



# *Update on the Forest Carbon Partnership Facility*

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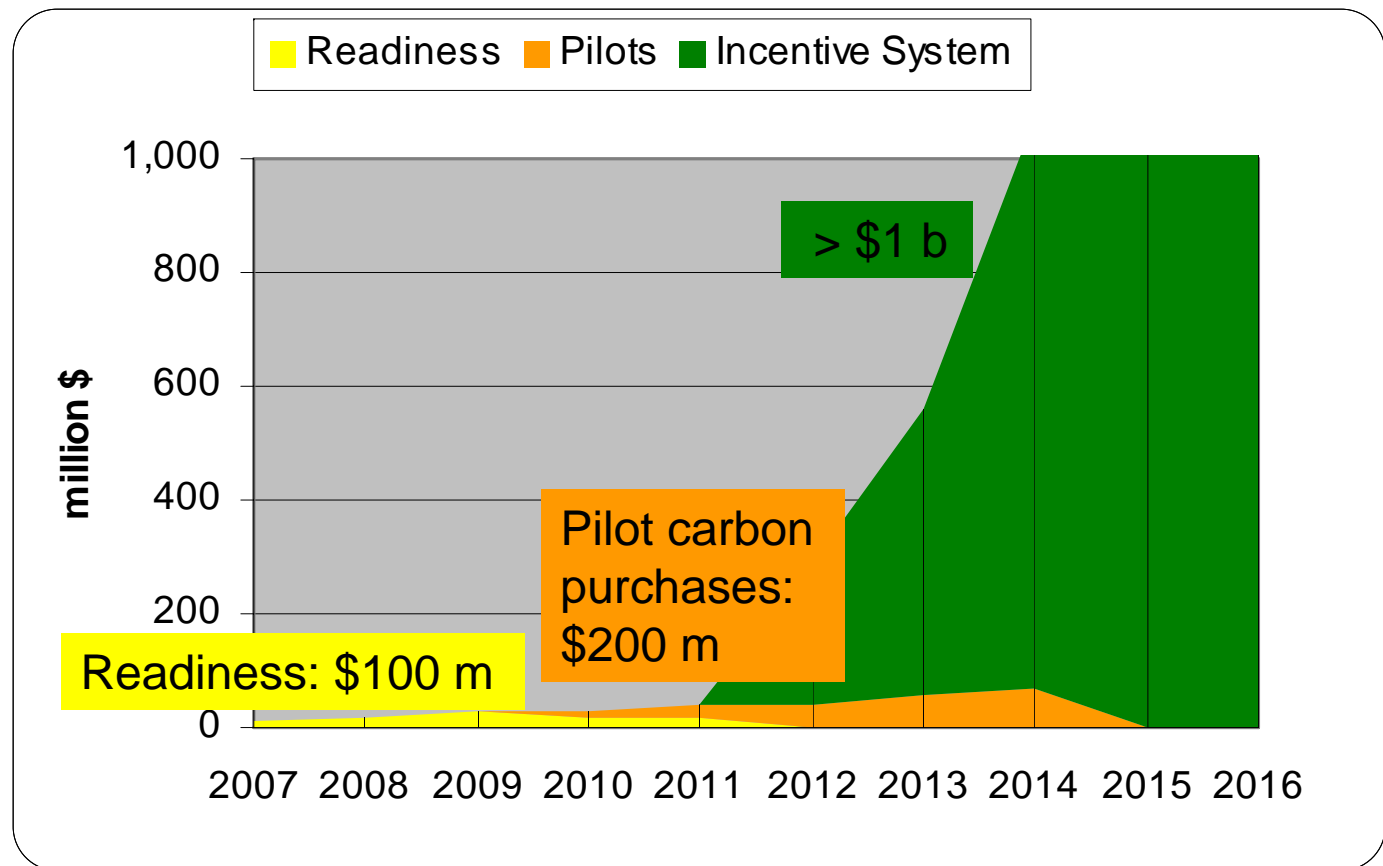
World Bank

TFD – Forests and Climate, April 1, 2008



## Prepare for a System of Positive Incentives Post-2012 that Includes REDD

Goal



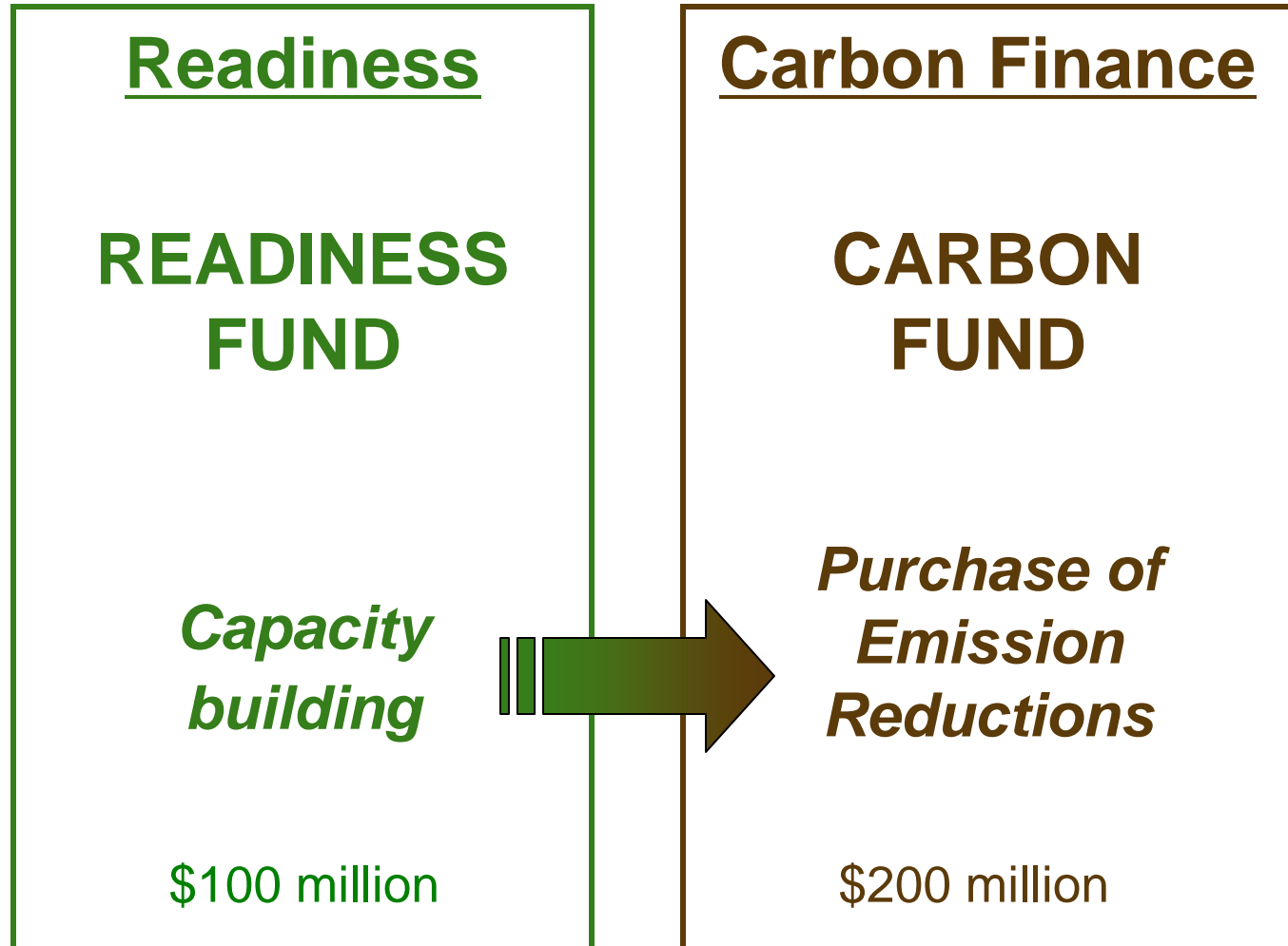


## Basics

- Capital: **US\$ 300 million**
- Geography: Tropical and subtropical nations
- 2 Mechanisms:
  - Readiness (capacity building) ~ 20 countries **US\$ 100 million**
    - Reference scenario
    - REDD Strategy
    - Monitoring system
  - Carbon Finance (pilot transactions) ~ 5 countries **US\$ 200 million**



## Two Mechanisms





## Guiding Principles



- **Partnership**
  - Developing countries on par with industrialized countries in governance structure
- **Voluntary participation**
- **Neutral to climate change negotiations**
  - Both market and non-market approaches
- **Catalyst**
  - \$300 million will not save the world's forests
  - Private sector is needed for scaling up
- **Test, learn and disseminate**
  - National strategies for REDD
  - National reference scenarios
  - Incentive payments
  - Projects within national accounting approach



## 37 Requests for Participation/ Cooperation



- Argentina
- Bolivia
- Cameroon
- Central African Republic
- Colombia
- Costa Rica
- Dem. Republic of Congo
- Ecuador
- El Salvador
- Ethiopia
- Gabon R-PIN received
- Ghana
- Guatemala
- Guyana
- Indonesia
- Kenya R-PIN received
- Laos
- Liberia R-PIN received
- Madagascar
- Malaysia
- Mexico
- Nicaragua
- Pakistan R-PIN received
- Panama
- Papua New Guinea
- Paraguay
- Peru
- Philippines
- Republic of Congo
- Senegal
- Sierra Leone
- Sudan
- Tanzania
- Thailand R-PIN received
- Uganda
- Vanuatu
- Vietnam

+ 3 Brazilian states (Acre, Amazonas, Mato Grosso)





## Timeline (2006-2007)



- **Summer 2006:**
  - Early concept
  - Start of consultations
  - UNFCCC Rome workshop
- **January 2007:** CfRN Costa Rica workshop
- **February 2007:** Bonn design workshop
- **March 2007:** UNFCCC Cairns workshop
- **April 2007:** Berlin design workshop
- **May 2007:** SBSTA 26
- **June 2007:** *G8 Summit*
- **July-September 2007:**
  - Paris design workshop, meeting of service providers
  - Sydney presentation & consultation
  - Indonesia
  - Carbon Forum, Lima
- **September 25, 2007:** World Bank Board approval
- **November 8-9, 2007:** Consultations with NGOs and IOs
- **November 12-13, 2007:** Washington design workshop
- **December 11, 2007:** CoP13 Bali launch



## Pledges at Bali



	Readiness Fund	Carbon Fund	Total
Australia	10		10
Denmark	5		5
Finland	5		5
France	8		8
Germany	5	55	60
Japan	10		10
Netherlands	23		23
Norway	5		5
Switzerland	7		7
TNC		5	5
UK	15	15	30
<b>TOTAL</b>	<b>92</b>	<b>75</b>	<b>167</b>

EUR/USD = 1.5





## FCPF Tentative Timeline (2008)



- **February-April:**
  - Consultations with Indigenous Peoples (Katmandu, Bujumbura, La Paz)
  - April 3: Consultation on pricing (Bangkok)
  - Finalize FCPF documentation
- **May:**
  - Declare FCPF open for contributions
  - Declare FCPF operational
- **June:**
  - June 16, Washington: First Technical Advisory Panel meeting
  - June 17, Washington: First Steering Committee meeting
  - Readiness Workshop?
- **July:**
  - Organizational Meeting
  - First Participants Committee meeting



## Consultation on Pricing



- Private sector has requested clarification on potential prices for Emission Reductions under Carbon Fund
- Too early to determine a price, given the remaining uncertainties
- Draft pricing note due March 20<sup>th</sup>, on background, principles and practical options will be circulated next week to
  - Countries and organizations who have pledged money to the Carbon Fund
  - Signatories of EoI for Carbon Fund
  - An equivalent number of developing countries
- 3-hour discussion of the pricing note on April 3 in Bangkok
- Second discussion in Washington in June
- Submission to PC for approval



**Some  
Questions  
from the IP  
Consultations  
in Kathmandu,  
Nepal  
2/28-29  
&  
Bujumbura,  
Burundi  
3/13-14**



- Despite mistrust of market mechanisms, how can IPs engage in the debate on REDD to make sure they will benefit?
- How will IP rights be taken into consideration in FCPF?
- How will the FCPF apply the Bank's Safeguard Policies?
- How will indigenous knowledge be factored into the FCPF?
- How do countries with standing forests benefit from REDD?
- How can IP have a place at the table if their governments do not recognize them?
- How to ensure a proper national consultation process?
- What hope is there for IPs to benefit from any funds given the level of corruption in many of their countries and given the fact that IPs have failed to benefit from past Bank projects in their respective countries?
- How will the Bank address pressures from deforestation caused by the Western countries?
- Would the national accounting framework also reflect the positive role IPs are playing to protect forests?
- Next: La Paz, Bolivia: March 17-18th



## Technical Advisory Panels



- A number of issue-specific TAPs will be created.
  - Priority: TAP for review of R-PINs to assist REDD Country Participant selection
    - Requires country knowledge
  - Review Readiness Action Plans and Readiness Packages
  - Provide analysis to the Carbon Fund Participants in selecting ER Programs
  - Other activities as needed
- Names of TAP experts are solicited
- Terms of reference and areas of expertise will be posted on-line
  - Country knowledge
  - IPCC guidelines, carbon accounting methods
  - Remote sensing, reference case methods
  - Community benefits
  - Indigenous peoples
  - Biodiversity
  - Market prices
- TAPs could meet face to face or virtually
- First TAP meeting on June 16?
- TAP members will act in their personal quality
- TAP members must be free of conflicts of interest



## Governance



- Investors want credible, long-term ER programs → **requires good governance**
- Economic incentives may induce land-use change, but not be sustainable, unless governance is addressed → **Need to resolve legal issues, land tenure, rights to carbon asset and associated revenues**
- Resolving all governance issues is major challenge → **Is it possible to identify *highest-priority* governance issues to resolve, for a *given* REDD strategy, in a *given country context*?**



## Other Developments



- **FCPF Promotion:**
  - **Consultations and promotion in Japan w/ several Eols for Carbon Fund signed:**
    - **JBIC, Japan Forestry Agency**
    - **Private sector**
  - **Several Eols signed in Europe**
- **Comments received on Information Memorandum**





THANK YOU!

For more information:

[www.carbonfinance.org/fcpf](http://www.carbonfinance.org/fcpf)