progress*

**Resolution and application of safeguards, although uneven across FIP pilot countries, has not delayed development of FIP investments.**

Although only half of stakeholders said an environmental and social risk assessment for REDD+ was conducted in their country (those responding "no" include Lao PDR, Ghana, Peru, and Indonesia), safeguards assessments have been led by MDBs and thus have progressed fairly rapidly. Respondents noted, however, that further work would be required to harmonize MDB safeguards processes with national processes and Cancun safeguards for REDD+.

### 4.2.5 Benefit sharing mechanism

*A benefit sharing mechanism aims to distribute the revenues (monetary or non-monetary) from REDD+ activities and programs to relevant stakeholders and local communities, according to agreed-upon rules. Effective and equitable distribution ensures that local communities and other stakeholders adequately benefit from programs and are incentivized to address the drivers of deforestation.*

#### *Level of Readiness across Pilot Countries*

**Explicit benefit-sharing mechanisms for REDD+ financing are not yet common in FIP pilot countries, though several key models and efforts are noted.**

Within the Amazon Fund, Brazil has developed a system for distributing REDD+ revenues to pilot projects. While the Amazon Fund functions more like a foundation or donor agency, it could serve as a strong base to implement performance-based payments or transfer state funds to REDD+ beneficiaries.[137] The states of Amazonas and Acre[138] have also developed rural incentive programs for REDD+ that channel funding to poorer communities and families based on agreements to not deforest while participating in sustainable forest management plans.[139] These are not performance-based payments for REDD+, but rather poverty-reduction and conservation incentives in a single package. Burkina Faso is proposing a system that is both national-level and project-based, where the state fund will pay claimants (represented by the forestry user groups) in advance, and will receive and manage all incoming REDD+ funds. This is designed to ensure compatibility with the existing state-based tenure system and customary arrangements of

[134] See Che Piu, H. and Menton M. 2013. Contexto de REDD+ en Perú; FCMC. 2013. Summary of Activities in Peru. http://www.fcmcglobal.org/documents/Peru_Brief.pdf; and The REDD Desk. 2013. Peru: Plans and Policies. http://theredddesk.org/countries/peru/plans-policies.
[135] See both FCPF (2011) Readiness Preparation Proposal: Peru and CIF (2013) FIP Investment Plan for Peru. FIP/SC.11/4/Rev.1. October 18, 2013.
[136] Information provided from FIP stakeholder in Lao PDR.
[137] See Amazon Fund (2012). Activity Report. http://www.amazonfund.gov.br/FundoAmazonia/export/sites/default/site_en/Galerias/Arquivos/Relatorio_Atividades/RAFA_Virtual_English__2012.pdf. and IPAM (2009) "Target, Stock and Deforestation Reduction": A system proposal for financial benefit sharing from REDD in the Brazilian Amazon. https://seors.unfccc.int/seors/attachments/get_attachment?code=ULKB6W87Z5OL5JE7U6N4O4CF7PAQJJX4.
[138] Amazonas is home to the Bolsa Floresta Program, while Acre is home to the Environmental Services Incentives System (SISA).
[139] See: May, P.H., Millikan, B. and Gebara, M.F. (2011) The context of REDD+ in Brazil: Drivers, agents and institutions. Occasional paper 55. 2nd edition. CIFOR, Bogor, Indonesia; http://theredddesk.org/file/438/download?token=-_7AfoJYSrTNMKJzk-d8DtnLWWpkbV6R96WMxigIdOg, and http://awsassets.panda.org/downloads/acre_brazil_sisa_report___english_10_13.pdf

communities, while simplifying the transaction.[140] Peru has several funds that could be recruited to manage a REDD+ benefit sharing mechanism, including the Natural Protected Areas Fund, the Americas Fund, and the National Environmental Fund; however, these have not yet been adapted to REDD+.[141] Lao PDR has demonstrated recent progress on reforming the existing mechanism for distributing timber revenues to communities in order to adapt this to REDD+ payments; however, legislation has stalled and no pilot disbursement has yet been made.[142]

#### *Implications for FIP Progress*

**Lack of established benefit sharing mechanisms for REDD+ has not prevented FIP progress, but their development will likely accelerate under FIP investments.**

81% of respondents said their country has no REDD+ benefit sharing mechanism, but they elaborated that in many countries, existing environmental or timber funds (e.g. in Lao PDR and Burkina Faso) provide models that are informing the on-going design of REDD benefit sharing mechanisms. In the DRC, the proposal for a benefit-sharing mechanism is being developed under the FCPF Carbon Fund, but will directly inform FIP investments.[143]

## 4.3 Monitoring, Measurement, Reporting and Evaluation Systems

### 4.3.1 Reference Level and *Measurement, Reporting and Verification* system

*A national reference level, and measurement, reporting and verification system are a central requirement to receive performance-based (Phase 3) finance. Reference levels are performance benchmarks against which current and future emissions can be measured to determine additionality. A measurement, reporting, and verification (MRV) system is a standardized methodology for gathering and analyzing remotely sensed and ground-truthed data on forest cover and carbon stocks.*

#### *Level of Readiness across Pilot Countries*

**There is a large diversity of experience in FIP pilot countries in developing their reference level and MRV systems. Some countries are very advanced in their implementation, whereas others have not yet begun.**

The DRC has a remote sensing based national forest monitoring system, created with the support of UN-REDD and Brazil's Space Research Institute, which monitors land cover change.[144] However, this system does not yet monitor emissions of forest carbon.[145] Ghana has produced a national carbon/biomass map with external support, while local pilot projects have increased local capacity for monitoring,[146] which will be important in updating existing forest cover data that is long out-of-date.[147] Peru is opting for a nested approach for forest carbon monitoring and measurement, reporting and verification (MRV) that can be first established in the more advanced regions of Madre de Dios and

[140] Burkina Faso MEDD. 2012. R-PP. and Kokko, Suvi. 2010. Local Forest Governance and Benefit Sharing from Reduced Emissions from Deforestation and Forest Degradation (REDD) – Case study from Burkina Faso.
[141] PriceWaterHouse Coopers. 2010. Report for the Conservation Finance Alliance: National REDD+ funding frameworks and achieving REDD+ readiness – findings from consultation.
[142] Information provided from FIP stakeholder in Lao PDR.
[143] Information provided by government stakeholder in DRC. February 2014.
[144] See the NFMS website at http://rdc-snsf.org/.
[145] MECNT. 2011. Information note on the DRC National Forest Monitoring System, Version 1. http://rdc-snsf.org/static/loc/en/documents/Information%20note%20on%20the%20DRC%20National%20Forest%20Monitoring%20System_v1_dec2011.pdf.
[146] Forest Trends. 2011. Biomass Map of Ghana. http://www.forest-trends.org/documents/files/doc_2837.pdf and http://theredddesk.org/countries/ghana/initiatives.
[147] FAO. 2010. Global Forest Resources Assessment 2010. Country Report: Ghana. http://www.fao.org/docrep/013/al513E/al513E.pdf.

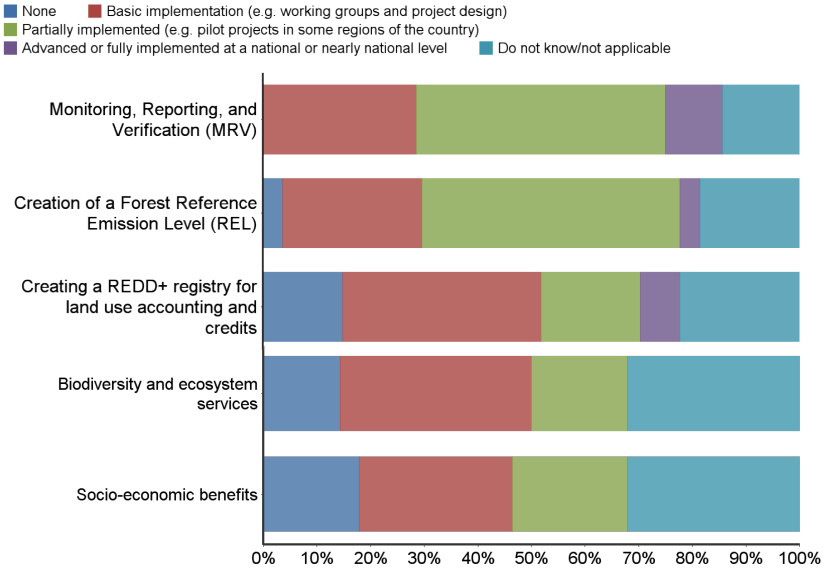
San Martin, and be scaled up to the national level.[148] Brazil and Mexico are arguably the most advanced FIP pilot countries in this element, as they both have well established national forest monitoring systems and Brazil has developed a national reference level used by the Amazon Fund.[149]

### *Implications for FIP Progress*

**Carbon and forest monitoring systems and data and assessments related to forest cover may indirectly facilitate the design of FIP IPs.**

Currently there is uneven and incomplete capacity to monitor forest carbon in FIP pilot countries, and even less capacity to monitor and report changes in social and biodiversity indicators. Countries with existing forest monitoring systems, however, have used these to target FIP investments more precisely. For example, through its National Forest and Soil Inventory Data (INFyS), Mexico has been collecting remotely sensed and ground-truthed forest and soil data, as well as information on biodiversity and ecosystem services for over a decade. The data and information gathered enhanced the capacities of government ministries to better understand drivers of deforestation, local conditions, spatial distribution of ecosystem services and communities, and activity data. This led to the development of well-informed and robust policies and programs, including the FIP IP and therefore indirectly contributed to advancing Mexico's FIP programming process. Other countries with weaker monitoring capacity (e.g. Burkina Faso and DRC), the existence of forest monitoring capacity and data did not hinder the progress in the FIP, however, may impact the quality of the IP and projects. Many countries intend to use FIP investments to increase capacity so that additional biological and social indicators (e.g. poverty reduction) can be evaluated within the FIP investments. Some respondents highlighted that it was too early in the FIP process to rate the effectiveness of these monitoring mechanisms.

***Figure 9 Respondents' evaluation of the level of implementation of national monitoring systems***




[148] See Che Piu and Menton. 2013. Contexto de REDD+ en Peru; and Busch, Jonah. 2012. Structuring reference levels across scales: Case studies from Indonesia and Peru. Presentation at FFPRI International Technical Seminar, Waseda University Tokyo, Japan. Wednesday, February 8, 2012. http://redd-plus.jp/pdf/feb_8_wed/15_Jonah_Busch_session2_0208.pdf.

[149] Thiago Chagas, John Costenbader, Charlotte Streck, Stephanie Roe (2013) Reference Levels: Concepts, Functions, and Application in REDD+ and Forest Carbon Standards.
http://www.climatefocus.com/documents/files/reference_levels_concepts_functions_and_application_in_redd_and_forest_carbon_standards.pdf

***Case Study: Mexico***

**Background**

70% of Mexico's forests are governed under *ejidos*, a unique form of communal forest tenure. Mexico has made considerable progress in developing and implementing REDD+ and is generally characterized as a leading country in REDD+ readiness. Mexico participates in the FCPF Readiness and Carbon Fund processes, has several bilateral REDD+ agreements in place, and has several collaborative partnerships with NGO-led REDD+ initiatives. Mexico was chosen as a FIP pilot country in June 2010, and its investment plan (IP) was endorsed in October 2011. Many cite the quick turn-around of the IP development process and the endorsement as being largely attributed to the impending political administration change, the high capacity of CONAFOR staff, and the existing forest and climate strategy that guided the FIP IP.

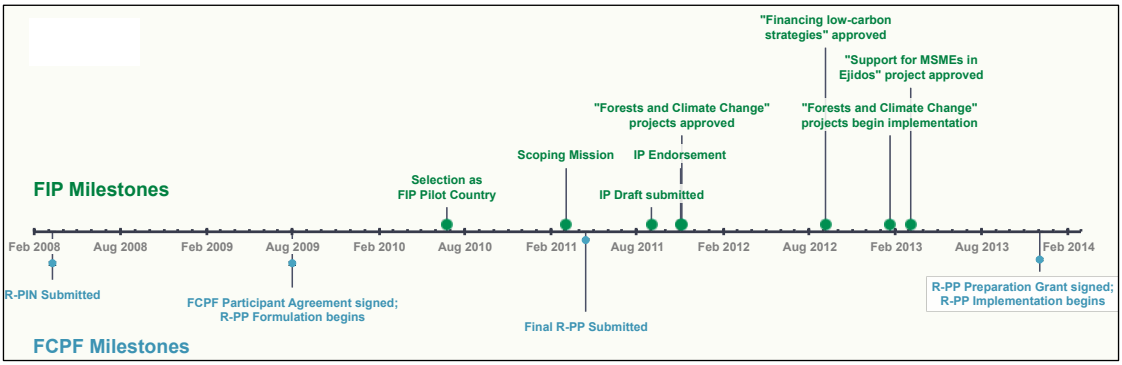
**FIP Projects**

Mexico's IP outlines four projects to be developed and implemented under the FIP:

1. Capacity building for sustainable forest landscapes management (World Bank, USD15.66 million).
2. Mitigation resilience and sustainable profitability in forest landscapes (World Bank, USD26.34 million)
3. Financing low carbon strategies in forest landscapes (IDB, USD15 million).
4. Support for forest related MSMEs in Ejidos (IDB, USD2.885 million).

**Lessons Learned**

- **High capacity within key ministries (particularly CONAFOR) was essential to rapid progress through the FIP.** High capacity within key ministries, especially CONAFOR – administrative and strategic planning, technical ability, financial management, and relationships with local communities – is a major contributor to the efficacious design of the IP and the implementation of projects in Mexico.
- **Good to involve many institutions, however, having an accountable ministry and strong inter-institutional coordination is key.** Having multiple agencies involved in REDD+ related policies and programs requires more coordination, may be a little slower, however, provides a lot of expertise and guarantees continuity because the risk is spread. Competition among the actors also improves implementation, however coordination is imperative to ensure harmonization and collaboration across institutions. For FIP specifically, delays were seen due to added coordination with Financiera Rural, FINDECA and FMCN, however, this collaboration across institutions increased commitment and understanding, and appreciably expanded financial capacity within the project.
- **Existing strategies helped develop and align the process.** CONAFOR built upon existing relevant strategies, including work on the well-developed Specific Investment Loan (SIL), Strategic Forest Program, Mexico's Vision for REDD+/ENAREDD+ and national laws on sustainable forest development and climate change, which oriented the FIP to national priorities and facilitated acceptance by government ministries and local communities.
- **Advancements in forest monitoring and evaluation systems have helped build capacity and inform strategies and policies.** Strong experience in forest monitoring data and other social and environmental indicators have enhanced capacities of ministries to identify the drivers of deforestation, local conditions, and ecosystem services, and led to the development of well-informed and robust policies and programs within the FIP IP and investments.
- **Institutional memory is important for a program's sustainability and progress.** Maintaining experience and continuity within the community of actors engaged in Mexico's FIP process, particularly within government ministries, MDB agencies, and implementing organizations, have helped ensure FIP progress and maintain high levels of commitment.




### 4.3.2 Registry and accounting system

*A REDD+ registry is a system that records and tracks all REDD+ activities, their emissions, related payments, and relevant geographic, and implementation data. A REDD+ registry accounts for all related emissions reductions and removals and can be used to ensure that there is no double counting or domestic leakage.*

#### *Level of Readiness across Pilot Countries*

**REDD+ registries and accounting systems have not been fully implemented in any of the FIP pilot countries. Countries that have already pioneered payments for ecosystem services provide examples of how these systems could be created.**

Mexico has proposed to develop a national registry that is tied to a national reference level and targets, but which still allows for subnational approaches.[150] Peru plans on creating a registry through a FIP project,[151] and already has a working group in the REDD+ coordinating body to create a national REDD+ registry.[152] Other countries cite the creation of a REDD+ registry, but in many cases these are simply project registries that are designed to enable the transition into performance-based payment and carbon trading registries (as in the DRC).[153]

#### *Implications for FIP Progress*

**Carbon accounting mechanisms, including forest reference emissions levels, and REDD+ registries, indicate high country technical capacity, but do not directly contribute to IP programming processes.**

Capacity in reference levels and carbon accounting mechanisms are strongest in Brazil and Mexico and reflect high technical capacity; both countries experienced rapid FIP progress. Peru also has more advanced progress in reference level development at the jurisdictional level, but this did not contribute to their progress under the FIP.

### 4.3.3 System for monitoring non-carbon (social and environmental) aspects

*Non-carbon monitoring systems track and measure social and environmental indicators (e.g., biodiversity, land rights, livelihoods) produced by projects or programs, and will be closely tied to the creation of safeguard information systems (SIS). SIS will further be linked to national forest monitoring, or MRV systems and will allow safeguards to be monitored and transparent.*

[150] CONAFOR. 2013. Early Ideas for the Carbon Fund: Mexico.
[151] CIF. 2013. Investment Plan for Peru. FIP/SC.11/4/Rev.1. October 18, 2013
[152] MINAM. 2011. Designing and implementing REDD+ in Peru. http://www.forest-trends.org/documents/files/doc_2695.pdf.
[153] See MECNT. 2011. Information note on the DRC National Forest Monitoring System, Version 1.

### *Level of Readiness across Pilot Countries*

**Monitoring systems for social and environmental impacts and compliance with safeguards remain in early stages of development across FIP pilot countries, and no country to-date has fully implemented one**.

In Brazilian state, Acre's System of Incentives for Environmental Services (SISA) program, work toward creating certified emissions reduction certificates includes validating their contribution to social and environmental co-benefits. In this sense, monitoring of carbon reductions would go hand-in-hand with Safeguard Information Systems, and provide additional basis for market value.[154] Acre boasts the most advanced SIS, and the only one that is ready to provide reports to funders. Mexico is also progressing in the development of its SIS.[155] State-level experience in the application of Social and Environmental Standards in Jalisco and Yucatán will inform the design of Mexico's proposed Carbon Fund.[156]

### *Implications for FIP Progress*

**Implementation of monitoring systems for social and environmental impacts and benefits has not been a key requirement or factor for most countries to progress through the FIP process.**

However, Mexico did benefit from experience in monitoring social and environmental "proxy indicators" through its payment for ecosystem services programs. This knowledge helped provide justification that its first two FIP investments would result in additional social and environmental co-benefits.[157] In Lao PDR, while some pilot studies have been attempted in quantifying non-carbon co-benefits, one stakeholder argued that only REDD+ financing could provide sufficient resources to design and enable these monitoring systems.[158]

[154] WWF (2013) Environmental Service Incentives System in the State Of Acre, Brazil: Lessons for policies, programmes and strategies for jurisdiction-wide REDD+. http://awsassets.panda.org/downloads/acre_brazil_sisa_report___english_10_13.pdf.
[155] Information provided by FIP government stakeholders in Mexico.
[156] SEMARNAT (2013). Early ideas for the Carbon Fund: Mexico. Presentation, June 2013.
[157] Information provided by FIP stakeholder in Mexico. February 2014.
[158] Information provided by FIP consultant in Lao PDR. January 2014.

# 5 Conclusions

Building on the report findings, the following section outlines the main linkages between REDD+ readiness and the FIP programming process and potential implications for existing and future REDD+ finance.

## 5.1 Summary of Implications of REDD+ Readiness for FIP progress

The findings in this study show that some readiness criteria significantly helped certain countries to progress through the FIP programming process, while others are less important in developing FIP projects and programs. Based on our literature review, survey responses and expert interviews six key factors can be highlighted as contributing most to countries' progress through the FIP.

High **political will** and **capacity** stand out as particularly important criteria not just for developing and implementing FIP IPs and related programs and projects, but also for meeting the FIP objectives of catalyzing transformational change, reducing GHG emissions, and leveraging finance. Countries with high institutional capacity have been more able to manage large-scale investments and apply them to more innovative approaches to address the drivers of deforestation (as demonstrated in the cases of Mexico and Brazil).

Countries that have successful **coordination** mechanisms across government ministries and clear **accountability** within government for the FIP program and other REDD+ initiatives have been more equipped to progress through the FIP programming process. Equally, the absence of these mechanisms can significantly block the development of FIP programs and activities. Aligning the FIP program with the broader REDD+, climate change and development agendas can also facilitate acceptance by government ministries, and particularly by local communities.

The existence of **REDD+ strategies or equivalent** and relevant **policies and measures to address the drivers of deforestation** were also major contributing factors to progress within the FIP. Building on existing strategies and policies has helped to fast track the development of IPs and projects and help ensure its alignment to long-term, national programs. It should be noted that while the FIP was helped by existing policies and strategies, including those for the FCPF (e.g., R-PP, SESA), the FIP has also strongly facilitated other REDD+ programs in various countries. The FIP has also played a role in developing capacity in some countries including Burkina Faso, Peru and DRC, incentivizing and propelling their progress in the FCPF and other REDD+ initiatives.

While all 15 readiness criteria were found helpful in one way or another to progress through the FIP programming process, some were not as important as others. **Registries and carbon accounting systems** and **non-carbon monitoring systems** are currently being developed, generally for Phase 3 performance-based payments, and therefore do not tend to impede progress in Phase 2. Other readiness components including **feedback and grievance mechanisms**, are likely to be important during the implementation of FIP projects, but were not essential during the IP development phase. In addition, reliance on existing MDB feedback and grievance mechanisms can take place until country systems are in place.

Beyond these readiness criteria, other **cross-cutting issues** also influenced progress in the FIP programming process. Changes in national circumstances including turnover in MDB or government staff resulting in a loss of institutional memory, ongoing conflicts, and political election cycles played a role in delaying progress. The influence of these factors played a larger role than others depending on the country, and sometimes the effect was positive, as in the case of Mexico where the impending political change incentivized the rapid development of the IP.

## 5.2 Implications for Existing and Future REDD+ Financing Mechanisms

**Phase 2 finance is an important bridge between REDD+ readiness and results-based finance. The continuation of Phase 2 funding will be an important component of an international REDD+ mechanism.**

The majority of REDD+ finance now focuses on Phase 1 or Phase 3 activities, with many countries planning to proceed from Phase 1 to Phase 3 directly. Given the strict criteria and limited funding under the FCPF Carbon Fund, however, it is likely that a large proportion of Phase 1 countries will not qualify for results-based payments, at least in the near term. In addition, our analysis clearly shows that countries with limited capacity will have challenges to even implement policies and measures that are not contingent on quantifiable emissions reductions (i.e. Phase 2). Countries will therefore need access to finance at scale to build upon readiness activities, and to incentivize progress to the next phase. Phase 2 finance, such as the FIP, provides a *pull* mechanism for REDD+ countries and incentivizes them to progress under their grants from FCPF and UN-REDD readiness funds; having a source of finance for these countries to move towards will be essential if we are to maintain political momentum to reduce emissions. In addition Phase 2 finance provides a *push* mechanism, i.e. relevant capacity and experience for countries aiming to progress to Phase 3 and receive results-based payments. In the future, the FIP may choose to define entry and exit criteria to ensure that this push and pull is harmonized with other sources of international finance for REDD+.

Currently, the FIP provides this bridge of Phase 2 finance for just eight countries and examples of other such funding are limited to a few bilateral agreements (e.g., Norway funding for Guyana, Germany REDD+ Early Movers (REM) funding). Donors may consider increasing Phase 2 funding within the FIP and/or consider how this could be coordinated through other REDD+ funding platforms such as the GCF.

**Country selection and investment criteria drive the types of FIP investments for meeting goals and objectives, and may dictate the pace of adoption. When allocating funding for Phase 1, 2 and 3, understanding the enabling conditions in a country is pivotal for choosing countries or regions.**

While the FIP has a clear objective of initiating transformational change, some activities have become focused on building national readiness due to a lack of capacity in certain areas. As highlighted above, countries with existing levels of REDD+ readiness (e.g. institutional capacity and existing strategies and policies) are more able to absorb finance and develop transformational strategies that address drivers of deforestation. Countries lacking capacity have experienced more challenges and have needed to redirect some finance towards building these enabling conditions. The range of projects in the pipeline

reflects the different levels of capacity in different countries – with some countries requiring more investment in readiness than previously planned.

To improve the effectiveness and efficiency of Phase 2 finance, future programs should more closely consider which countries have the necessary enabling conditions in place to carry out its desired objective of reducing GHG emissions from deforestation through transformative measures. The selection criteria, and potentially the investment criteria would then need to reflect those conditions.

**The scope and objectives of REDD+ have shifted over time and have increased the complexity of national planning processes. Adaptive management could be applied to help countries account for changes in programmatic strategies and measures.**

The objectives of the FIP are to reduce GHG emissions, initiate transformational change, leverage finance and provide lessons and understanding for the negotiations and future finance programming while considering safeguards and economic viability. The FIP also became widely regarded as Phase 2 finance in the REDD+ community, to fill the gap between readiness and results-based finance. Over time, methods to achieve these objectives have evolved, based on donor concerns and requests, as well as realities on the ground. Donors increasingly emphasized the incorporation of co-benefits, weighing related criteria higher in IP and project funding approval as well as the monitoring and evaluation framework.

Due to the evolving mission and scope in donor expectations and the international community, as well as insufficient enabling conditions on the ground, it has become more difficult to meet some of the objectives stated at the outset of the FIP. Adaptive management of IPs, projects and programs can be a useful tool to address these changes and refocus and reprioritize plans and activities in a changing environment. Additionally, future FIP funding could be redirected towards gaps or weaknesses identified through adaptive management approaches. For example, FIP funding could be used to fill gaps, including establishing needed enabling conditions to better prepare the countries for receiving Phase 2 funding, as well as helping to develop more transformative projects.

**Donor coordination is important to ensure efficiency and overall success of achieving REDD+ objectives in a country. Collaboration between REDD+ finance initiatives should be mainstreamed at the international and national levels.**

The landscape of REDD+ finance is fragmented, with countries applying for and receiving funding from a multitude of multilateral and bilateral sources creating potential for competition within the countries. A reliance on in-country systems can help to avoid duplication of efforts. Stakeholder consultation processes, for example, can be carried out for different donors with the same objectives. Equally, in-country safeguard systems can be developed to meet the needs of different donors rather than developing ad hoc processes to implement safeguards.

Secondly, there is therefore a risk that uncoordinated finance can create competing priorities within recipient countries. This can be seen to some extent already in FIP pilot countries through delayed FCPF readiness fund disbursement once attention is redirected towards larger FIP finance, and similarly, FIP finance may also be side-lined when even larger finance comes in from bilateral sources (e.g. the Norway Indonesia LoI).

While there is a risk of competition there is also a potential for coherence between Phase 2 finance with other sources of funding; FIP funding has been used in many pilot countries to further Readiness activities and we are now seeing FCPF Carbon Fund countries emerge with ER-PINs that are the directly the result of, or are closely tied to previous FIP investments.

There are some existing donor coordination efforts including the UNFCCC, the FCPF and UN-REDD common approaches, the FCPF Readiness Fund and the Carbon Fund, and the REDD+ Partnership, but the effectiveness of finance could be further improved through an increase in coordination and harmonization. The question remains how Phase 2 funding such as the FIP could benefit from being tied to the FCPF readiness fund (Phase I) and the FCPF Carbon Fund (Phase 3). While a more formal link between the FIP and other REDD+ funds would increase bureaucracy it could help to improve REDD+ country buy-in and donor efficiency in achieving REDD+ outcomes.

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# Annex A Readiness Framework development

***Table 1 Readiness assessment framework to assess national level REDD+ readiness based on a review of four existing readiness assessments.***

| Readiness Components | Assessment Criteria | FCPF and UN-REDD R-PP | FCPF Readiness Assessment Framework[1] | UN-REDD FCPF Country Assessment[2] | WRI Readiness Needs[3] | Governance of Forests Principles and Indicators[4] |
|---|---|---|---|---|---|---|
| GOVERNANCE | 1. Political will | | | | | |
| | 2. Accountability | × | × | × | | × |
| | 3. Transparency | | × | × | | × |
| | 4. Coordination and collaboration | × | × | × | × | × |
| | 5. Capacity[5] | × | × | × | × | × |
| | 6. Participation and consultation | × | × | × | × | × |
| | 7. Feedback and grievance redress mechanism[6] | × | × | × | × | × |
| STRATEGY or EQUIVALENT | 8. REDD+ strategy, or equivalent policies | × | × | × | | |
| | 9. Direct and indirect drivers | × | × | × | × | × |
| | 10. Carbon rights, natural resource rights and land tenure | × | × | × | × | × |
| | 11. Social and environmental safeguards | × | × | × | | |
| | 12. Benefit sharing mechanism | × | × | × | × | × |
| MONITORING and EVALUATION SYSTEMS | 13. Reference Level; and MRV system | × | × | × | | |
| | 14. Registry and accounting system | × | × | × | | × |
| | 15. System for monitoring non-carbon aspects | × | × | × | × | |

[1] FCPF. 2013. A Guide to the FCPF Readiness Assessment Framework. http://www.forestcarbonpartnership.org/sites/fcp/files/2013/june2013/FCPF%20R-Package%20User%20Guide%20ENG%206-18-13%20web.pdf

[2] Kojwang & Ulloa. 2012. Country Needs Assessment: a report on REDD+ Readiness among UN-REDD Programme and FCPF Member countries. UN-REDD Programme and FCPF. https://www.forestcarbonpartnership.org/sites/fcp/files/Country%20Needs%20Assessment%20report%20UN-REDD%20Programme%20and%20FCPF%2012%20October%202012%20(1).pdf

[3] Williams. 2013. Putting the Pieces together for Good Governance of REDD+: An Analysis of 32 REDD+ Country Readiness Proposals. Working Paper. Washington DC: World Resources Institute. http://pdf.wri.org/putting_the_pieces_together_for_good_governance_of_redd.pdf

[4] Davis et al. 2013. Assessing Forest Governance: The Governance of Forests Initiative Indicator Framework. Washington DC: World Resources Institute. http://www.wri.org/publication/assessing-forest-governance

[5] Including a) Administrative / planning, b) Funds management, c) Technical and d) Legal and enforcement

[6] Noted in FIP Design Document as Conflict Resolution Mechanisms.

# Annex B FIP Design Document – Objectives, Principles, Criteria

## 1. Objectives and Principles

**FIP Objectives**

1. **To initiate and facilitate steps towards transformational change in developing countries' forest related policies and practices**[1]
2. To pilot replicable models to generate understanding and learning
3. To facilitate the leveraging of additional financial resources for REDD
4. To provide valuable experience and feedback in the context of the UNFCCC deliberations on REDD

**FIP Principles**

1. National ownership and national strategies
2. Contribution to sustainable development
3. Promotion of measurable outcomes and results-based support
4. Coordination with other REDD efforts
5. Cooperation with other actors and processes
6. Early, integrated and consistent learning efforts

## 2. FIP Criteria for Initiating Transformational Change[1]

1. Climate Change Mitigation Potential
2. Addressing Drivers of deforestation and degradation
3. Forest-related governance provisions defined
4. Country's ownership, preparedness, and ability to undertake REDD+ initiatives
5. Leveraging additional financial resources, incl. from private sector.
6. Integrating sustainable development (livelihoods, biodiversity, ecosystems, and economic viability)
7. Inclusiveness of processes and participation of all important stakeholders, incl. indigenous peoples and local communities
8. Capacity building measures for local and national institutions identified, incl. indigenous peoples and local communities
9. Coordinating with other REDD+ efforts
10. Demonstrations, learning, and impact capacity
11. Safeguarding the integrity of natural forests
12. Measureable outcomes and results-based approach

## 3. Country Selection and Investment Criteria

**Criteria for selection of country or regional pilots**

1. Potential for GHG reductions
2. **Potential to contribute to FIP objectives and adherence to FIP principles**
3. Country preparedness, ability and interest – institutional and otherwise – to undertake REDD initiatives and address key direct and underlying drivers of deforestation and forest degradation
4. Country distribution across regions and biomes, to ensure that a full variety of pilot activities are financed

**Criteria for FIP Investment Strategies, Programs, and Projects**[1]

1. Climate change mitigation potential
2. Demonstration potential at scale
   a. Address drivers
   b. Build on existing REDD+ strategies
   c. Create reference-level, address permanence and leakage
3. Cost-effectiveness
4. Implementation potential
   a. Aligned with country and sector strategies and policies, incl. REDD+
   b. Institutional arrangements
   c. Stakeholder participation
5. Integrating sustainable development (co-benefits)
6. Safeguards

## 4. Core Indicators from Results and Monitoring Framework

**Core Indicators from Results and Monitoring Framework**[1]

1. GHG emissions reductions or avoidance/enhancement of carbon stocks
2. Livelihoods co-benefits
3. Biodiversity and other environmental services
4. Governance
   a. Consistency
   b. Financial incentives & benefit sharing
   c. Stakeholder participation
   d. Quality of decision making
   e. Administration/management
   f. Cooperation and coordination
   g. Principles of transparency, effectiveness, efficiency, equity, participation, accountability
5. Tenure, Rights, and Access
6. Capacity Development

# Annex C Case Studies

## C.1 Burkina Faso case study

### C.1.1 Background

Burkina Faso is a land-locked country in West Africa with a population of 15.76 million in 2009.[165] Despite political stability and steady economic growth in recent years, Burkina Faso remains one of the poorest countries in Africa. With a poverty rate of approximately 55%, Burkinabe citizens suffer from insufficient access to basic necessities such as water and sanitation, and therefore their reliance on the environment to sustain their livelihoods is significant. Geographically, the country's forest area comprises largely wooded savannah and brush, in addition to extensive agro-forestry systems. These ecosystems cover approximately 2.5 million $km^2$ and are characterized by a long dry season (7 to 9 months), a short rainy season (3 to 5 months) and periods of drought and heavy rainfall.[166] Of the almost 13 million hectares of woody and brushy savannah lands considered to be forest-covered, the state-owned classified forest covers a total estimated area of 3.9 million hectares and consists of seventy-seven classified areas (forests, national parks, partial and total wildlife reserves, and biosphere reserves). Forest-based economic activities, such as making charcoal and selling forest products, contribute to over 25% of rural household income. Furthermore, fees, taxes and permits paid for the use of timber and other wood products, mostly in the form of woodfuels, contribute 5.6% of total GDP.[167]

The definition of forests and therefore deforestation rates in Burkina Faso is still under development, and has led to varying data on deforestation rates. Based on FAO data, annual deforestation rates are 65,000 ha/year. However, according to recent government estimates the annual deforestation rate is 107,626 ha/year—almost double the FAO's estimate.[168] Direct drivers of deforestation include: livestock activities such as cattle, goat and sheep husbandry; agricultural expansion involving mostly cotton production and food production; overharvesting of firewood due to increasing demand; overharvesting of non-timber forest products; bush fires; and gold mining.[169] Proximate drivers of deforestation include: economic and demographic factors such as growth in impoverished rural populations depending on forestry products; land management issues such as delays in implementing land tenure reforms, insufficient tools for sustainable land use planning, and insufficient enforcement; lack of technical capacity and knowledge; overall capacity weakness of stakeholders at decentralized and centralized levels; and poor governance involving difficulties in law enforcement relating to the forestry sector.[170]

Over the past 30 years, the Government of Burkina Faso has shown its commitment to the environment with the preparation of sectoral strategies for Environment, Forestry, Adaptation and mitigation along with a 10-year global investment plan (2008-2018).[171] Burkina Faso has also developed a number of successful pilot projects involving forest conservation and agro-forestry, and benefits from strong institutions with high planning and implementation capacities.[172] Burkina Faso has extensive legislation governing natural resource and land use, particularly in forestry, agriculture and rangeland with a recent trend toward decentralization of forest governance.[173] Furthermore, the country's 2000 Land Tenure Law puts into place a stronger framework for recognizing local use rights of forest and grazing land and encourages decentralized, participatory management.

[165] FIP Sub-Committee. *Climate Investment Funds: Investment Plan for Burkina Faso*. FIP Sub-Committee, 2012.
[166] Ibid.
[167] Ibid.
[168] Ibid.
[169] Ibid.
[170] Ibid.
[171] Ibid.
[172] Ibid.
[173] Burkina Faso FIP Readiness Indicators, 2013.

### C.1.2 FIP programming process

***Preprogramming and IP development and endorsement***

Burkina Faso was approved by the FIP SC Expert Group (EG) in March 2010 to become one of eight pilot countries as a result of the participatory management of its forest resources and sharing of related experience with other countries.[16] In October 2010 the FIP SC held a scoping mission, and Burkina Faso presented the first draft of its IP in Cape Town in June 2011. The second draft of the IP was submitted in October 2012, and the IP was endorsed shortly thereafter in November 2012. Burkina Faso requested a total of USD 30 million of their FIP IP.

***Project development***

Burkina Faso's IP included two projects:

- "Decentralized Forest and Woodland Management (PGDFEB)" funded by the IBRD (*total project budget USD 18 million*)
    - Component 1: REDD+ Strategy development (as defined in R-PP) (*USD 5 million)*
    - Component 2: Support integrated landscape development (*USD 9 million*)
    - Component 3: Forest Products, value chain, NFTP (*USD 2 million*)
    - Component 4: Information Sharing, Lessons-Learning, and Program Coordination (*USD 2 million*)
- "Gazetted Forests Participatory Management Project (PGFC/REDD+)" funded by the AfDB (*total project budget USD 12 million*)
    - Component 1: REDD+ reference levels and MRV development (as defined in R-PP) (*USD 2 million*)
    - Component 2: Forest and land-use governance (*USD 4 million*)
    - Component 3: Management of State forests (*USD 6 million*)

The PGDFEB will build on experience gained from the Community-Based Rural Development Project within the framework of the National Program for Decentralized Rural Development, which covers all rural regions of Burkina Faso and is currently launching its third phase.[17] The main objective of PGDFEB is to promote national development policies and support the definition and implementation of community-based natural resource management processes in thirty-two mostly rural communities in Burkina Faso to strengthen sustainable local development practices and contribute to reducing greenhouse gas emissions from deforestation and woodland degradation.[18]

The PGFC/REDD+ project aims to increase carbon sequestration capacity in gazetted forests and reduce poverty in rural areas.[19] The program will be implemented over a period of five years from 2014-2018 and the main expected outcomes are:

1) Development of a MRV system for REDD+,
2) Improvement of forest governance for REDD+,
3) Securitization and management of 284,000 ha of gazetted forests and
4) Establishment of socio-economic support infrastructure for neighboring municipal councils.[20]

***Decision on FIP financing for projects and programs; and Disbursements***

Decisions on FIP financing seem to have been made quickly for both IBRD and AfDB

[16] Forest Investment Program (FIP-Burkina Faso) Aide Memoire – Scoping Mission 13 October 2010
[17] Ibid.
[18] Ibid.
[19] AfDB. *Gazetted Forests Participatory Management Project for REDD+ (PGFC/REDD+) Country: Burkina Faso Project Appraisal Report*. AfDB, 2013.
[20] Ibid.

investments. These projects have received a total of USD 2 million in project preparation grants (PPGs): USD 1.5 million for the IBRD funded PGDFEB, and USD 0.5 million for the PGFC/REDD+ program. IBRD submitted a project appraisal document on the PGDFEB project in December of 2013, outlining the project objectives, implementation process and potential risks,[21] and AfDB submitted its project appraisal document for the PGFC/REDD+ in July 2013.[22] The PGDFEB has leveraged additional financing from the European Union, and as a result the project is fully blended with EU funding supporting climate change mitigation through the promotion of sustainable development and sustainable forest resources management.[23]

The two investments were developed in parallel, and both were approved by the FIP SC in October 2013, 11 months after endorsement of the investment plan. Both investments were also quickly approved by their implementing MDBs: PGDFEB was approved in January 2014, while PFGC/REDD+ was approved in November 2013. Though both projects are scheduled to begin this year, neither project has begun implementation yet.

***Implementation and Monitoring***

The projects of the World Bank, European Union, and African Development Bank will be coordinated by a single FIP Coordination Unit embedded in the Ministry of Environment and Sustainable Development (MEDD). Program oversight and leadership will be the responsibility of MEDD, specifically under the operational guidance of the Secretary General. The FIP Coordination Unit will be led by a FIP Program Coordinator. The FIP Coordination unit will include the following staff (recruited or designated from the MEDD) to cover functions of both projects:

- Procurement specialist (paid by WB)
- Civil servant as procurement assistance (paid by AfDB)
- Financial specialist (paid by WB)
- One accountant to cover AfDB project (paid by AfDB) and one to cover WB project (paid by WB)
- Specialist in monitoring and evaluation (civil servant designated by MEDD, paid by AfDB)
- Social scientist (paid by WB) giving particular attention to gender agenda

A monitoring and evaluation system will be based on a Results Matrix. A baseline will be established from studies and surveys financed by the Project Preparation Grant. The FIP Coordination Unit will be responsible for data collection and upstream reporting of monitoring information and overall progress towards achieving results to the FIP Steering Committee and the World Bank on a semi-annual basis.

### C.1.3 Lessons Learned

#### *C.1.3.1 Governance*

- **Centralization and coordination play vital roles.** MEDD coordinates FCPF and FIP programs in Burkina Faso as well as coordinating both of the FIP projects through the IBRD and AfDB. These factors have led to a high degree of coordination in the FIP programming process in Burkina Faso, and there is little distinction within the government between the outcomes of the FIP versus the FCPF process. Centralization of funding is also important. The FCPF and FIP processes have used common funding to progress (the FIP IP preparation grant was used to develop the R-

[21] International Bank for Reconstruction and Development and International Development Association. *Project Appraisal Document on a Proposed Grant in the Amount of US$16.5 Million from the Strategic Climate Fund to Burkina Faso for a Forest Investment Program – Decentralized Forest and Woodland Management Project*. Washington, D.C.: The World Bank, 2013.
[22] AfDB. *Gazzetted Forests Participatory Management Project for REDD+ (PGFC/REDD+) Country: Burkina Faso Project Appraisal Report*. AfDB, 2013. https://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/AfDB_Burkina_Faso_FIP_Project_Document.pdf
[23] International Bank for Reconstruction and Development and International Development Association. *Project Appraisal Document on a Proposed Grant in the Amount of US$16.5 Million from the Strategic Climate Fund to Burkina Faso for a Forest Investment Program – Decentralized Forest and Woodland Management Project*. Washington, D.C.: The World Bank, 2013.

PP) and there is a high level of integration between the FIP and FCPF processes. This has led to a coordinated development of REDD+ within Burkina Faso and a more integrated development of the FIP IP and activities. Presumably the subsequent implementation of FIP activities will also be aligned with FCPF Readiness goals.

### *C.1.3.2 Strategy or Equivalent*

- **The existence of prior strategies provides a strong basis for the development of projects.** The IBRD funded PGDFEB project builds on an existing program within the National Program for Decentralized Rural Development, which covers all rural regions of Burkina Faso and is currently launching its third phase. This has been a key component of the success of this project and provides a strong foundation for the implementation of this program. There is an element of realignment in the design of the PGDFEB, which invariably occurs when existing programs are reframed in the context of new funding. It remains to be seen to what extent REDD+ considerations will strengthen the existing program for decentralized rural development.

### *C.1.3.3 Monitoring and Evaluation*

- **FIP funding plays an important role in developing countries' REDD+ Readiness**. The FIP is shown to play a flexible role in funding REDD+ programs at various stages of readiness. Burkina Faso is the only FIP country where the IP preparation grant was used to facilitate and finance in parallel the formulation of the R-PP under the FCPF Readiness. R-PP development—and therefore readiness preparation—would likely have not been possible without the FIP. This has helped Burkina Faso create a single coordinated REDD+ strategy benefiting from multiple sources of finance.

### *C.1.3.4 Overarching lessons*

- **Sequencing of readiness and the FIP is not necessarily important**: The FIP programming process in Burkina Faso has been particularly interesting because the Readiness process under the FPCF did not happen prior to the development of the IP. On the contrary, the development of the R-PP occurred after the first submission and before the final approval of the FIP IP. By that token, Burkina Faso cannot be considered as being REDD+ 'ready': while the country has a high institutional capacity for forest management, they have relatively low capacity for the basic requirements of REDD+ (i.e. RLs, MRV systems etc.). This lack of readiness, however, has not hampered the country's ability to progress through the FIP programming process. In fact, the FIP has provided a primary driving incentive for Burkina Faso to proceed through the readiness process.

***Table 2. Burkina Faso's FIP Programming as of December 2013.***

| | PROJECT NAME | MDB | EXECUTING AGENCY | TIMELINE | | | | | FUNDING (US$ millions) | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Proj Dev Start | Proj Submitted | Proj Approved | Funding Disbursed | Implement | Co-finance | Project Prep Grant | Grant | Disbursed |
| | ***Burkina Faso Investment Plan*** | | | | *Oct 2010* | *Dec 2010* | | | | *0.25* | | *0.20* |
| 1 | **Gazetted Forests Participatory Management Project for REDD+ (PGFC-REDD+)** | AfDB | Ministry of Environment & Sustainable Development – MEDD | Nov 2012 | Aug 2013 | Oct 2013 | Pending | Pending | 23.40 | 0.50 | 11.50 | 0 |
| 2 | **Decentralized Forest and Woodland Management (PGDDF)** | WB/ IBRD | Ministry of Environment & Sustainable Development – MEDD | Nov 2012 | Aug 2013 | Oct 2013 | Pending | Pending | 124.4 | 1.50 | 16.50 | 0 |
| | **TOTAL loan/grant** | | | | | | | | | 2.25 | 28 | |
| | **TOTAL** | | | | | | | | | **30.25** | | **0.20** |

## C.2 Lao PDR Case Study

### C.2.1 Background

The Lao PDR is one of the least developed countries in Southeast Asia, and has witnessed rapid deforestation and forest degradation in recent decades: total forest cover has declined an average of 1.4% per year, from 70% of its land area (around 16 million Ha) in 1940 to 40% (9.5 million Ha) of total land area in 2010. Average annual emissions from deforestation and forest degradation were estimated at 95.3 million $tCO_2e$ in 1982 and 60.6 million $tCO_2e$ in 2010.[24] In the 1970s, bombing during the second Indochina war resulted in considerable forest destruction near the Vietnam border, and in the years following, the displacement of war refugees led to increased forest clearing in areas free of unexploded ordinance.[25] Currently, the primary drivers of deforestation include unsustainable wood extraction, shifting cultivation, agricultural and urban expansion, mining and hydropower, and infrastructure development.[26] To reverse this trend, Lao has developed a Forestry Strategy that aims to increase the nation's forest cover to 70% of land area by 2020, with much of the focus on forest restoration and plantation development.[27]

In recent years, REDD+ has come to form an important component of the forestry strategy through development of pilot projects and bilateral activities.[28] Lao PDR became a member of the Forest Carbon Partnership Facility (FCPF) in 2008 and a UN-REDD partner country in 2012.[29] Its Readiness Preparation Proposal (R-PP) was submitted in 2010 and approved in 2012.[30] The country also has several bilateral REDD+ agreements for capacity building in forest management, including with the Japanese International Cooperation Agency (JICA), the government of Finland (through the World Bank's SUFORD project), the German Society for International Cooperation's (GIZ) Climate Protection through Avoided Deforestation (CliPAD) Project,[31] and with USAID's Lowering Emissions in Asia's Forests (LEAF) program.[32]

When the REDD+ task force was established in 2008, REDD+ in Lao PDR was initially managed by the Department of Forestry (DOF) under the Ministry of Agriculture and Forestry (MAF). In 2011 during the FIP programming process, the government formed the new Ministry of Natural Resources and Environment (MONRE), and REDD+ responsibilities were divided between MAF and MONRE. Two divisions of DOF—the Forest Resource Conservation Division and the Forest Resources Protection Division—were transferred to form the new Department of Forests Resource Management (DFRM) within MONRE.[33] MAF will continue managing REDD+ in Production Forests and non-state forests under village management, while MONRE will manage REDD+ in Protection and Conservation Forests.[34]

### C.2.2 FIP programming process

***Preprogramming and IP development and Endorsement***

Lao PDR was selected as a pilot country in the first round of Expert Group selection in March

[24] See Vongsiharath, Vongdeuane. 2010. Forest cover and land-use changes in Lao PDR according to the National Forest Reconnaissance Survey; and SUPSFM Preparation Team. 2013. Environmental Management Framework; Scaling-up Participatory Sustainable Forest Management (SUPSFM); Lao Forest Investment Plan.
[25] Hirsch, P. 2000. Underlying Causes of Deforestation in the Mekong Region. Australian Mekong Resource Centre, Sydney.
[26] Government of Lao PDR. Investment Plan of Lao People's Democratic Republic. FIP/SC.7/4
[27] Government of Lao PDR. 2005. Forestry Strategy to the Year 2020 of the Lao PDR.
[28] The REDD+ Desk. REDD in Laos. http://theredddesk.org/countries/laos/
[29] UN-REDD. 2012. Lao PDR and Morocco Join the UN-REDD Programme. http://www.un-redd.org/Newsletter34/Lao_Morocco_UN-REDD_Programme/tabid/106725/Default.aspx.
[30] FCPF. 2013. Country progress fact sheet. 20 October 2013.
[31] IGES. 2012. Lao PDR REDD+ Readiness: State of Place. IGES Discussion Paper. No. FC-2012-05.
[32] LEAF. 2012. LEAF Policy Brief: REDD+ Policy Support – Lao PDR. http://www.leafasia.org/sites/default/files/resources/PolicyDebrief_Lao_20120831.pdf
[33] Information received from ADB representative in Lao PDR. Mar 2014.
[34] USAID. 2011. Rapid Assessment Of The Political, Legal And Institutional Setting: Lao PDR. Lowering Emissions in Asia's Forests.

2010. A scoping mission was conducted in January 2011 and a joint mission with MDBs was conducted in June 2011 to develop and consult on the investment plan (IP).[35] Based on a participatory process, four workshops conducted that year, and a final joint technical mission, the draft IP was completed in September 2011, submitted to the FIP subcommittee (FIP SC) in October 2011 and endorsed in principle with a request for clarifications.[36] Lao PDR submitted a supplemental document in December 2011, resulting in full approval of the investment plan in January 2012. A total of 23 months elapsed from the time of country selection to endorsement, in line with the average timeframe for FIP pilot countries. The FIP approved $30 million for three pilot projects in Lao PDR to be implemented by the World Bank (WB), International Finance Corporation (IFC), and the Asian Development Bank (ADB).

Observers have noted that the relative quickness of this process has been due to strong will on the part of the relevant government agencies, excellent coordination and collaboration between relevant MDB and government actors, and has benefited from existing capacity and experience from established REDD+ efforts. Preparation for the FIP was also completed before the ministerial reorganization in 2011, which prevented this event from causing substantial delays to the FIP process.[37]

***Project Development***

The Lao IP outlined three programs/projects to be supported under the FIP (with the implementing MDB and requested amount noted below):

1. Scaling-Up Participatory Sustainable Forest Management (SUPSFM) (World Bank, $12.83 million)
2. Smallholder Forestry (IFC, $3.33 million)
3. Protecting Forests for Sustainable Ecosystem Services (PFSES) (ADB, $13.34 million)

SUPSFM builds upon the WB's Sustainable Forestry for Rural Development (SUFORD) project, which comprises WB's main initiative in Lao forestry. SUFORD is active in 8 Production Forest Areas (PFAs) of Lao PDR, working to introduce participatory sustainable forest management while improving livelihoods of rural communities. A total of $39 million have been approved for SUPSFM, with $19 million from the International Development Association (IDA) ($1.5 million already disbursed), and $12.83 million approved from the FIP. Thus far, $0.5 million for a project preparation grant and $1 million of the project grant have been disbursed by the FIP.[38] SUPSFM has not encountered significant delays due to the established experience of SUFORD in working with relevant agencies and organizations. SUPSFM was also not negatively affected by the ministerial reorganization of MAF and MONRE because MAF has continued managing the FIP process with the World Bank.

IFC's Smallholder Forestry Project was also quick to arrive at implementation. This project aims to enable smallholder farmers to produce wood fiber from planted trees using agroforestry systems with cash crops, promoting grassland and forest restoration, and launching a self-sustaining arrangement with private firms who will provide up-front investments and purchase smallholder production through an outgrower scheme. Through discussions with the Ministry of Finance (MOF) and the MAF, the engagement of potential private sector partners, and extensive consultations with local communities, IFC managed to

[35] Joint Communication; Lao PDR Forest Investment Program – First Joint Mission; 6 – 10 Jun 2011.
[36] Joint Communication; Lao PDR Forest Investment Program – Joint Technical Mission; Sep 8-16, 2011
[37] Information provided by MDB representative in Lao PDR. Mar 2014.
[38] Project summary available at http://www.worldbank.org/projects/P130222/la-scaling-up-participatory-sustainable-forest-management?lang=en

obtain the project's final approval by June 2013.[39] The FIP's funding is limited to advisory services provided by IFC. The project's impact will be measured by: reductions in emissions obtained through afforestation and reforestation activities that reduces drivers of deforestation; increased area of sustainably managed planted forest; and improvements in livelihoods of participating farmers.[40] IFC is currently negotiating with an international firm that will meet IFC's performance criteria, though a final agreement has not yet been signed.[41]

The ADB project, Protecting Forests for Sustainable Ecosystem Services (PFSES), will be funded by the FIP in the context of the ongoing Biodiversity Conservation Corridors (BCC) Project in Southeast Asia.[42] Project goals include reducing $CO_2$ emissions through avoided deforestation, protecting ecosystem services, strengthening institutional capacity in forest management, and improving local livelihoods. As a result of the ministerial reorganization, management of the BCC was granted to MONRE, requiring substantial efforts to establish the new agency's capacity. Much of the technical capacity for forest monitoring, for example, has remained with the MAF.[43] In addition, for project design, ADB required a consulting firm to be hired rather than the original proposal of individual consultants, adding another 6 – 8 months to the process. The project design phase thus began in February 2014, about one year behind schedule. Nevertheless, the project benefited from a long-term advisor with ADB who had worked with the FCPF and FIP processes a high level of commitment within DFRM throughout the process.[44] The government approved the feasibility study[45] for PFSES in January 2014, and finalization of the project document for submission is expected by May or June 2014.[46]

***Overall decision on FIP financing for projects and programs; and Disbursements***

Although the projects and the IP were designed concurrently, from the time of endorsement, all of Lao's projects have required more than one year for development and completion of final submission. Project approval by the FIP SC has occurred one to two months following final submission. Disbursements for the SUPSFM have already begun, with the portion from IDA disbursing first. Disbursements have not yet begun for Lao's smallholder forestry project, but will fund IFC's advisory services as they work towards an agreement with the selected private sector partner. The ADB project, having completed the feasibility phase in January, is currently nearing the final stages of project design. As of December 2013, $0.27 million of the $0.5 million project preparation grant had been disbursed.

***Implementation and monitoring***

Thus far, the SUPSFM project is implementing on schedule, with a full midterm review due in March 2016.[47] Because of high institutional memory and continuity of the project from SUFORD, implementation has proceeded fairly smoothly.[48] For the IFC project, limited information is currently available publically due to confidentiality requirements during negotiations with potential clients, and it is expected that by October, an update on the project

[39] CIF. 2013. Approval of funding for Smallholder Forestry Program Lao PDR in FIP. https://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/Approval_of_funding_for_Smallholder_Forestry_Program_Lao_PDR_in_FIP.pdf

[40] The indicators and targets for this program can be found in the program proposal document at https://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/Program_Proposal_FIP%20Lao_IFC_Smallholder_Forestry_Program_CONFIDENTIAL_FINAL_May22.pdf.

[41] Information provided from MDB representative, Mar 2014.

[42] See 40253-012: Greater Mekong Subregion Biodiversity Conservation Corridors Project. http://www.adb.org/projects/40253-012/main

[43] Information provided from FIP consultant in Lao PDR. Jan 2014.

[44] Information provided by MDB representative in Lao PDR. Mar 2014.

[45] Öbf Consulting. 2013. FEASIBILITY STUDY: Amending the scope of the "Biodiversity Conservation Corridors (BCC) Project in Lao PDR" to accommodate additional financing from the Forest Investment Program (FIP). For TA-7459 REG: Greater Mekong Sub-Region Biodiversity Conservation Corridors Project – FIP Component (40253-012).

[46] Information provided by MDB representative in Lao PDR. Mar 2014.

[47] World Bank. 2013. Implementation Status & Results; Lao People's Democratic Republic; LA-Scaling-Up Participatory Sustainable Forest Management (P130222).

[48] Information provided by consultant in Lao PDR. Jan 2014.

status will be made public, and the private sector company will be disclosed pending a completed agreement.[49]

### C.2.3 Lessons learned

Based on the available sources, the strongest factors that contributed to Lao's progress within the FIP programming process included strong political will and support for REDD+ in the key forestry ministries (both before and after reorganization), strong coordination and consultation processes that allowed FIP requirements to be met, and strong existing capacity (e.g. technical and organizational) owing to experience with several multilateral and bilateral REDD+ readiness activities.

Major challenges and sources of delays include the ministerial re-organization in 2011 (which led to uncertain delegation of responsibilities and substantial need for capacity building); designing investments that balanced the concerns and priorities of Lao stakeholders, MDBs, and external reviewers; finding a suitable private sector partner (in the case of the IFC project); meeting ADB consultant procurement requirements; and addressing concerns about provincial/local capacity, consultation, and tenure rights, which continue to be major challenges for the WB and ADB projects.

Following are lessons learned in FIP implementation as related to the three REDD+ readiness components of *governance*, *strategy or equivalent*, *monitoring and evaluation systems*, and an additional section on other considerations.

***Governance***

- **Political will has been key to progress on IP and project development.** The Lao national government's recognition of the importance of a comprehensive climate change strategy has allowed space for dedicated individuals within the DOF/MAF, MONRE, and MOF to actively move REDD+ forward through multilateral and bilateral processes, only encountering major delays during the 2011 ministerial reorganization.
- **Accountable institutional arrangements ensure momentum and continuity.** The long-establishment of the DOF in multiple REDD+ readiness activities, its leadership of the REDD+ task force, support of key officials within the relevant ministries, and established relationships with bilateral partners allowed rapid progress on the FIP and project design. However, the ministerial reorganization did contribute to confusion and delays as key responsibilities and capacities in REDD+ were divided, tasks were left uncompleted, and the ministries' effectiveness was reduced.[50]
- **Transparency and information availability are dependent upon political will and may suffer from delays.** Observers cited that a lapse in continuous annual reporting on REDD+ activities in Lao PDR and difficulties in getting information to rural and remote areas through stakeholder consultations have slowed the pace of implementation of the REDD+ strategy. While this has not prevented development and approval of FIP investments, they are expected to be ongoing challenges for implementation.
- **Strong intersectoral collaboration helps maintain momentum for REDD+.** The REDD+ Task Force, led by DOF, had provided the primary forum to allow coordination between government ministries, MDBs, and civil society in driving forward progress on REDD+ and address outside concerns. High levels of coordination are cited as key to the rapid approval of the IP and the SUPSFM project

[49] Information provided by MDB representative. Mar 2014.
[50] Information provided by FIP consultant in Lao PDR. Jan 2014.

in particular.[51] The ministerial reorganization led to a lapse in meetings of the TF and delays in development of the IP and projects.[52] Uncertainty over which ministry will house the future REDD+ office has also prevented utilization of the FCPF readiness grant intended for this purpose.[53]

- **Increasing levels of experience and capacity are key to REDD+ implementation.** While Lao PDR's capacities in technical forest management, enforcement (e.g. the new Department of Forest Inspection, DOFI), funds management, and administrative functions have many ongoing gaps and weaknesses, the established experience—particularly of the DOF, which will implement two of the three FIP investments—in bilateral REDD+ arrangements led to substantial progress on REDD+ that was only impaired by the 2011 ministerial reorganization. Additionally many technical aspects needed to develop the projects and demonstrate emissions reductions have benefited from input by outside experts, which has mitigated the effects of the reorganization.[54] Many bilateral approaches to targeting deforestation will complement FIP projects, although they are targeting different geographical areas of the country. In the IFC project, as funds were not routed directly through the government, Lao's capacity was less of a factor.[55]
- **FIP processes have depended mostly on national-level consultations while local-level consultations remain more challenging.** Multiple observers cited that stakeholder consultations for FIP have occurred primarily at the national level. While these meetings have been well attended, consultations on the national REDD+ strategy have not yet reached most rural areas. In addition, because the government closely monitors civil society organizations, and requires an intensive registration procedure, many potential stakeholders are unable to officially participate.[56] Nevertheless, experiences vary from project to project: the ADB has witnessed increasing levels of support for the PFSES project at provincial and district levels, and heavy involvement of the Land Initiative Working Group for workshops and "one-on-one consultations."[57]
- **Feedback and Grievance Redress Mechanisms (FGRM) have not yet played a role in REDD+ readiness and FIP processes, but are key to long-term legitimacy of REDD+ activities.** The REDD+ task force has not yet addressed the need for a FGRM for REDD+. Lao PDR has piloted a hotline to the legislature to address land tenure concerns, but more comprehensive and formalized mechanisms are not yet in place. The FCPF will provide $200,000 to establish a REDD+ FGRM, and the FIP's dedicated grant mechanism is also expected to address this need.[58]

***Strategy***

- **A national REDD+ strategy linked to a national climate change strategy provides an important framework for FIP implementation.** These two strategies in Lao PDR have ensured that the REDD+ strategy and the FIP investments have been aligned with national priorities found in the Forestry Strategy 2020 and the Climate Change Strategy. This ensures streamlined approval of investments and

[51] Information provided by consultant to MDB in Lao PDR. Jan 2014
[52] Information provided by FIP consultant in Lao PDR. Jan 2014.
[53] Information provided by MDB representative in Lao PDR. Mar 2014.
[54] Information from consultant in FIP process in Lao PDR. Jan 2014.
[55] Information provided by MDB representative in Lao PDR. Feb 2014.
[56] Information provided by FIP consultant in Lao PDR. Jan 2014.
[57] Information provided by MDB representative in Lao PDR. Mar 2014.
[58] Information provided by MDB representative in Lao PDR. Jan 2014.

facilitating country buy-in, even when foreign consultants have made major contributions to project design. On-going revisions to the Lao PDR forest policies are also expected to create an explicit and improved legal framework for REDD+.[59]

- **Assessments of drivers of deforestation have streamlined development of the FIP IP and projects.** Existing drivers studies conducted through bilateral and multilateral projects were important in developing the IPs and informing the design and prioritization of investments. These studies also have identified additional challenging issues that include the impacts of plantation estates, mining, and hydropower, and will be continuing helpful resources for the FIP investments.[60]
- **Although land, carbon, and resource tenure rights remain contentious issues in Lao PDR, they have not delayed the FIP process; rather, FIP investments may precipitate action on tenure rights.** Current law grants local community access rights to forests, but the state maintains full rights over forests and timber resources.[61] Current revisions to the Forest Code are expected to better address these rights and incorporate improved local and participatory land use planning.[62] On private and community lands, the IFC project intends to address tenure security for outgrowers using a national participatory land use process, in cooperation with other specialized support providers. However, land tenure remains a contentious issue in Lao PDR that is often not openly discussed, especially following the abduction of Sombath Somphone in 2012.[63]
- **MDB processes to ensure compliance with social and environmental safeguards have facilitated the FIP design and approval processes**. However, ongoing challenges remain in aligning MDB safeguards more fully with Cancun safeguards for REDD+.[64] Further efforts will be needed to ensure that country capacity in safeguards monitoring and compliance is increased and aligned with both MDB and Cancun processes.
- **Pilots for a benefit sharing mechanism have helped to inform the development of FIP investments.** Lao has several experiences that will be key to developing clear and legitimate benefit-sharing mechanisms through REDD+ projects. Current legal frameworks and village-level experiences on timber revenue sharing already exist, and will be further developed in SUPSFM.[65] Three national-level funds—the Forest Resource Development Fund (FRDF), the Environmental Protection Fund (EPF), and the Poverty Reduction Fund (PRF)—will help inform future carbon benefit sharing, although currently none of these funds is structured to manage environmental and poverty reduction strategies together.[66]

***Monitoring and Evaluation Systems***

- **Development of national forest monitoring systems has both increased country capacity and helped the design and prioritization of FIP investments.** Studies on drivers of deforestation have built capacity in particular with the MAF. However, it is too early to say how forest monitoring systems and capacity will help with

[59] LEAF. 2012. LEAF Policy Brief: REDD+ Policy Support – Lao PDR. http://www.leafasia.org/sites/default/files/resources/PolicyDebrief_Lao_20120831.pdf
[60] Information provided by MDB representative in Lao PDR. Jan 2014.
[61] IGES. 2012. Lao PDR REDD+ Readiness: State of Place. IGES Discussion Paper. No. FC-2012-05.
[62] IGES. 2012. Lao PDR REDD+ Readiness: State of Place. IGES Discussion Paper. No. FC-2012-05.
[63] Information provided by FIP consultant in Lao PDR. Jan 2014.
[64] Information provided by FIP consultant in Lao PDR. Jan 2014.
[65] Information provided by FIP consultant in Lao PDR. Jan 2014.
[66] Muziol, Christoph, Nguyen Quang Tan, and Robert Oberndorf. 2011. Supporting REDD Implementation in Laos Through the Design of a REDD-compliant Benefit Distribution System. Rapid Study supported by a small grant from by the Swedish Environmental Secretariat for Asia (SENSA).

implementation of FIP programs/projects.[67]

- **Existence of a registry and accounting system is not important to developing FIP investments.** Creation of a carbon credit tracking system has not been important to development of the FIP IP and investments, as REDD+ is still in its early stages in Lao PDR.
- **Lack of formalized monitoring systems for safeguards and co-benefits have not slowed development of FIP investments.** Systems for monitoring social safeguards, impacts, and co-benefits (e.g. biodiversity) will require additional REDD+ funding in order to be developed, hence the lack of these systems in Lao PDR did not limit FIP progress.[68]

***Other considerations***

- **REDD+ readiness and government capacity are less limiting for implementation of private sector projects.** The IFC project was largely unaffected by the ministerial reorganization, as the project has depended mostly on IFC personnel conducting negotiations and consultations with communities and the private sector.[69] This demonstrates that projects focusing on implementation rather than policy and strategy may find space to maneuver in otherwise limited situations. Conversely, the ADB and World Bank projects were much more dependent on the government and committed action by key personnel in the relevant ministries, as these projects directly address the building of country capacity and policy development.
- **Personal and institutional relationships are key to moving FIP projects forward.** Stakeholders in all projects cited the importance of long-standing collaboration and established relationships between the MDBs, project staff, relevant ministries, and key actors in civil society that allowed project development to move forward effectively.

***Table 3. Lao PDR's FIP Programming as of March 2014.***

| | PROJECT NAME | MDB | EXECUTING AGENCY | TIMELINE | | | | | FUNDING (US$ millions) | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Proj Dev Start[1] | Proj Submitted | Proj Approved | Funding Disbursed[1] | Implement | Co-finance | Project Prep Grant | Grant | Disbursed |
| | ***Lao PDR Investment Plan*** | | | | *Oct 2011* | *Jan 2012* | *Jan 2011* | | | *0.18* | | *0.18* |
| 1 | **Scaling-up Participatory Sustainable Forest Management** | WB/ IBRD | Dept. of Forestry – MAF | Oct 2011 | Feb 2013 | April 2013 | Jun 2013 | Jun 2013 | 26.6 | 0.5 | 12.83 | 1.5 |
| 2 | **Smallholder Forestry Project** | IFC | Dept. of Forestry – MAF | Jan 2012 | May 2013 | Jun 2013 | Sept 2013 | Sept 2013 | 4.3 | 0.3 | 3.0 | 0 |
| 3 | **Protecting Forests for Sustainable Ecosystem Services** | ADB | Dept. of Forest Resources Management – MONRE | Feb 2013 (orig. scheduled Jan 2012) | May 2014 (expected) | May 2014 (expected) | Pending | Pending | 90.3 | 0.5 | 13.34 | 0.5 |
| | **TOTAL loan/grant** | | | | | | | | | **1.48** | **15.83** | **2.18** |
| | **TOTAL** | | | | | | | | | **17.31** | | **2.18** |

[67] Information provided by MDB representative in Lao PDR. Jan 2014.
[68] Information provided by FIP consultant in Lao PDR. Jan 2014.
[69] Information provided by MDB representatives. March 2014.

## C.3 Mexico case study

### C.3.1 Background

Mexico is the second largest economy and contains the third largest forest cover area in Latin America.[70] Spanning 33 percent of its land area[71], the forestry sector is holds an important economic and social role for Mexico. Seventy percent of Mexico's forests are governed as *ejidos*, a unique rural tenure system based on collective community ownership, giving a population of tens of millions their source of livelihoods. Mexico's forests are under threat, however, with deforestation rates are approximated at about 2,490 km2, or 0.3-0.4 percent per year.[72] The main causes, or drivers of deforestation are related to the conversion of forests to more lucrative land uses, such as agriculture and livestock activities.[73] Low access to financial services, a lack of viable alternatives, weak institutional and governance capacity, and perverse rural development policies also incentivize unsustainable forest management practices.[74]

To address these issues, Mexico has passed legislation and programs, including a national payment for ecosystem services (PES) program in 2003. It has also made considerable progress in developing and implementing REDD+ and can be generally characterized as one of the leading countries in REDD+ readiness. Mexico became a member of the Forest Carbon Partnership Facility (FCPF) and a UN-REDD partner country in 2010.[75] Its Readiness Plan Idea Note (R-PIN) for the FCPF was accepted in 2008, and its Readiness Preparation Proposal (R-PP) was submitted in 2010 and signed in 2013. Mexico also has bilateral REDD+ agreements with Norway, the U.S., and France as well as collaborative partnerships with NGO-led REDD+ initiatives (e.g., Alianza Mexico REDD+).[76] In 2010, Mexico became a FIP pilot country to implement phase II REDD+. Its progress through the programming process is described below.

### C.3.2 FIP programming process

***Preprogramming and IP development and endorsement***

Mexico was not in the top five proposed countries in the first Expert Group (EG) selection study, but was added in the second EG selection study along with Brazil and DRC in June 2010. After its official selection by the FIP SC, a scoping mission was held in March 2011 to initiate the preparation process of the investment plan (IP). CONAFOR, together with MDB counterparts developed the IP through a participative process, with four consultations held nationally and regionally to share drafts and garner feedback. The IP was submitted in September 2011, in in a span of seven months. The IP was subsequently endorsed the following month in October 2011 without a need for a revised version given its detailed and holistic approach. Many cite the quick turn-around of the IP development process and the endorsement as being largely attributed to the impending political administration change, the high capacity of CONAFOR staff, and the existing forest and climate strategy that guided the FIP IP.

***Project development***

The IP outlined four main projects to be developed and implemented under the FIP:

1. Capacity building for sustainable forest landscapes management (World Bank, USD15.66 million).

[70] FAO. 2010. Global Forest Resources Assessment
[71] FAO. 2010. Global Forest Resources Assessment
[72] Governor's Climate and Forest Task Force Knowledge database. 2013. Mexico profile
[73] FIP Website. Mexico Country Profile. Accessed Feb 2014 https://www.climateinvestmentfunds.org/cifnet/?q=country/mexico
[74] Ibid.
[75] FCPF. 2010. Country progress fact sheet. http://www.forestcarbonpartnership.org/sites/forestcarbonpartnership.org/files/Documents/PDF/Mar2011/Mexico%20Progress%20Sheet_Feb%202011.pdf
[76] REDD Desk Mexico country profile. Accessed Feb 2014 http://theredddesk.org/countries/mexico

2. Mitigation resilience and sustainable profitability in forest landscapes (World Bank, USD26.34 million)
3. Financing low carbon strategies in forest landscapes (IDB, USD15 million).
4. Support for forest related MSMEs in Ejidos (IDB, USD2.885 million).

The first two projects led by the National Forestry Commission (Comisión Nacional Forestal; CONAFOR) and supported by the World Bank (IBRD) were developed alongside the IP, and submitted within eight months. These projects were built off of existing work, and thus were relatively faster to develop and get approved. The third project led by Financiera Nacional de Desarrollo Agropecuario, Rural, Forestal y Pesquero (FINADE) and supported by the Inter-American Development Bank (IDB) was developed in six months, and the fourth project led by the Mexican Fund for the Conservation of Nature (Fondo Mexicano para la Conservación de la Naturaleza; FMCN) and the micro financing institution FINDECA and supported by IDB, took one year to develop. The third and fourth projects required the creation of customized financing plans which needed additional studies and consultations given the involvement of *ejidos* and local communities. The fourth project is also the first private sector project, and therefore took more time to process and approve given it was the first such project in the FIP. The development of these two projects also took place during the government administration change, which delayed some progress due to a transition of personnel. In addition, these two projects are being implemented by various actors other than CONAFOR, which required time for consultation, coordination and project development. While there were some delays in project development for the third and fourth projects, all projects were ultimately well received by the FIP Sub-committee members. For a summary timeline and funding structure of the FIP projects, see Figure 1.

***Decision on FIP financing for projects and programs; and Disbursements***
All four projects were approved within a month of submission, and the first two within one week. The FIP SC had more questions for the last two projects and required some revisions; however, this is due to the relatively unique financing plans proposed. Disbursements were made for the first two projects one year after the project was approved, and ten months after the project began implementation, as this was when the project met all the conditions based on World Bank terms and policies. Disbursements for the second project have not yet been made.

***Implementation and Monitoring***
The two CONAFOR-led and IBRD-supported projects began implementation in January of 2012 and the two remaining projects supported by IDB will start in mid-2014. The projects being implemented have progressed relatively smoothly through their objectives, with the few set-backs mostly related to loss of institutional memory and project strategy based on personnel turnover within IBRD and CONAFOR. CONAFOR has also set the indicators in place and aligned existing monitoring processes to fulfil the FIP monitoring and reporting requirements. The first country update reports were submitted in 2012, and the more detailed project reports are expected in late-2014.

### C.3.3 Lessons Learned

Based on research, surveys and interviews, it was clear that Mexico's progress within the FIP programming process was largely attributed to governance related capacities and circumstances as well as existing strategies that aided in content and direction. Advancements in forest monitoring and evaluation systems were major contributors to enhancing capacities within government ministries as well as developing strategies and policies, and therefore indirectly contributed to Mexico's FIP programming process. These findings evidently link the successful development and implementation of the IP and projects to various elements of REDD+ readiness. These lessons learned are further detailed below, organized based on the three readiness components of *governance*, *strategy or equivalent*, and *monitoring and evaluation systems*, and an additional *other considerations* category.

### C.3.3.1 Governance

- **Political will is a vital catalyst.** The Government of Mexico has shown high political will to address the threat of climate change and recognizes the important role of reducing deforestation and forest conservation in contributing to climate change mitigation. The previous and current president, as well as key federal ministries have advocated and put in place major policies, strategies and initiatives to promote sustainable forest management, reduce deforestation and restore forest ecosystems (policies detailed in Strategy section below). This significantly facilitated the development of intersectoral dialogues and collaboration and considerably advanced the progress of REDD+ and FIP in the country.

- **Capacity is one of the most important elements for progress in REDD+.** High capacity within key ministries, especially CONAFOR – administrative and strategic planning, technical ability, financial management, and relationships with local communities – is a major contributor to the efficacious design of the IP and the implementation of projects in Mexico. Between 2003 to 2011, CONAFOR implemented 5,085 projects in 3.11 million hectares of forest under the PES program. This included the disbursement of US$470 million as direct payments to 4,893 participants across 28 states, as well as the monitoring of impact through remote sensing and ground truthed surveys.[77] CONAFOR, FMCN, and various other institutions also have significant experience managing international funding and are guided by a legal mandate on transparency and information disclosure. Local offices and institutions, however, have less governance capacity and have been cited as having difficulty with technical issues and enforcing laws.

  The Ministry of Environment and Natural Resources (Secretaría de Medio Ambiente y Recursos Naturales; SEMARNAT) and CONAFOR's long experience with the PES program and working with ejidos and local communities contributed enormously to the design of the IP and REDD+ projects in Mexico. This experience as well as CONAFOR's local presence allowed for the development of interventions that are more informed and adequately capture local contexts. Mexico's technical capacity within various ministries also had a large impact in the development of FIP projects and interventions. With advancements in data and mapping, existing analyses of drivers and various sectors, CONAFOR was able to understand where the gaps and needs were that could be filled with the FIP program.

- **Good to involve many institutions, however, having an accountable ministry and strong inter-institutional coordination is key.** Having multiple agencies involved in REDD+ related policies and programs requires more coordination, may be a little slower, however, provides a lot of expertise and guarantees continuity because the risk is spread. For example, if only CONAFOR and the World Bank were involved, changes in one agency can jeopardize the program. Competition among the actors also improves implementation, however coordination is imperative to ensure mainstreaming and collaboration across institutions. Having a specific ministry, or department that is accountable for REDD+, and specific programs like FIP was also very helpful.

  The national PES program, as well as all REDD+ programs are managed by CONAFOR and supported by SEMARNAT, centralizing the strategy, process and accountability for forestry and REDD+ programs in Mexico, including multilateral and bilateral initiatives. This makes clear who is responsible for programs, and also enables better coordination. CONAFOR has strategically aligned and coordinated its

[77] CONAFOR (2011). Payment for Environmental Services as a tool for conservation in Mexico. Presentation given during the UNFCCC 17th Conference of the Parties. Durban, South Africa

donor programs with its overarching forest and climate strategy to fill needed gaps and enhance complementarity.[78] The government also created two intersectoral bodies to improve coordination and collaboration among 10 chosen federal ministries: the Intersectoral Commission on Climate Change (CICC) presided by the Ministry of Environment and the Intersectoral Commission on Sustainable Rural Development (CIDRS) presided by the Ministry of Agriculture. Both commissions have working groups which promote information sharing and collaboration on REDD+ related issues; the REDD+ Working Group in the CICC and the Land Use Working Group in the CIDRS. While these coordinating platforms have considerably facilitated the planning and harmonizing of REDD+ strategies across institutions and programs, more work is still needed to coordinate implementation on the ground. In addition, stakeholders cite the need to improve coordination and collaboration with the Ministry of Agriculture and local institutions as well as the need to maintain political will to continue this effort. For FIP specifically, delays were seen due to added coordination with FINADE, however, this collaboration across institutions increased their commitment and understanding, and appreciably expanded financial capacity within the project.

- **Support strong civil society and community involvement, but manage expectations.** Strong participatory processes of civil society organizations and local communities allow programs to facilitate community buy-in and project implementation. Mexico boasts high levels of civil society involvement, active on many social and environmental issues. Article 155 of the General Law for Sustainable Forest Development of 2003 established an advisory body, the National Forestry Council (CONAF) which meets every three months to promote the participation of forest institutions, academia, NGOs and local stakeholders in forest policies and programs. In 2009, CONAFOR also developed the Technical Advisory Board for REDD+ (Consejo Técnico Consultivo para REDD+; CTC-REDD+) as a national platform for consultation, as well as regional branches in five REDD+ states. Meetings are held approximately every two months with representatives from the government, NGOs/ civil society, private sector and academia. CTC-REDD+ is credited as with facilitating the creation of the Vision REDD+ Mexico, a strategy presented by the President during COP16, as well as other REDD+ related strategies. It was also used for the FIP consultations.

  Given its technical nature, some stakeholders argue that there needs to be another forum to better engage land owners, local leaders and indigenous communities. The complicated and highly technical nature of the IP and related projects may make it more difficult for many stakeholders to be involved. Some NGOs also say that the FIP consultation process was very quick, and perhaps not comprehensive enough, although many from the government, MDBs and other NGOs note that it was sufficient and that comments from the CTC-REDD+ were fully incorporated into the FIP. In addition, the perception of many people participating (in FIP consultations and other REDD+ consultations) was also based on expectation of receiving money. Those who didn't receive money felt left out. These issues, as well as recent breakdown in discussions under the CTC-REDD+ due to some stakeholders heckling and taking over the discussions has made it clear that expectations needed to be moderated and guidelines for participation be made explicit. There is a plan to address this by setting some consultation and participation rules within the CTC-REDD+. Guidelines for stakeholder consultations and topics would be helpful to manage expectations on the objectives, number, length, location, participants, and

[78] It should be noted however, that some multilateral and bilateral efforts have become segmented, largely operating with their own strategies and systems due to a lack of flexibility to adopt to country systems.

periodicity of meetings. Expectations on finance and benefits should also be realistic and not discussed loosely or prematurely.

### C.3.3.2 Strategy or Equivalent

- **Existing strategies help develop and align the process.** CONAFOR built on existing strategies and projects from the well-developed Specific Investment Loan (SIL), Strategic Forest Program, and Mexico's Vision for REDD+/ENAREDD+, and adopted them into FIP. This fast-tracked the development of the IP and projects and ensured its alignment to long-term, national programs.

  The 2003 *General Law of Sustainable Forest Development* regulates and promotes production, conservation, restoration and management of Mexico's forests while the *Strategic Forest Program* provides strategies and measures for community development, community forestry, and livelihoods. The 2012 *General Law on Climate Change* commits to an emissions target of 30% below business as usual by 2020, and establishes the basis for inter-institutional coordination bodies and financing and legal frameworks to shift towards a low carbon economy, including encouraging better agriculture and forestry practices like REDD+. These strategies, along with the soon to be finalized *National REDD+ Strategy* (ENAREDD+) which lays out guidelines on REDD+ implementation in Mexico, are all integrated, support each other, and provided the foundation for FCPF R-PP and FIP IP. Attaching the FIP program to the broader REDD+, climate change and development agendas facilitated acceptance by government ministries, and particularly by local communities. Without these existing programs, it would be much more difficult to engage communities solely with FIP or even REDD+ projects.

- **Long-term programs foster permanence.** There are long-term programs in place like the Monarch Funds (operational until 2025) and the PES program (up to 30 year contracts) which greatly increase permanence of forest cover, as well as community buy-in. In the past decade, deforestation took place due to panicked communities who thought their forest use rights would be taken away. This dramatically reduced once the communities realized that their land was guaranteed through these programs for a long period of time. The existence and success of these long term programs also benefit FIP because of the residual good faith from communities to engage on forest-related programs

- **Secure land tenure ensures sustainability of programs.** The *ejido* system guarantees clear land tenure rights for a vast majority of rural and forest communities. Security of land tenure in Mexico plays a major role in enabling forest programs including the national PES program as well as REDD+. FIP projects are less risky and more sustainable given the well-defined and relatively conflict-free nature of investments in these areas. Issues like benefit sharing are also assisted with clear ownership of land.

### C.3.3.3 Monitoring and Evaluation Systems

- **Advancements in forest monitoring and evaluation systems can build capacity and provide essential information for strategies and policies.** The National Forest and Soils Inventory Data (INFyS) was established in 2003 based on the mandate from the *General Law for Sustainable Forest Development*. Mexico has therefore been collecting remotely sensed and ground-truthed forest and soil data, as well as information on biodiversity and ecosystem services for over a decade. This work is led by CONAFOR and supported by other ministries including the Biodiversity Commission (Comision Nacional para el Conocimiento y uso de la Biodiversidad (CONABIO); the Protected Areas Commission (Comision Nacional de Areas

Naturales Protegidas; CONAP), and the National Geography and Statistics Institute (Instituto Nacional de Estadística y Geografía; INEGI). Since 2010, CONAFOR with the support of the Government of Norway has been developing the REDD+ MRV system which incorporates the existing national forest monitoring system and improves existing national and regional forest inventory to measure and monitor carbon stocks. CONAFOR has also designed and begun the implementation of models that assess in more detail the causes of deforestation and degradation at various scales and conditions, as well as how they are affected by different policy instruments across multiple sectors.

The data and information gathered by these systems enhanced the capacities of government ministries to better understand drivers of deforestation, local conditions, spatial distribution of ecosystem services and ejidos, and activity data. This led to the development of well-informed and robust policies and programs, including the FIP IP and therefore indirectly contributed to advancing Mexico's FIP programming process. The remaining MRV work, including developing a REDD+ Registry and accounting system, building technical capacity at subnational and regional levels, refining activity data at finer scales, defining a national reference level (RL) and developing the National Safeguard Information System will also likely facilitate further planning and implementation of REDD+ and FIP projects moving forward.

### *C.3.3.4 Other considerations*

- **Institutional memory is important for a program's sustainability and progress.** Institutional memory and continuity of actors within the government, MDB agencies and implementing organizations shepherds the process and vision of the program. The FIP program in Mexico experienced some setbacks and created delays due to changes in key personnel and losses in institutional memory. In addition, having representatives of MDBs in Mexico helps drive commitment and continuity of the project.

- **Political administration change can speed up or delay progress.** National elections were being held in 2012, therefore the CONAFOR team were motivated to complete the IP before the new administration took over to ensure the adoption and continuity of the program, speeding up the development and submission process. Conversely, after the new administration took office, new personnel in the relevant ministries proceeded with different visions, delaying the process to develop and implement projects.

- **Reliance on country systems empowers country ownership and provides cohesion to other programs and strategies.** FIP's discrete monitoring and reporting systems have made implementation more time consuming due to the dedicated staff needed to develop and apply them. A method that can better link to existing country systems would be useful for fast tracking their adoption.

| PROJECT NO. | PROJECT NAME | MDB | EXECUTING AGENCY | TIMELINE | | | | | FUNDING | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Project Development Start | Project Submitted | Project Approved | Funding Disbursed | Project Implementation | Loan | Project Prep Grant | Grant | Disbursed (31dic13) |
| 1 | Capacity building for sustainable forest landscapes management | IBRD | CONAFOR | Mar-11 | 01-Nov-11 | 04-Nov-11 | 17-Jan-13 | **Effect:** 20-Nov-12 **Implementation:** *(retroactive)* 01-Jan-12 | | | 15.66 | 1.8 Loan 0.5 Grant |
| 2 | Mitigation resilience and sustainable profitability in forest landscapes | | | | | | | | 16.34 | | 10 | |
| 3 | Financing Low Carbon Strategies in Forest Landscapes | IDB | Financiera Rural | Feb-12 | 07-Aug-12 | 04-Sep-12 | | | 10 | | 5 | |
| 4 | Support for Forest Related Micro, Small, and Medium-sized Enterprises (MSMEs) in Ejidos | MIF | FMCN*/ FINDECA | Feb-12 | 18-Feb-13 | 04-Mar-13 | | | 1.8 | 0.115 | 1.085 | |
| | TOTAL loan/grant | | | | | | | | 28.14 | 0.115 | 31.75 | 2.3 |
| | TOTAL (USD millions) | | | | | | | | 60 | | | |

# Annex D Country Profiles Rapid Assessments

## D.1 FIP pilot country readiness overview

The following table presents the state of REDD+ readiness of the eight FIP Pilot countries using the Readiness Framework outlined in **Table 3.**

***Table 4. REDD readiness of FIP pilot countries using revised readiness framework. Colours indicate the extent to which REDD+ readiness components have implemented: dark green - fully implemented, medium green - partially implemented, and light green - not yet implemented.***

| R-PP Readiness Components | Assessment Criteria | Brazil | Burkina Faso | DRC | Ghana | Indonesia | Lao PDR | Mexico | Peru |
|---|---|---|---|---|---|---|---|---|---|
| **GOVERNANCE** | 1. Political will | | | | | | | | |
| | 2. Accountability | | | | | | | | |
| | 3. Transparency | | | | | | | | |
| | 4. Coordination and collaboration | | | | | | | | |
| | 5. Capacity | | | | | | | | |
| | 6. Participation / consultation | | | | | | | | |
| | 7. Feedback and grievance redress mechanism | | | | | | | | |
| **REDD+ STRATEGY or EQUIVALENT** | 8. REDD+ strategy, or equivalent policies | | | | | | | | |
| | 9. Policies and measures to address direct and indirect drivers of deforestation | | | | | | | | |
| | 10. Policies and measures to address carbon rights, natural resource rights, and land tenure | | | | | | | | |
| | 11. Policies and measures to address social and environmental safeguards | | | | | | | | |
| | 12. Policies and measures to address benefit sharing | | | | | | | | |
| **MONITORING and EVALUATION SYSTEMS** | 13. Reference Level and MRV system | | | | | | | | |
| | 14. National registry and accounting for GHG emissions | | | | | | | | |
| | 15. System for monitoring social and environmental safeguards | | | | | | | | |

# Annex E Qualtrics survey

This questionnaire is designed to improve the CIF's understanding of the factors that have helped countries participate in the Forest Investment Program (FIP) and develop their investment plans. The questionnaire addresses REDD+ readiness and issues specific to the FIP program. You have received this invitation due to your expertise in the FIP process. Your name and contact information is only used to record your participation, but responses will be reported without identifying information. The questionnaire should take 30 minutes to complete and should be completed for a single pilot country. If you are heavily involved in the FIP programming for more than one pilot country, you may complete the questionnaire for the country of your choice. While we certainly invite you to complete the entire questionnaire for more than one FIP pilot country with which you been involved, it is certainly not expected. Thank you very much for your participation! For the purposes of this questionnaire, we define REDD+ policies broadly, to include all types of policies and programs a country may pursue in order to achieve improved forest-related outcomes, including but not limited to: reducing deforestation and forest degradation, biodiversity conservation, carbon stock enhancement, promoting sustainable forestry, promoting community development, or protecting indigenous or traditional livelihoods.

Information

- Your name
- Name of organization
- Title or position
- Telephone
- Email

Type of Organization

- ❍ Multilateral Development Bank (MDB)
- ❍ Government
- ❍ Non-governmental Organization (NGO)
- ❍ Civil Society Organization
- ❍ Private Sector or Business
- ❍ Academia/research
- ❍ Other _____

What is your FIP pilot country affiliation? (i.e.: for which pilot country are you completing this questionnaire?)

- ❍ Brazil
- ❍ Burkina Faso
- ❍ Democratic Republic of the Congo
- ❍ Ghana
- ❍ Indonesia
- ❍ Lao People's Democratic Republic
- ❍ Mexico
- ❍ Peru

FIP Involvement

What has been your role with the FIP?

How long have you been involved in this country's FIP process? (number of months)

Are you willing to be contacted for follow-up questions if necessary?

- ❍ Yes
- ❍ No

Part I. Governance

1. Political will

How strong is the political will within the country's government (including the head of state or high-level ministries) to participate in REDD+ or the FIP?

- ❍ Low
- ❍ Medium
- ❍ High
- ❍ Very High/Advanced
- ❍ Do not know/not applicable

How helpful has the level of the government's political will been for the country's participation in the FIP?

- ❍ Unhelpful
- ❍ No effect
- ❍ Helpful
- ❍ Very helpful/essential
- ❍ Do not know/not applicable

If applicable, please specify how political will within the country's government has contributed to the country's FIP progress.

2. Accountability

Does the country have clear and accountable arrangements or a clear organizational structure for managing REDD+ and related programs (e.g. for FCPF, UN-REDD, FIP, GEF, Bilateral programs, etc)?

- ❍ Yes
- ❍ No

How would you rate the effectiveness of these arrangements?

- ❍ Poor
- ❍ Fair
- ❍ Good
- ❍ Excellent
- ❍ Do not know/not applicable

How helpful have these arrangements been for the country in advancing and participating in the FIP process?

- ❍ Unhelpful
- ❍ No effect
- ❍ Helpful
- ❍ Very helpful/essential
- ❍ Do not know/not applicable

If applicable, please specify how institutional REDD+ arrangements have contributed to the country's FIP progress.

3. Transparency

To what extent have transparency mechanisms for REDD+ and FIP programming been implemented in the country?

- ❍ Minimally implemented
- ❍ Partially implemented
- ❍ Mostly implemented
- ❍ Advanced or fully implemented
- ❍ Do not know/not applicable

How would you rate the effectiveness of transparency mechanisms for REDD+ and FIP programming in the country?

- ❍ Poor
- ❍ Fair
- ❍ Good
- ❍ Excellent
- ❍ Do not know/not applicable

How helpful have REDD+ transparency mechanisms been for the country's participation in the FIP?

- ❍ Unhelpful
- ❍ No effect
- ❍ Helpful
- ❍ Very helpful/essential
- ❍ Do not know/not applicable

If applicable, please specify how transparency mechanisms have contributed to the country's FIP progress.

4. Coordination and Collaboration

To what degree has an intersectoral or inter-institutional coordinating body been established for managing REDD+ in the country?

- ❍ Not at all
- ❍ Partially
- ❍ Mostly implemented
- ❍ Full or advanced level of implementation
- ❍ Do not know

How would you rate the overall effectiveness of the country's intersectoral or inter-institutional coordinating body for REDD+ and the FIP?

- ❍ Poor
- ❍ Fair
- ❍ Good
- ❍ Excellent
- ❍ Do not know/not applicable

How would you rate the effectiveness of coordination between the country's national REDD+ strategy and other land use-related institutions and sectors?

| | Poor | Fair | Good | Excellent | Do not know/not applicable |
|---|---|---|---|---|---|
| Agriculture | ❍ | ❍ | ❍ | ❍ | ❍ |
| Protected Areas/Conservation | ❍ | ❍ | ❍ | ❍ | ❍ |
| Mining/minerals | ❍ | ❍ | ❍ | ❍ | ❍ |
| Land use planning | ❍ | ❍ | ❍ | ❍ | ❍ |
| Economic Development Plans | ❍ | ❍ | ❍ | ❍ | ❍ |
| Energy | ❍ | ❍ | ❍ | ❍ | ❍ |

If applicable, please specify how inter-ministerial or intersectoral coordination has contributed to the country's FIP progress.

5. Institutional capacity of country

Does the country have a designated REDD+ institution to manage the national REDD+ strategy?
- ❍ Yes
- ❍ No

How would you rate the administrative capacity of the designated REDD+ institution to effectively design, manage, and implement national strategies?
- ❍ Poor
- ❍ Fair
- ❍ Good
- ❍ Excellent
- ❍ Do not know/not applicable

How helpful has the country's administrative capacity been in advancing and implementing the FIP process?
- ❍ Unhelpful
- ❍ No effect
- ❍ Helpful
- ❍ Very helpful/essential
- ❍ Do not know/not applicable

Does the country have a designated institution to manage REDD+ funds?
- ❍ Yes
- ❍ No

How would you rate the country's capacity to manage REDD+ funds?
- ❍ Poor
- ❍ Fair
- ❍ Good
- ❍ Excellent
- ❍ Do not know/not applicable

How helpful has the capacity of the country to manage REDD+ funds been for advancing and implementing the FIP process?
- ❍ Unhelpful
- ❍ No effect
- ❍ Helpful
- ❍ Very helpful/essential
- ❍ Do not know/not applicable

If applicable, please specify how capacity for REDD+ administration or funds management has contributed to the country's FIP progress.

Technical Capacity: How would you rate the capacity of the country's institutions in the following areas?

| | Poor | Fair | Good | Excellent | Do not know/not applicable |
|---|---|---|---|---|---|
| Forest program management | ❍ | ❍ | ❍ | ❍ | ❍ |
| Land use management or integrated land use planning | ❍ | ❍ | ❍ | ❍ | ❍ |
| Forest monitoring and inventory | ❍ | ❍ | ❍ | ❍ | ❍ |

How helpful has the country's technical capacity been in advancing and implementing the FIP process?

- ❍ Unhelpful
- ❍ No effect
- ❍ Helpful
- ❍ Very helpful/essential
- ❍ Do not know/not applicable

If applicable, please specify how technical capacity in forest and land use management has contributed to the country's FIP progress.

Legal and Enforcement Capacity: How would you rate the capacity of your country's institutions to carry out the following activities?

| | Poor | Fair | Good | Excellent | Do not know/no basis for evaluation |
|---|---|---|---|---|---|
| Enforcement of Forest Governance Laws | ❍ | ❍ | ❍ | ❍ | ❍ |
| Addressing risk of corruption | ❍ | ❍ | ❍ | ❍ | ❍ |

How helpful has the country's legal and enforcement capacity been in advancing and implementing the FIP process?

- ❍ Unhelpful
- ❍ No effect
- ❍ Helpful
- ❍ Very helpful/essential
- ❍ Do not know/not applicable

If applicable, please specify how legal and enforcement capacity have contributed to the country's FIP progress.

6. Feedback and Grievance Redress Mechanism

Does your country have a mechanism for feedback and redress of grievances for REDD+?

- ❍ Yes
- ❍ No

How would you rate the effectiveness of the Feedback and Grievance Redress Mechanism for REDD+ in your country?

- ❍ Poor
- ❍ Fair
- ❍ Good
- ❍ Excellent
- ❍ Do not know/not applicable

How helpful has the country's implementation of a Feedback and Grievance Redress Mechanism been for participating in the FIP?

- ❍ Unhelpful
- ❍ No effect
- ❍ Helpful
- ❍ Very helpful/essential
- ❍ Do not know/not applicable

If applicable, please specify how a Feedback and Grievance Redress Mechanism has contributed to the country's FIP progress.

7. Stakeholder Engagement and Accessibility

Are there established procedures, mechanisms, or platforms for stakeholder engagement, consultation, and information sharing for REDD+ planning in the country?

- ❍ Yes
- ❍ No

How would you rate the effectiveness of stakeholder engagement, consultation, and information sharing mechanisms in the country?

- ❍ Poor
- ❍ Fair
- ❍ Good
- ❍ Excellent
- ❍ Do not know/not applicable

Please rate the level of participation of the following groups during the FIP consultation process:

| | Poor | Fair | Good | Excellent | Do not know/not applicable |
|---|---|---|---|---|---|
| Marginalized groups, including women | ❍ | ❍ | ❍ | ❍ | ❍ |
| Indigenous and traditional groups | ❍ | ❍ | ❍ | ❍ | ❍ |
| Private sector | ❍ | ❍ | ❍ | ❍ | ❍ |

How helpful have the country's stakeholder engagement, consultation, and information sharing processes been in contributing to the country's FIP progress?

- ❍ Unhelpful
- ❍ No effect
- ❍ Helpful
- ❍ Very helpful/essential
- ❍ Do not know/not applicable

If applicable, please specify how stakeholder engagement, consultation, and information sharing have contributed to the country's FIP progress.

Part II.8. REDD+ Strategy or Equivalent

Does the country have a national REDD+ strategy or equivalent policies?

- ❍ Yes
- ❍ No

How effective is the country's national REDD+ strategy (or equivalent policies) in supporting the implementation of national or sub-national REDD+?

- ❍ Poor
- ❍ Fair
- ❍ Good
- ❍ Excellent
- ❍ Do not know/not applicable

How helpful has the country's REDD+ strategy (or equivalent policies) been for participation in the FIP?

- ❍ Unhelpful
- ❍ No effect
- ❍ Helpful
- ❍ Very helpful/essential
- ❍ Do not know/not applicable

If applicable, please specify how the REDD+ strategy (or equivalent policies) have contributed to the country's FIP progress.

9. Addressing Drivers of Deforestation

Was a national assessment of drivers of deforestation conducted to inform the national REDD+ strategy?

- ❍ Yes
- ❍ No

How would you rate the effectiveness of the assessment of drivers of deforestation in supporting the national REDD+ strategy?

- ❍ Poor
- ❍ Fair
- ❍ Good
- ❍ Excellent
- ❍ Do not know/not applicable

How helpful was the assessment of drivers of deforestation for participation in the FIP process?

- ❍ Unhelpful
- ❍ No effect
- ❍ Helpful
- ❍ Very helpful/essential
- ❍ Do not know/not applicable

If applicable, please specify how the assessment of drivers of deforestation have contributed to the country's FIP progress.

10. Resource Rights Issues

How would you evaluate the extent to which policies or other actions have resolved the following potential challenges to REDD+ in your country?

| | Not at all resolved | Partially resolved | Mostly resolved | Fully or extensively resolved | Do not know/not applicable |
|---|---|---|---|---|---|
| Rights to carbon | ❍ | ❍ | ❍ | ❍ | ❍ |
| Natural resource rights | ❍ | ❍ | ❍ | ❍ | ❍ |
| Land tenure issues | ❍ | ❍ | ❍ | ❍ | ❍ |

How helpful have resource rights issues and related policies or actions been in contributing to participation in the FIP?

❍ Unhelpful
❍ No effect
❍ Helpful
❍ Very helpful/essential
❍ Do not know/not applicable

If applicable, please specify how the status and implementation of resource rights have contributed to the country's FIP progress.

11. Social and Environmental Safeguards

Has a social and environmental risk assessment for REDD+ been conducted in the country?

❍ Yes
❍ No

How would you rate the success or effectiveness with which the following safeguards issues have been addressed in the country concerning the REDD+ strategy?

| | Poor | Fair | Good | Excellent | Do not know/not applicable |
|---|---|---|---|---|---|
| Biodiversity conservation | ❍ | ❍ | ❍ | ❍ | ❍ |
| Traditional or indigenous livelihoods | ❍ | ❍ | ❍ | ❍ | ❍ |
| Women and other marginalized groups | ❍ | ❍ | ❍ | ❍ | ❍ |

How would you rate the effectiveness of the social or environmental risk assessment in informing REDD+ policies and measures in the country?

❍ Poor
❍ Fair
❍ Good
❍ Excellent
❍ Do not know/not applicable

How helpful has the social or environmental risk assessment been for the country's participation in the FIP?

❍ Not helpful
❍ No effect
❍ Helpful
❍ Very helpful/essential
❍ Do not know/not applicable

If applicable, please specify how social and environmental safeguards and their incorporation into the REDD+ strategy have contributed to the country's FIP progress.

12. Benefit Sharing

Does the country have a benefit sharing mechanism for REDD+ payments or revenues?

❍ Yes
❍ No

How would you rate the effectiveness of the REDD+ benefit sharing mechanism?

- ❍ Poor
- ❍ Fair
- ❍ Good
- ❍ Excellent
- ❍ Do not know/not applicable

How helpful has the REDD+ benefit sharing mechanism been for the country's participation in the FIP?

- ❍ Not helpful
- ❍ No effect
- ❍ Helpful
- ❍ Very helpful/essential
- ❍ Do not know/not applicable

If applicable, please specify how the benefit sharing mechanism has contributed to the country's FIP progress.

Part III. Monitoring and Evaluation Systems

13. Forest Monitoring Systems

To what extent has the country implemented the following national monitoring systems or capacities?

| | None | Basic implementation (e.g. working groups and project design) | Partially implemented (e.g. pilot projects in some regions of the country) | Advanced or fully implemented at a national or nearly national level | Do not know/not applicable |
|---|---|---|---|---|---|
| Monitoring, Reporting, and Verification (MRV) | ❍ | ❍ | ❍ | ❍ | ❍ |
| Creation of a Forest Reference Emission Level (REL) | ❍ | ❍ | ❍ | ❍ | ❍ |
| Creating a REDD+ registry for land use accounting and credits | ❍ | ❍ | ❍ | ❍ | ❍ |

How helpful have the country's forest monitoring systems been for participation in the FIP?

- ❍ Not helpful
- ❍ No effect
- ❍ Helpful
- ❍ Very helpful/essential
- ❍ Do not know/not applicable

14. Monitoring of Non-Carbon Issues

To what extent has the country implemented a national system for measuring and monitoring the following non-carbon issues?

| | None | Basic implementation (e.g. working groups and project design) | Partially implemented (e.g. pilot projects in some regions of the country) | Advanced or fully implemented at a national or nearly national level | Do not know/not applicable |
|---|---|---|---|---|---|
| Biodiversity and ecosystem services | ❍ | ❍ | ❍ | ❍ | ❍ |
| Socio-economic benefits | ❍ | ❍ | ❍ | ❍ | ❍ |

How helpful has the country's monitoring of non-carbon issues been for the country's participation in the FIP?

- ❍ Not helpful
- ❍ No effect
- ❍ Helpful
- ❍ Very helpful/essential
- ❍ Do not know/not applicable

If applicable, please specify how the establishment, implementation, or enhancement of forest and non-carbon monitoring systems have contributed to the country's FIP progress.

In your view, how well is the country's FIP Investment Plan integrated with other government strategies in the country?

| | Not at all | Partially | Mostly | Fully or to an advanced extent | Do not know/not applicable |
|---|---|---|---|---|---|
| REDD+ Strategy | ❍ | ❍ | ❍ | ❍ | ❍ |
| Climate change strategy | ❍ | ❍ | ❍ | ❍ | ❍ |
| Land use strategy | ❍ | ❍ | ❍ | ❍ | ❍ |
| Conservation and biodiversity strategy | ❍ | ❍ | ❍ | ❍ | ❍ |
| Traditional and indigenous livelihoods strategy | ❍ | ❍ | ❍ | ❍ | ❍ |

In your view, how well is the FIP Investment Plan integrated with existing readiness programs in the country?

| | Not at all | Partially | Mostly | Fully or to an advanced extent | Do not know/not applicable |
|---|---|---|---|---|---|
| UN-REDD | ❍ | ❍ | ❍ | ❍ | ❍ |
| FCPF | ❍ | ❍ | ❍ | ❍ | ❍ |
| Bilateral agreements | ❍ | ❍ | ❍ | ❍ | ❍ |
| Other (please specify) | ❍ | ❍ | ❍ | ❍ | ❍ |

How helpful have existing readiness programs been for the development and implementation of the country's FIP investment plan?

- ❍ Not helpful
- ❍ No effect
- ❍ Helpful
- ❍ Very helpful/essential
- ❍ Do not know/not applicable

How have existing readiness programs contributed to the country's FIP progress?

What have been the main challenges and opportunities in programming FIP resources and developing the FIP Investment Plans (IPs) and projects?

What have been the main challenges and opportunities in setting up functional institutions for implementation of FIP Investment plans and projects?

What have been the main factors that enabled progress on the Investment Plan? On project implementation?

Since the program began, how have the levels of commitment, interest, and acceptance of the FIP program changed and evolved among actors in the country's government and among other important stakeholders? Has this changed the overall perception of the program and reduced delays?

What have been the main successes for the FIP in this country, and what were the factors that contributed to such progress?

What are the remaining gaps and further needs that the FIP can address moving forward?