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Investing in Results: Enhancing Coordination for More Effective Interim REDD+ Financing

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EXECUTIVE SUMMARY

In 2007, the Parties to the United Nations Framework Convention on Climate Change (UNFCCC) placed efforts to reduce emissions from deforestation and forest degradation in developing countries (REDD+) at the center of the international negotiations for a new global climate agreement. Three years later, the outcome of these negotiations remains uncertain, but political and stakeholder interest in REDD+ continues to be high. Developed countries have pledged approximately US$4.5 billion for REDD+ from 2010 to 2012 to support developing country capacity building, planning, and implementation. It is expected that these "interim" actions will encourage the learning, consensus building and trust necessary for an eventual international agreement and future actions on REDD+.

Early experiments with interim REDD+ financing are already generating valuable lessons and experiences. However, a failure to coordinate a growing number of REDD+ donors and actors could jeopardize progress made thus far. Decisions on the allocation and use of interim financing have been ad hoc, fragmented and donor-driven. A plethora of bilateral and multilateral donors have emerged, each pursuing its own vision of REDD+ and operating in accordance with its own procedures, standards, and safeguards.

To date, REDD+ finance has focused on a relatively small subset of countries, raising the risk that large amounts of money driven by multiple donors could overwhelm the capacity of national institutions to manage resources effectively and efficiently, lead to duplicative or conflicting investments, and diminish the potential for these countries to mainstream REDD+ activities into national planning processes. If early investments in REDD+ do not deliver expected results or lead to an erosion of stakeholder confidence and trust, it will be more difficult to scale-up

future financing and to maintain political momentum for an international agreement.

This working paper proposes several options for improved coordination at the national, bilateral and multilateral level. It also suggests potential roles that Parties to the UNFCCC, the Interim REDD+ Partnership, and the major multilateral REDD+ initiatives (the Forest Carbon Partnership Facility, the Forest Investment Program, and the UN-REDD Programme) can play in taking these options forward.

Overall, our analysis identifies a need to balance improvements in coordination and coherence at the global level with the equal importance of promoting flexibility, experimentation and learning, and country-led approaches. More specifically, we recommend:

- Focusing REDD+ financing on significant and sustained investments in national and subnational capacity to generate a nationally driven vision of REDD+, and to more effectively coordinate activities and support.
- Improving the quality and coordination of bilateral and multilateral support for REDD+ actions so as to be more responsive to countries' demands.
- Developing better performance metrics and monitoring systems that go beyond measuring emission reductions, to enable results-based support for capacity building and implementation of policies and measures.

1. CONTEXT

In 2007 at the 13th meeting of the Conference of Parties (COP-13) to the United Nations Framework Convention on Climate Change (UNFCCC), countries adopted the Bali Action Plan as a two-year roadmap to a new international climate agreement. The Plan included a commitment to develop and implement "policy approaches and positive incentives on issues relating to reducing emissions from deforestation and forest degradation in developing countries," commonly known as REDD.[1] During subsequent negotiations, the scope of REDD was expanded to include activities to manage forests sustainably and to increase and conserve carbon stocks (collectively known as REDD+).

1.1 Uncertainty in the UNFCCC

At the 2009 COP-15 in Copenhagen, Parties failed to finalize the components of the Bali Action Plan into a legally binding international climate agreement. Instead, the Parties "took note" of the Copenhagen Accord, a three-page document reflecting broad agreement on overarching objectives and strategies for global climate change mitigation and adaptation.[2] The Accord supports REDD+ as an important mitigation strategy, but it does not contain a detailed vision of what a global REDD+ mechanism should entail.

Leading up to Copenhagen, the REDD+ negotiations were generally considered to be more advanced than other negotiating tracks, and indeed several key points of consensus emerged during the COP (see Box 1). Nonetheless, the REDD+ negotiations are still fraught with many controversial issues that need to be resolved to achieve an international agreement. These include fundamental questions concerning the institutional architecture and governance of REDD+; the role of carbon markets; and the measurement, reporting, and verification (MRV) of developing country action and developed country contributions to that action. To complicate matters further, some of these issues are closely linked to broader unresolved questions in the climate negotiations, meaning that progress in the REDD+ negotiations is partially dependent on progress in other negotiating tracks.[3]

The UNFCCC negotiations have continued since Copenhagen, but the likelihood of reaching a binding international climate agreement that would make a global REDD+ mechanism operational remains uncertain. Current aspirations are to reach an agreement on REDD+ at COP-16 in Cancun at the end of 2010, or, perhaps more realistically, at COP-17 in Johannesburg in 2011. If an agreement is reached, Parties can begin work on developing more specific rules and methodologies to guide implementation of agreed safeguards and other overarching principles.

Box 1 | **Emerging Consensus in the Draft UNFCCC Text on REDD+**

1. *Scope:* REDD+ activities may include efforts to reduce emissions from deforestation and forest degradation, to manage forests sustainably, and to conserve and enhance forest carbon stocks.
2. *Safeguards:* REDD+ activities should promote and support agreed safeguards, which include broad principles relating to national sovereignty, good governance, stakeholder participation and rights, conservation of biological diversity, enhancement of social and environmental benefits, and avoidance of reversals and displacement of emission reductions.
3. *Phased implementation:* REDD+ activities will be implemented in phases, beginning with capacity building and strategy development; followed by the implementation of policies and measures, further capacity building, and demonstration activities; and finally evolving into results-based actions.
4. *Overarching principles:* Implementation of REDD+ activities will be guided by several overarching principles, including that activities respect national sovereignty, promote broad country participation, and are results-based.

Notes

1 Ad Hoc Working Group on Long-Term Cooperative Action (AWG-LCA), "Report of the AWG-LCA under the Convention on its Eighth Session" (Bonn: UNFCCC, 2010), p. 34–35, online at: http://unfccc.int/resource/docs/2009/awglca8/eng/17.pdf.

1.2 Moving forward with REDD+ in the interim period

Despite continued uncertainty in the UNFCCC context, political and stakeholder interest in REDD+ remains high. Many developing countries are currently planning or moving forward with a broad spectrum of REDD+ actions such as: capacity building, national planning processes, legal reforms, policy implementation, development of monitoring systems, and demonstration projects to test performance-based payments for emission reductions. In support of these actions, developed countries are providing increasing amounts of financial and technical assistance, both directly through bilateral support and indirectly through multilateral implementing agencies like the World Bank.

It is hoped that these "interim" actions will drive progress toward an international agreement on REDD+. In particular, the continued promise of new financial flows, technology, and capacity building programs can help impart confidence in stakeholders in REDD+ countries that developed countries are serious about providing the support needed to breathe life into a REDD+ agreement. Further, the programs and demonstration activities supported by interim financing can help shape UNFCCC Party and stakeholder perceptions of how a global REDD+ mechanism should be designed.

In summary, the hopes for what interim REDD+ financing can accomplish are high, as are the stakes. While the interim period is often framed as a time for experimentation and learning by doing, it is also true that failed experiments are not always benign. If early investments in REDD+ do not deliver expected results or lead to an erosion of stakeholder confidence and trust, it will be more difficult to scale-up future financing and to maintain the political momentum necessary for an international agreement.

2. CURRENT GOVERNANCE OF INTERIM REDD+ FINANCING

Since December 2009, developed countries have pledged approximately US$4.5 billion to support interim REDD+ actions between 2010 and 2012.[4] A recent survey of interim REDD+ activities and support identified 54 developing countries that are planning or implementing actions with support from 14 different multilateral, bilateral, and non-governmental initiatives.[5] Although Parties to the UNFCCC have not yet agreed on how the generation, allocation, and delivery of REDD+ financing should be governed, various institutional arrangements are now emerging to govern financing during the interim period. Whether they intend to be or not, these interim arrangements will be a testing ground that will inform negotiations within the UNFCCC.

2.1 Emerging institutional architecture for interim financing

The distribution of roles and responsibilities between developed and developing countries, and other actors, will likely have important implications for the perceived legitimacy of interim REDD+ institutions.[6] In the UNFCCC negotiations, there is a heated debate over whether funds should be channeled through a single, centralized institution, or through a decentralized approach that coordinates international, regional, and national institutions. In the absence of agreement on this issue, interim REDD+ financing is currently highly decentralized, flowing through a multitude of different multilateral and bilateral channels (see Figure 1).

Another contentious issue is the extent to which decisions concerning the delivery and use of REDD+ financing should be retained by donor countries or devolved to REDD+ countries. In the context of climate finance, developing countries are requesting more decision-making power than they have held within the traditional development finance paradigm.[7] Greater devolution of spending power to national institutions is thought to enhance country ownership over strategies and actions, thus improving the likelihood of effective implementation.[8] However, giving more power to national institutions also requires that they possess adequate capacity to ensure transparent financial management, adherence to social and environmental safeguards, and delivery of results. While many developing countries are currently working to build the capacity of their national institutions in this regard, most interim financing mechanisms continue to vest significant power in traditional implementing agencies such as the multilateral development banks and the U.N. system. However, some interim initiatives are also beginning to experiment with approaches that promote varying degrees of devolution.

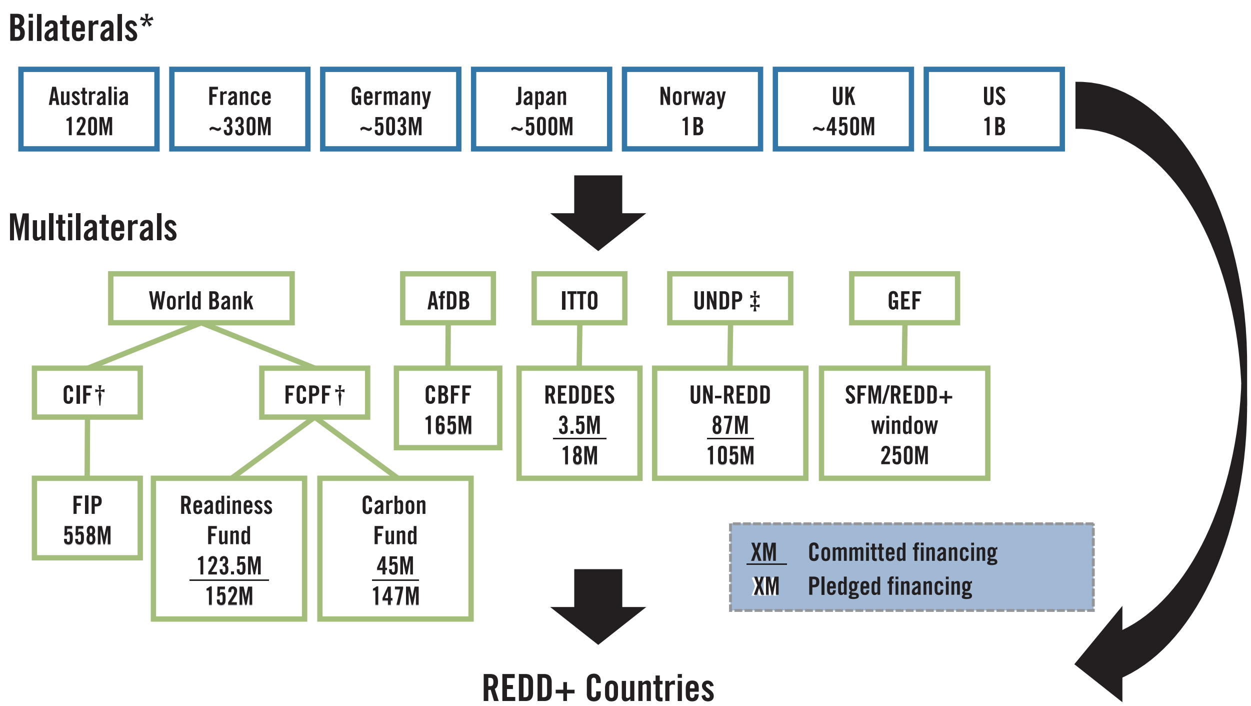
2.2 Multilateral sources

Several large-scale multilateral REDD+ initiatives have emerged since 2008, including the Forest Carbon Partnership Facility (FCPF), the United Nations Collaborative Programme on REDD (UN-REDD Programme), the Forest Investment Program (FIP), and the Congo Basin Forest Fund (CBFF). These multilateral initiatives are targeting upfront investments in capacity building, governance reform, national strategy development, and implementation of policies and measures. A notable exception is the Carbon Fund component of the FCPF, which will pilot a program of performance-based payments for emission reductions. Each of these initiatives has its own governance structure and is either directly administered or hosted (in the case of the CBFF) by a multilateral bank or organization. Decisions concerning the allocation and delivery of finance and responsibilities for project cycle management are largely retained at the multilateral level.

From a historical perspective, these multilateral implementing agencies are thought to favor the views and interests of developed countries.[9] As a result, many of the multilateral REDD+ initiatives are experimenting with alternative governance structures to enable more equitable representation of donor and partner countries. The Policy Board of the UN-REDD Programme, for example, gives full membership (including voting rights) to representatives from three donor countries, three partner countries, and the three participating U.N. agencies, as well as one civil society and one indigenous peoples representative.[10] Decisions are made by consensus. The Participant Committee (PC) of the FCPF also gives equal voting power to donor participants and REDD+ country participants and observer status (i.e., non-voting status) for civil society representatives.[11]

Nonetheless, it is uncertain whether equitable representation will actually lead to more balanced power relationships. Even within formal governance structures, countries often exercise power informally through political and economic influence.[12] Furthermore, the implementing agencies continue to wield decision-making power in

Figure 1 | **Fragmented Landscape of Interim REDD+ Financing**



AfDB	African Development Bank	**ITTO**	International Tropical Timber Organization
CIF	Climate Investment Funds	**REDDES**	Reducing Deforestation & Forest Degradation and Enhancing Environmental Services in Tropical Forests
CBFF	Congo Basin Forest Fund		
FIP	Forest Investment Program	**SFM**	Sustainable Forest Management
FCPF	Forest Carbon Partnership Facility	**UNDP**	UN Development Programme
GEF	Global Environment Facility	**UN-REDD**	UN Collaborative Programme on REDD

*Not all bilateral donors for REDD+ are shown. Amounts have been pledged for interim period (2010–2012), except for contribution shown for the UK, which is an indicative amount, not a pledge.

†The FCPF is in the process of adopting a model of finance delivery already in use by the CIFs that involves use of additional delivery partners beyond the World Bank to administer grants.

‡In collaboration with FAO and UNEP.

Sources

REDD+ Partnership, "Synthesis Report: REDD+ Financing and Activities Survey," prepared by an intergovernmental task force, 27 May 2010, p. 12, online at: http://www.oslocfc2010.no/documentslinks.cfm.

FCPF et al., "Enhancing Cooperation and Coherence among Multilateral REDD+ Institutions to Support REDD+ Activities," 2nd working draft, 17 October 2010, Annex 1, online at: http://www.forestcarbonpartnership.org/fcp/sites/forestcarbonpartnership.org/files/Documents/PDF/Oct2010/REDD%2B%20Cooperation%20Paper%2010-17-10.pdf.

Charlie Parker et al., The Little Climate Finance Book: A Guide to Financing Options for Forests and Climate Change (Oxford: The Global Canopy Foundation, 2009), p. 129, online at: http://www.globalcanopy.org/themedia/file/PDFs/LCFB_lowres/lcfb_en.pdf.

addition to countries. In the case of the FCPF, for example, the PC is empowered to allocate resources to a particular country, but fund disbursement decisions are controlled by the World Bank. This separation of formal and operational decision-making power points to possible tensions between these types of innovative governance structures and the operational policies of multilateral implementing agencies. The ways in which these power dynamics unfold over time will impact the perceived legitimacy of multilateral institutions as effective channels of REDD+ financing, but at the moment, the multilaterals remain important funding sources.

2.3 Bilateral sources

The vast majority of interim REDD+ financing is currently being provided through bilateral agreements between donor and partner countries (unofficial estimates suggest around 70–80 percent of REDD+ financing is bilateral). Bilateral financing, whether in the form of grants, conditional loans, or performance-based payments, can be delivered to REDD+ countries via national budgets (either discretionary or earmarked for a specific activity), dedicated trust funds, or direct project investments that bypass government budgets.[13] The terms on which finance is delivered to a particular country are negotiated on a country-by-country basis and determine the degree to which the donor country retains the power to decide how the money is spent. The dispersed and ad hoc nature of bilateral finance is inherently more difficult to understand and monitor.

While direct project investments are typical in development financing, dedicated trust funds are becoming increasingly popular in the context of REDD+ to devolve more ownership and control over financing to partner countries. The Amazon Fund in Brazil, managed by the Brazilian Development Bank (BNDES), is the most well-established example of this model. As the Fund administrator, BNDES is responsible for all aspects of fund allocation, delivery, and project cycle management, and for ensuring donors of the social, environmental, and fiduciary integrity of their investments.

The Government of Norway is currently the most significant provider of bilateral support for REDD+. Norway is cooperating with Guyana to establish the Guyana REDD+ Investment Fund (GRIF) and is supporting a similar process in Indonesia. However, the absence of institutions in these countries with adequate capacity and perceived credibility to manage funds independently—such as BNDES in Brazil—means that donor countries are still expecting to rely on intermediaries for fund administration. In the case of Guyana, the World Bank has agreed to act as Trustee of the GRIF, and in Indonesia a number of different multilateral organizations are currently being considered. Significant investments in the capacity of national institutions are needed before power over the delivery of REDD+ finance can be more fully devolved to partner countries.

2.4. The Interim REDD+ Partnership

In May 2010 over 50 countries came together to form the Interim REDD+ Partnership. According to its founding document, the Partnership's objective is to "scale up REDD+ actions and finance…including improving the effectiveness, efficiency, transparency and coordination of REDD+ initiatives and financial instruments."[14] The document further establishes that the Partnership is intended to support and contribute to the UNFCCC process on REDD+, rather than prejudging or replacing it. The REDD+ Partnership is not a funding mechanism.

In August, Partners agreed to a 2010 work plan and a draft plan for 2011 and 2012. Key components of the 2010 work plan include: (1) developing a database of REDD+ financing, actions, and results; (2) preparing an analysis of financing gaps and overlaps; (3) facilitating a discussion on the effectiveness of multilateral REDD+ initiatives; (4) sharing lessons and best practices from REDD+ initiatives and facilitating cooperation among Partners; and (5) exploring enabling institutional arrangements for REDD+ in developing countries.[15]

Strong political desire to move forward rapidly with the Partnership's work plan has been hampered by ongoing disagreement between the Partners on ways forward, particularly with respect to the role of civil society and indigenous peoples. While one of the Partnership's goals is to improve transparency, irregular engagement with civil society to date—including during the development of the 2010 work plan—has led some to doubt the Partnership's commitment to transparency and participation.[16] Nonetheless, the REDD+ Partnership remains a significant opportunity outside of the UNFCCC for broad cooperation on REDD+.

3. EMERGING COORDINATION CHALLENGES

Interim REDD+ financing is moving forward in an uncertain political and operational landscape. The UNFCCC process has provided little guidance on REDD+ implementation or governance, and there is as yet no COP-mandated body to provide high-level oversight for REDD+ activities and support. As a result, the governance of interim REDD+ financing is currently characterized by a largely decentralized and donor-driven approach. While this situation offers opportunities in terms of testing an array of options and approaches to inform the UNFCCC negotiations, it also presents challenges for the coordination of a diverse range of interim actors. The following sections highlight several emerging coordinating challenges relating to the allocation, delivery, and use of REDD+ financing.

3.1 Defining the REDD+ phases

The draft UNFCCC negotiating text on REDD+ provides that should REDD+ should "be implemented in phases beginning with the development of national strategies or action plans, policies and measures and capacity-building, followed by the implementation of national policies and measures, and national strategies or action plans and, as appropriate, subnational strategies, that could involve further capacity-building, technology transfer and results-based demonstration activities, and evolving into results-based actions."[17] Additional text specifying guidance on how to operationalize a phased approach has not yet been agreed on.

The use of the phrase "followed by" in the above text would seem to imply that the phases will build upon each other in a sequential manner. Indeed, many early visions of a phased approach follow this view and highlight, for example, the need for measurable criteria to demonstrate advancement through the phases.[18] There has also been strong emphasis on the need for a flexible approach that allows countries to move through the phases at their own pace and potentially skip a phase if they can show that they are ready to move on.

Over the past two years, the FCPF and UN-REDD Programme have made significant headway fleshing out the major components of phase one (now widely known as the "readiness" phase) and converging around a similar set of definitions, standards, and procedures. They are currently developing a common proposal template that countries can use to apply for funding from either program and are also considering adopting a common review process.[19] Although difficult to verify, it is likely that this convergence on definitions among the multilaterals is influencing bilateral support for readiness, particularly since many of the major bilateral donors also participate in the multilateral programs.

Beyond cooperation on readiness, no broader efforts have been made to define the scope of phases two and three or to develop criteria for demonstrating advancement through the phases. Even the multilaterals have not yet developed standards or procedures for assessing readiness. Nonetheless, donor countries and institutions are rapidly moving forward with investments and commitments in all three phases, consistent with an emerging belief that the phases should be overlapping rather than strictly sequential. [20] Donors are developing their own unique eligibility criteria and funding priorities to determine what countries and activities to support. Without a clear link between these criteria and the phases, REDD+ donors are making implicit—and subsequently not very transparent—determinations about a country's readiness to participate in a given phase and about the sequential versus overlapping nature of a phased approach.

Box 2 | **REDD+ Phases and the World Bank**

Unresolved questions concerning phased implementation are currently playing out in the context of the World Bank–administered REDD+ initiatives: the FCPF and the FIP. The FCPF is currently supporting readiness activities, including the development of a national REDD+ strategy. Once readiness activities have been completed, the FCPF plans to assess the REDD+ strategy as a part of a country's broader "Readiness Package." The FCPF has not yet established procedures or criteria for carrying out this assessment. The FCPF is now also seeking to operationalize its Carbon Fund, which will pilot a system of performance-based payments for emission reductions based on "Emission Reduction Programs" prepared by REDD+ countries.

Meanwhile, the FIP intends to finance the implementation of transformative policies and measures through a country "investment strategy" that is consistent with a country's national REDD+ strategy or equivalent.[1] It remains unclear how consistency will be assessed, whether it will be required that a country's REDD+ strategy has been completed, or exactly how a FIP investment strategy, a national REDD+ strategy, and an Emission Reduction Program will be linked at an operational level. At the moment, there is no evidence that the FCPF and FIP are working together toward a common approach for assessing readiness, and there is a risk that two disparate sets of procedures and criteria could emerge.

Notes

1 Climate Investment Funds (CIF), "FIP: Investment Criteria and Financing Modalities" (Washington, DC: World Bank, 2010), p. 6, online at: http://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/FIP%204%20Investment%20Criteria%20June%2029%202010%20REVISED_final_key_document.pdf.

3.2 Measuring performance beyond carbon

The draft UNFCCC text on REDD+ states that support for REDD+ should be "results-based." In the simplest sense, results-based support could include ex-post payments to developing countries for verified emission reductions during phase three. However, ensuring that upfront investments made during phases one and two are also based on the delivery of results (measured using non-carbon performance metrics) will help ensure that limited global financial resources are used efficiently and effectively. Regularly tracking performance can also help REDD+ countries to: generate data to facilitate iterative improvements in national REDD+ strategy design and implementation, ensure accountability to domestic stakeholders, and meet donor and other international reporting requirements.[21]

The "results framework" being developed by the FIP is currently the only notable example of a REDD+ donor seeking to develop non-carbon performance metrics through a transparent process.[22] Nonetheless, it is safe to assume that most donors supporting REDD+ will eventually want to measure the impacts of their investments. The risk, therefore, is that donors will develop disparate performance metrics and reporting frameworks, and then apply those to the same countries and potentially to overlapping investments within countries.

Ideally, donor reporting requirements should be aligned with REDD+ country information needs and monitoring systems.[23] However, there is currently a lack of guidance available at the global level to assist REDD+ countries in developing these systems (see Table 1), which will likely require novel approaches to designing performance metrics, identifying data sources, and collecting and distilling information. Instead, most efforts to develop performance metrics and related monitoring systems have focused on methodologies for quantifying emission reductions and removals during phase three. This lack of guidance on non-carbon monitoring is evident in the Readiness Preparation Proposals (R-PPs) being submitted to the FCPF. The majority of R-PPs developed to date have

Table 1 | **Current Efforts to Develop Non-Carbon Performance Metrics & Monitoring Systems**

Initiative	Efforts to Develop Non-Carbon Performance Metrics and Monitoring Systems
UNFCCC	Parties have included requests to the Subsidiary Body for Scientific and Technological Advice (SBSTA) for metrics for REDD+ support, including for the support of the implementation of safeguards. There is mention of the potential for MRV of safeguards in the draft REDD+ negotiating text, but no requests to SBSTA to develop that work.
FCPF	The FCPF is expected to develop criteria for assessing midterm Readiness Progress Reports as well as final Readiness Packages. The FCPF is also prompting REDD+ countries to consider the need for systems for monitoring "other multiple benefits and impacts" as a part of readiness preparation, although few of the participating countries have considered this issue in detail.
FIP	A logic model and results framework is being developed for tracking the short-, medium-, and long-term impacts of FIP investments using both carbon and non-carbon metrics. The framework will be piloted in a small number of countries that are not yet identified.
UN-REDD Programme	The UN-REDD Programme Secretariat is tasked with monitoring the implementation of National Programmes against agreed performance metrics, including both environmental and social aspects. The UN-REDD Programme is also working on a framework proposal to implement a National Monitoring System for REDD+, including MRV of carbon and monitoring of forest benefits, impacts, and governance.
Bilateral Agreements	The types of information requested by donors about performance differs country-by-country, and there is currently little transparency regarding the types of reporting requirements and indicators used by bilateral donors. There is evidence that some donor countries are interested in developing non-carbon performance metrics and monitoring systems; however, the emphasis of bilateral support is still on developing systems to track tree cover loss and emission reductions.
National Funds	The Amazon Fund in Brazil reports to donors in terms of carbon reductions. However, BNDES must also report a "matrix of results"—with goals, purposes, and indicators—considering the seven categories of support under the Fund, the goals of the Sustainable Amazon Plan, and the goals of the Plan of Action for the Prevention and Control of Deforestation in Legal Amazon.

Notes

1. Crystal Davis, "Governance in REDD+: Taking Stock of Governance Issues Raised in Readiness Proposals Submitted to the FCPF and the UN-REDD Programme," Prepared for Expert Workshop on Monitoring Governance Safeguards in REDD+, 24-25 May 2010, Chatham House, London, p. 2, online at: http://www.illegal-logging.info/uploads/Paper2REDDplusGovernanceMonitoringMeeting2425May2010.final.pdf.
2. UN-REDD Programme, "REDD+ Survey: UN-REDD Programme," Response to REDD+ Partnership survey, 2010, p. 1, online at: http://www.oslocfc2010.no/pop.cfm?FuseAction=Doc&pAction=View&pDocumentId=24955.
3. FCPF et al., "Enhancing Cooperation and Coherence among Multilateral REDD+ Institutions to Support REDD+ Activities," 2nd working draft, 17 October 2010, p. 13, online at: http://www.forestcarbonpartnership.org/fcp/sites/forestcarbonpartnership.org/files/Documents/PDF/Oct2010/REDD%2B%20Cooperation%20Paper%2010-17-10.pdf.

contained drastically less detail on monitoring "other multiple benefits and impacts" (R-PP component 4b) than on monitoring "emissions and removals" (component 4a).[24]

3.3 Applying social and environmental safeguards

Discussions about safeguards have been central to the REDD+ negotiations to date. Although the primary function of REDD+ is to reduce emissions, many stakeholders now believe that REDD+ will only be successful if co-benefits such as poverty alleviation and biodiversity conservation are also realized.[25] Furthermore, many stakeholders including indigenous peoples' representatives, human rights groups, and development groups have voiced concerns that unleashing new financial incentives for conservation in countries where governance is already weak may create a new "resource curse" that rewards powerfully vested interests and further disempowers the vulnerable and marginalized. These groups are calling for the use of safeguards to ensure that REDD+ actions do not result in social or environmental harm and that actions are consistent with countries' obligations under international environmental and human rights law.[26]

The draft UNFCCC text on REDD+ outlines seven safeguards in the form of broad social, environmental, and governance principles. However, the text also seeks to balance the need for safeguards with the importance of "respecting national sovereignty" and ensuring the expedient delivery of finance. The challenge ahead will be to translate these general safeguard principles into actionable measures within national REDD+ strategies and credible minimum standards and accountability mechanisms tied to international financing.

Interim REDD+ initiatives are currently taking different approaches to the use of safeguards (see Table 2). With

Box 3 | **What is a Safeguard?**

In the context of development finance, the term "safeguards" refers to the policies of a development agency, such as the World Bank, that are designed to protect the interests of people affected by development projects and to ensure that these projects "do no harm" to people and the environment. Safeguards are most important in contexts where local government policies and practice are insufficient. Financial institutions generally commit publicly to apply safeguard policies to their investments, which require borrowing governments to follow risk mitigation procedures to receive financing. Examples of these procedures include conducting an environmental impact assessment and developing an involuntary resettlement plan. The financial institution, in turn, assumes a responsibility to monitor and supervise the recipient's use of safeguards. This responsibility may include the establishment of a grievance mechanism to hear and address cases of noncompliance; the independently managed Inspection Panel of the World Bank is a notable example.

respect to bilateral agreements on REDD+, it is typically difficult to find transparent information describing if or how safeguards are being applied and who is ultimately accountable for their implementation. For example, a recent study of safeguard policies of bilateral donors to REDD+ programs in Indonesia found a pervasive absence of clear commitments on safeguards or standards.[27]

In the context of the multilateral REDD+ initiatives, conversations about safeguards have been relatively more transparent and inclusive, albeit controversial. Many civil society groups are calling for a rights-based approach to safeguards that delineate minimum standards that must be upheld in all circumstances. This approach has been adopted by the UN-REDD Programme. However, there is also a growing demand for more flexible approaches that take into account country circumstances, different types of REDD+ activities, and the need for expedient delivery of finance. In this regard, the FCPF has adopted the use of "strategic environmental and social assessments" (SESAs) as an alternative application of World Bank safeguards. The SESA is premised on the notion that REDD+ strategy development requires a strategic approach that integrates key social and environmental considerations at the earliest stage of decision-making through informed stakeholder participation.[28]

Most recently, the FCPF has proposed to work with multiple delivery partners (other multilateral banks or international organizations) to help administer their readiness grants, which is the approach that has already been adopted by the FIP. Each delivery partner would apply their own safeguard policies. The FCPF, UN-REDD Programme and FIP have subsequently begun to discuss the possibility of developing agreed minimum social and environmental standards. Nonetheless, arriving at minimum standards that are consistent with the policies of different implementing agencies will be difficult, and the multilaterals admit that more work on this issue is needed.[29]

3.4 Allocating financing between countries and phases

The recent REDD+ Partnership survey of interim financing and activities, while not comprehensive of all countries and transactions, is currently one of the best sources of global data on this topic. The survey identified 54 REDD+ countries that are taking action on REDD+ in cooperation with various donor countries and institutions.[30] Six of these countries have reported agreements with five to nine different donors: Cambodia (five donors), Democratic Republic of Congo (six), Indonesia (nine), Lao People's Democratic Republic (seven), Papua New Guinea (five), and Tanzania (six). Most countries have agreements with only one or two donors.

The survey also reports on the different types of activities that are being supported, which roughly correlate to the three phases of REDD+ implementation. It finds that only 5.3 percent of interim financing expenditure and commitments is supporting the development of national REDD+ strategies and actions plans, including multi-stakeholder consultation,

Table 2 | **Current Approaches to Social and Environmental Safeguards**

Initiative	Use of Safeguards
UNFCCC	"…the following safeguards should be [promoted] [and] [supported]: (a) That actions complement or are consistent with the objectives of national forest programmes and relevant international conventions and agreements; (b) Transparent and effective national forest governance structures, taking into account national legislation and sovereignty; (c) Respect for the knowledge and rights of indigenous peoples and members of local communities, by taking into account relevant international obligations, national circumstances and laws, and noting that the General Assembly has adopted the United Nations Declaration on the Rights of Indigenous Peoples; (d) Full and effective participation of relevant stakeholders, including in particular indigenous peoples and local communities in actions referred to in paragraphs 3 and 5 below; (e) Actions that are consistent with the conservation of natural forests and biological diversity, ensuring that actions…are not used for the conversion of natural forests, but are instead used to incentivize the protection and conservation of natural forests and their ecosystem services, and to enhance other social and environmental benefits."[1]
FCPF	According to the FCPF's charter, the World Bank's safeguards apply. However, since the FCPF Readiness Fund is meant primarily for technical assistance and capacity-building activities rather than the implementation of activities on the ground (e.g., investments or pilot activities), the FCPF has developed the SESA as an alternative application of World Bank safeguards. The SESA approach aims to integrate key social and environmental considerations for REDD+ at the earliest stage of decision making through informed stakeholder participation. This, in turn, is expected to promote compliance with safeguard policies once implementation begins. If, on an exceptional basis, the FCPF decides to finance the implementation of policies and projects, the standard application of safeguard policies will apply.[2] Recently, the FCPF has proposed to use multiple delivery partners to administer readiness grants and to allow each delivery partner to use their own safeguard policies. The FCPF will pilot a small number of potential delivery partners (U.N. agencies and regional development banks) in 2011.[3]
FIP	The design of the FIP safeguards remains unclear. The Strategic Climate Fund design documents mention that each delivery partner will be responsible for the use of funds transferred by the Trustee in accordance with its own fiduciary framework, policies, guidelines and procedures.[4] According to the FIP design document, each investment will follow the policies and procedures of the multilateral development bank that acts as delivery partner, although it also requires consultations with indigenous peoples and local communities. It does not include requirements for any other safeguards, such as impact assessments.[5]
UN-REDD Programme	The UN-REDD Programme has explicitly adopted a rights-based approach to its activities where it applies both the U.N. Declaration on the Rights of Indigenous Peoples and the principle of free, prior, and informed consent. They are currently developing a comprehensive social and environmental framework, which will include a minimum standard risk assessment and mitigation framework as well as guidance on how to maximize social and environmental benefits of REDD+.[6]
Bilateral Agreements	Bilateral funding arrangements establish a direct relationship between a donor and partner country, and any social and environmental standards or safeguards must be jointly agreed on in this context. In some cases, the basis for safeguard policies may be enshrined in laws and policies of the donor country or in the international laws that the donor or recipient country has signed onto. In other cases safeguards may be referenced within the strategy document for a donor country's work in a particular country, or even for work on a specific issue (e.g., REDD+) in a given country.
National Funds	National REDD+ funds will most likely comply with national laws and regulations rather than an international set of safeguards. The Amazon Fund in Brazil, for example, has "preservation guidelines" including tenure and land rights, education, health, and communication. In some cases, national REDD+ funds that have international donors are administered or guided by international implementing agencies and may adopt their safeguard policies. For example, the Congo Basin Forest Fund follows the procedures of the African Development Bank.

Notes

1. Ad Hoc Working Group on Long-Term Cooperative Action (AWG-LCA), "Report of the AWG-LCA under the Convention on its Eighth Session" (Bonn: UNFCCC, 2010), p. 34–35, online at: http://unfccc.int/resource/docs/2009/awglca8/eng/17.pdf.
2 FCPF, "Readiness Preparation Proposal (R-PP) Template," R-PP v. 5 draft, 30 October 2010, p. 36, online at: http://www.forestcarbonpartnership.org/fcp/.
3. FCPF, "Terms Applicable to the Arrangement for Piloting Multiple Delivery Partners," Participants Assembly Resolution PA/3/2010/2 (Washington, DC: World Bank, 2010), online at: http://www.forestcarbonpartnership.org/fcp/sites/forestcarbonpartnership.org/files/Documents/PDF/Nov2010/6b%20PA%20resolution%20on%20terms%20applicable%20to%20multiple%20delivery%20partners%2011-09-10.pdf.
4. International Bank for Reconstruction and Development (IBRD), "Governance Framework for the Strategic Climate Fund" (Washington, DC: World Bank, 2008), online at: http://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/SCF_Governance_Framework.pdf.
5. FIP, "Design Document for the Forest Investment Program, a Targeted Program under the SCF Trust Fund" (Washington, DC: World Bank, 2009), online at: http://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/FIP_Final_Design_Document_July_7.pdf.
6. UN-REDD Programme, "Update on Social and Environmental Principles," UNREDD/PB5/2010/12, 2010.

which are key components of phase one. On the other hand, 27.2 percent of interim financing has been committed for the implementation of those strategies (i.e., phase two) and related capacity-building activities. The largest fraction (30.1 percent) has been committed for large-scale demonstration activities and performance-based payments for emission reductions (i.e., phase two/three). A further 15.5 percent has been committed for activities that span multiple types of activities, and 21.7 percent of committed funds do not fall under any of these categories.

There is little evidence or analysis to suggest that this current distribution of financial resources is rational or ideal in terms of what is needed to reduce emissions. It is also unlikely that it will be perceived as fair amongst the majority of REDD+ countries. Every donor country and institution is determining its own funding priorities and eligibility criteria. In the case of multilateral REDD+ donors these priorities and criteria are at least relatively transparent. The basis upon which bilateral agreements are chosen and negotiated is typically much less clear. Overall, there is currently a lack of regularly updated, reliable, and transparent information about who is giving and receiving interim financing for REDD+ and what specific activities are being supported. Collecting this information is difficult considering that donor and partner countries may not necessarily define and categorize REDD+ financing and activities in the same way.

4. POTENTIAL IMPACTS OF WEAK COORDINATION

As described above, the current decentralized and donor-driven approach to interim REDD+ financing is manifesting in a number of coordination challenges. Most obviously, weak coordination between donors at the international level is resulting in an uneven and possibly unfair distribution of resources across different countries and activities. Perhaps of greater concern is that weak coordination is also driving a proliferation of disparate approaches to phased implementation, measuring results, and applying safeguards. While the interim period offers a unique opportunity to test different approaches, the use of inconsistent approaches, especially within the same country, could ultimately undermine the effectiveness of interim financing. The following sections highlight various ways in which these risks could unfold during the interim period. These examples are illustrative and may not be comprehensive of all potential risks resulting from weak coordination.

4.1 Inconsistent, donor-driven approaches may weaken country ownership over REDD+ programs

Strong ownership over national REDD+ programs by domestic stakeholders is widely believed to be essential for their success. However, the current proliferation of different, donor-led approaches to REDD+ at the international level is unlikely to encourage strong country ownership. In particular, for countries seeking to become "ready" for REDD+, this lack of consistency could result in confusion over what is required to achieve readiness and difficulties trying to accommodate different donor interests and priorities for a set of highly interrelated activities.

For example, many donors are seeking to fund the development of national REDD+ strategies as a basis for channeling phase two investments into specific policies and measures to reduce deforestation and forest degradation. While there is widespread agreement that REDD+ strategies should be nationally owned, it is likely that donors will exert some degree of influence over strategy development. Countries receiving multiple sources of support to develop their national REDD+ strategy may subsequently find themselves striking compromises that put certain domestic stakeholders at odds. Box 4 illustrates an example from Indonesia, where at least nine donors have made commitments to support interim REDD+ actions.[31]

4.2 Inconsistent, donor-driven approaches may lead to weak accountability for results and impacts

Billions of dollars of interim REDD+ financing has been pledged for investments in capacity building, strategy development, and policy implementation. However, efforts to develop methodological guidance and national monitoring systems for tracking non-carbon impacts of REDD+

Box 4 | Developing a National REDD+ Strategy in Indonesia

In March 2009 Indonesia submitted a Readiness Preparation Proposal (R-PP) to the FCPF, which was prepared by the Ministry of Forestry. The R-PP included a set of preliminary REDD+ strategy options and outlined a process to test and prioritize those options. The R-PP template, which was developed by the World Bank, defines a REDD+ strategy as "a set of actions to reduce deforestation and/or forest degradation, that addresses the drivers of deforestation and degradation."[1] It also provides specific guidance on the types of drivers that should be addressed and on the consultation process for strategy development. A US$3.6 million readiness grant was allocated to Indonesia on the basis of the R-PP, although the grant has not yet been disbursed. Indonesia is also currently participating in the UN-REDD Programme and has been selected as a FIP pilot country.

In May 2010, the governments of Norway and Indonesia signed a letter of intent (LOI) establishing a partnership that will unfold in three phases. During phase one, called "preparation," Norway will, among other things, support Indonesia to develop a "national REDD+ strategy that is also addressing all key drivers of forest and peatland related emissions." Norway is currently working with Indonesia to define the terms of the partnership and the deliverables in more detail. As a consequence of the LOI, the responsibility for developing the REDD+ strategy was transferred to the National Planning Agency (Bappenas) until a new national REDD+ agency can be established (as requested by Norway). Bappenas recently opened up consultations on its draft REDD+ strategy; however, the Ministry of Forestry has subsequently prepared its own draft strategy after disagreeing on several components of the Bappenas version.

It is not yet clear what impact the LOI will have on broader readiness processes through the FCPF and UN-REDD Programme, or how the future development of a FIP investment strategy will link to these efforts. There is currently little evidence that efforts are being made to align these processes.

Notes

1. FCPF, "Readiness Preparation Proposal (R-PP) Template," R-PP v. 5 draft, 30 October 2010, p. 2, online at: http://www.forestcarbonpartnership.org/fcp/.
2. Government of Norway, "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, p. 2, online at: http://www.norway.or.id/PageFiles/404362/Letter_of_Intent_Norway_Indonesia_26_May_2010.pdf.

actions have been inadequate relative to efforts to develop carbon MRV. If sustained, this situation is likely to lead to weak accountability for results. Furthermore, in the absence of improved donor coordination on this issue, it is likely that redundant and possibly conflicting results frameworks will begin to emerge. This would result in a proliferation of different performance metrics and reporting requirements that would quickly overwhelm the capacity of recipient country monitoring systems and institutions.

Similarly, a proliferation of different approaches for the application of safeguards could lead to a "race to the bottom," whereby countries could shop for donors with the lowest social and environmental standards.[32] Although only hypothetical, this risk is becoming more tangible given the significant pressure on developed countries to deliver large sums of interim REDD+ financing as quickly as possible, and the perception by some that safeguards are an administrative burden that slows the delivery of finance.[33]

It is possible to see how these concerns might play out in the context of the FCPF. Some civil society organizations are critical of the SESA approach. Specifically, they fear that the SESA is a weaker model of risk assessment and mitigation than the traditional application of Work Bank safeguards, and therefore assert that it is not adequate by itself.[34] The FCPF's most recent proposal to work with multiple delivery partners and to allow each partner to follow their own safeguard procedures has further exacerbated these concerns.[35] The World Bank's safeguard policies are generally considered to be the most robust of the multilateral development banks.

4.3 Simultaneous support for multiple phases may encourage countries to rush or bypass critical readiness investments

The REDD+ Partnership's recent survey of interim financing shows that substantially more money has been committed for what can be interpreted as phase two and three activities than for readiness activities during phase one. This alone creates a strong incentive for REDD+ countries to move quickly through the readiness phase. Emerging efforts to invest in multiple phases simultaneously, coupled with a lack of clear criteria for assessing readiness, will make it even easier for countries to rush or bypass investments in readiness.

While some overlap between the REDD+ phases is likely needed (e.g., capacity building may span all three phases and emission reduction projects may be piloted in phases one and two), there is also a purposeful logic in the sequencing of the phases. In particular, the readiness activities undertaken in phase one—for example, capacity building, stakeholder consultation, and strategy development—provide a crucial foundation for the fair and effective implementation of actions in later phases. Attempts to rush or bypass phase one activities could therefore undermine the long-term viability of national REDD+ programs. For example, a national REDD+ strategy developed without adequate stakeholder participation is unlikely to have the support necessary for effective implementation. Similarly, payments for emission reductions made before the rights of local communities and indigenous peoples have been secured could result in negative social outcomes that could undermine the permanence of emission reductions.[36]

These concerns are currently manifesting with respect to the FCPF, which consists of both a Readiness Fund for upfront investments in readiness (currently operational) as well as a Carbon Fund for performance-based payments for emission reductions (to become operational in 2011). According to the most recent FCPF documentation, countries seeking to participate in the Carbon Fund will have to demonstrate that they have made "sufficient progress towards readiness."[37] However, they will not be required to have completed a Readiness Package (i.e., final readiness report), or even a midterm Readiness Progress Report. Although this approach is consistent with the World Bank's stance that the REDD+ phases can occur in parallel, it also threatens to undermine the integrity of readiness investments, and begs the question: what does it mean to be "ready enough"?

5. OPTIONS FOR IMPROVED COORDINATION

The challenges described above have not gone unnoticed. Both developed and developing countries are recognizing the need for improved coordination to enhance the effectiveness of interim REDD+ financing. In the REDD+ Partnership's recent survey, countries and major international institutions were asked to provide comments on "options for improving coordination and implementing arrangements for REDD+ at the national, bilateral and multilateral level" (see Table 3). The following proposed options for improved coordination draw from the above analysis of emerging coordination challenges and risks, respondents' comments from the Partnership survey, and commitments made under the Paris Declaration on Aid Effectiveness (see Box 5).

5.1 Enhance transparency of interim REDD+ financing and activities at the global level

Much of the current lack of coordination can be blamed on a dearth of readily available and reliable information about what is being done by different actors. The number of countries and institutions engaged in REDD+ is substantial and growing, and the levels of transparency among them are inconsistent. Generally speaking, it is much easier to obtain information about the multilateral initiatives than about bilateral support. A number of different organizations have created or are seeking to create online platforms and/or databases for collecting information about REDD+ financing and activities and for sharing lessons learned.[38] One consideration to note is that creating these types of information platforms requires substantial and continuous resources to collect, analyze, and manage vast quantities of potentially incongruous data.

Table 3 | **Options Put Forward by REDD+ Partners for Improving Coordination and Implementing Arrangements for REDD+**

Options Proposed by REDD+ Partners[1]	Level of Coordination	Capacities Needed at REDD+ Country Level
Improve coordination of actors (including donors) at the country level through, for example, high-level coordination meetings, dedicated working groups, joint project missions	REDD+ Country	· Centralized mechanism for tracking REDD+ activities and support at the national level · Multi-stakeholder REDD+ working group, including donors, subnational actors, and civil society
Develop a single, nationally owned REDD+ strategy consistent with broader national development strategies as a basis for aligning international financing	REDD+ Country	· Inclusive and transparent multi-stakeholder process to develop national REDD+ strategy
Establish a national REDD+ fund to channel and coordinate all international financing	REDD+ Country	· Financial institutions able to comply with international fiduciary standards
Rationalize the distribution of financing between different countries and phases, including by identifying the value-added (e.g., in terms of scope) of existing funding instruments (e.g., FCPF, FIP)	International	· Readiness plan and REDD+ strategy that show a clear progression between phases and priorities for each phase
Harmonize standards and safeguards, for example, consolidate international best practices on fiduciary, environmental, and social standards; develop consistent principles and criteria for REDD+ activities; and clarify how safeguards are triggered	International	· Financial institutions able to comply with international fiduciary standards · Institutions with the capacity to apply social and environmental safeguards and implement grievance mechanisms
Streamline and harmonize procedural requirements for REDD+ financing, including disbursement procedures	International	· Financial institutions able to comply with international fiduciary standards
Harmonize peer review procedures for the validation of national REDD+ strategies	International	· Inclusive and transparent multi-stakeholder process to develop national REDD+ strategy
Improve transparency of REDD+ activities and financing and identify redundancies and gaps through, for example, a global REDD+ database and joint platforms for sharing lessons and best practices	International	· Centralized mechanism for tracking REDD+ activities and support at the national level

Note:

1. REDD+ Partnership, "REDD+ Financing and Activities Survey: Compilation of Part 2 Responses," Prepared by an intergovernmental task force, 27 May 2010, online at: http://www.oslocfc2010.no/documentslinks.cfm.

Box 5 | **The Paris Declaration on Aid Effectiveness**

The Paris Declaration on Aid Effectiveness (2005) has been adopted by over 135 countries seeking to reform the delivery and management of development aid. Partners to the Declaration have agreed to five overarching commitments:

- *Ownership:* Partner countries exercise effective leadership over their development policies and strategies and co-ordinate development actions.
- *Alignment:* Donors base their overall support on partner countries' national development strategies, institutions and procedures.
- *Harmonization:* Donors' actions are more harmonized, transparent and collectively effective.
- *Managing for Results:* Managing resources and improving decision-making for results.
- *Mutual Accountability:* Donors and partners are accountable for development results.

Partners have also agreed to monitor and evaluate implementation of these commitments against 12 indicators, while taking into account the need to adapt and apply each commitment to differing country situations.

Source: "The Paris Declaration on Aid Effectiveness," endorsed by 91 countries on 2 March 2005, online at: http://www.oecd.org/document/18/0,3343,en_2649_3236398_35401554_1_1_1_1,00.html.

5.2 Promote consistent yet flexible approaches among REDD+ donors

There are many levels on which donor countries and institutions can strive to adopt more consistent approaches, only some of which have been discussed in this paper (i.e., consistent approaches to phased implementation, safeguards, defining "readiness," or measuring performance). Additional areas in which REDD+ stakeholders are calling for greater consistency in order to minimize confusion and transaction costs include disbursement procedures, fiduciary standards, peer review processes for REDD+ strategies, and others.

Greater transparency will certainly aid donors' efforts to cooperate on these issues. However, a broader question still needs to be answered: how consistent do approaches need to be? For example, some stakeholders are calling for complete harmonization of social and environmental standards, whereas others argue that harmonization will be difficult to achieve from a practical standpoint and will reduce flexibility needed for learning. It is likely that the ideal level of consistency depends on the issue at hand. What is needed therefore is a deeper investigation of specific issues (beginning with enhanced transparency about what is currently being done) in order to identify the appropriate balance between consistency and flexibility.

5.3 Improve coordination of financing and activities at the REDD+ country level

While more consistent donor approaches are essential, the ultimate focal point for coordination of REDD+ financing must be at the REDD+ country level. Donors can play a role in this regard by working together to reduce redundancies and maximize complementarities of their investments within a particular country. However, the majority of responsibility for coordination will continue to fall on the governments of REDD+ countries. This reality emphasizes the critical importance of investing in readiness and two things in particular: first, building the capacity of national and subnational institutions to coordinate multiple sources of financing and apply international fiduciary standards and safeguards; and second, supporting inclusive multi-stakeholder processes to develop credible national REDD+ strategies as a basis for future alignment of REDD+ financing. Thus, the readiness phase can be seen as an investment in improved coordination.

6. POTENTIAL ROLES FOR THE UNFCCC, REDD+ PARTNERSHIP, AND MULTILATERALS

The options listed above prompt questions as to which institution(s) is most appropriate to take on responsibilities for enhanced coordination at the international level. These questions are particularly difficult to answer in the interim period, since the relationship between formal processes such as the UNFCCC and informal processes such as the REDD+ Partnership and other voluntary multilateral initiatives is not clear. The following sections consider potential roles that could be played by three main international actors: Parties to the UNFCCC, the Interim REDD+ Partnership, and the multilateral REDD+ initiatives.

6.1 The UNFCCC

Given that a global REDD+ mechanism will ultimately be most effective if it is part of a broader international climate agreement, the UNFCCC offers the highest political legitimacy for decisions taken on REDD+ during the interim period. For this reason, UNFCCC guidance would be particularly useful, if not vital, for developing more consistent standards and approaches for REDD+ implementation. In particular, the UNFCCC could provide technical guidance on standards and criteria for a phased approach, an operational framework for applying the safeguard principles, and methodologies for MRV of actions during phases one and two.

Many Parties have indicated that an agreement on REDD+ cannot be reached without the finalization of other elements of a broader climate agreement. However, there are potentially at least two alternative paths forward for providing additional technical guidance on REDD+ under the umbrella of the UNFCCC without prejudging the final outcome:

Box 6 | **The Nairobi Work Programme[1]**

The Nairobi Work Programme (NWP) is a five-year program (2005–2010) implemented by Parties, intergovernmental and non-governmental organizations, the private sector, communities, and other stakeholders.

Its objective is to assist all Parties, in particular developing countries, including the least developed countries and small island developing states to:

- Improve their understanding and assessment of impacts, vulnerability, and adaptation to climate change; and
- Make informed decisions on practical adaptation actions and measures to respond to climate change on a sound scientific, technical, and socio-economic basis, taking into account current and future climate change and variability.

The NWP is undertaken by the SBSTA and encourages active engagement of adaptation stakeholders in this implementation. The NWP disseminates knowledge and information on adaptation, including outcomes of Programme implementation and action by partners, through a variety of knowledge resources and publications.

Notes

1 "Nairobi Work Programme on Impacts, Vulnerability and Adaptation to Climate Change - Understanding Vulnerability, Fostering Adaptation," UNFCCC, accessed on 19 November 2010, online at: http://unfccc.int/adaptation/nairobi_work_programme/items/3633.php.

- Parties could adopt a "readiness" decision at COP-16 in December 2010 that would mandate the Subsidiary Body for Scientific and Technological Advice (SBSTA) to develop options for consistent approaches in the context of financing for readiness. For example, SBSTA could be called to develop initial approaches for how phase one and phase two activities would be recognized, since the current negotiating text focuses only on results-based monitoring of emission reductions. Such a decision would need to call on the UNFCCC Secretariat to work with the multilateral REDD+ initiatives and civil society actors to identify current best practices. An options paper could be reviewed by Parties at the June 2011 SBSTA meetings and form the basis for a COP decision in South Africa in 2011.
- Parties could adopt a COP decision in Cancun creating an equivalent of the Nairobi Work Programme on adaptation (see Box 6) for REDD+. Although not a decision-making forum, a REDD+ work program could serve as a multi-stakeholder forum under the UNFCCC framework for developing options, recommendations, and/or guidance related to a set of pre-defined issues. Discussions could be led by SBSTA and supported by the UNFCCC Secretariat, and should seek to collaborate with rather than duplicate the efforts of the REDD+ Partnership. Outputs from the work program could be adopted more formally by Parties or used as informal guidance for REDD+ actors during the interim period.

6.2 The REDD+ Partnership

The REDD+ Partnership is a relatively new process, has a limited mandate, and has been plagued by somewhat controversial beginnings. As a result, it may not currently be positioned to make substantive decisions about common standards and approaches for REDD+. However, the Partnership has the benefit of relatively broad participation of donor and REDD+ countries, as well the FCPF and the UN-REDD Programme. It is therefore uniquely placed to collect and analyze information and lessons about current practices and to promote greater transparency of REDD+ financing and activities at the multilateral, bilateral, and national levels. This information could provide valuable input to the SBTSA or any other multilateral process seeking to generate technical guidance for REDD+, especially with regards to information about bilateral support. As part of their current work plan and with additional investments in the capacity of the Partnership's Secretariat (currently staffed by the FCPF and UN-REDD Programme), the REDD+ Partners could collect and distill insights on a number of issues, including by:

- creating a consistent framework for collecting, categorizing, and analyzing information from both country-reported and independent sources about interim financing and activities;

- identifying potential criteria for assessing the ability of national institutions to meet minimum fiduciary and other standards necessary for direct access to international financing and for identifying capacity gaps that could be addressed as part of the readiness phase;
- collecting and sharing lessons on different national approaches and systems for coordinating international finance at the REDD+ country level;
- collecting and sharing lessons about different approaches for applying safeguards from the perspective of donor countries, REDD+ countries, and other relevant stakeholders such as indigenous peoples; and
- collecting and sharing lessons about domestic monitoring systems and related institutions as a starting point for discussions about how to design performance monitoring systems linked to the implementation of phase one and two activities.

One of the primary stated objectives of the REDD+ Partnership is to develop a global database of REDD+ financing and activities. Donors could use this information to allocate resources more fairly and effectively across countries and phases, even while allocation decisions continue to be largely decentralized amongst a large number of countries and institutions. One of the challenges facing the REDD+ Partnership is whether it will be able to foster constructive dialogues among countries about the fairness and effectiveness of the current distribution of resources. Given the overlap between actors participating in the REDD+ Partnership and the UNFCCC, the tone of discussions within the Partnership—whether positive or negative—will likely filter into the UNFCCC negotiations. If certain countries feel they are not receiving an equitable share of support for their actions, this could lead to difficult discussions about the appropriateness of international funds, which could impact the negotiations on REDD+ and climate mitigation more broadly.

6.3 The Multilaterals

Similar to the REDD+ Partnership, the major multilateral REDD+ initiatives—the FCPF, FIP, and UN-REDD Programme—enjoy broad participation of donor and REDD+ countries. Civil society and indigenous peoples have also been actively involved, both as official observers and participants, as well as through more informal channels. In addition, the multilaterals now also have the benefit of several years of experience working on REDD+. Together, these qualities suggest that the multilaterals could provide a useful forum for developing technical guidance on consistent standards and approaches for REDD+ through a multi-stakeholder process.

The need to develop consistent approaches to standards and safeguards within the multilateral REDD+ initiatives has been raised repeatedly by stakeholders to these programs and most recently in the context of the FCPF's proposal to use multiple delivery partners to administer its readiness grants. In response, the FCPF, FIP, and UN-REDD Programme recently collaborated to prepare a draft paper on "Enhancing Cooperation and Coherence among REDD+ Institutions to Support REDD+ Activities."[39] The first joint meeting of the governing bodies of these programs was subsequently held on November 6, 2010. Among the potential ways that the FCPF, FIP, and UN-REDD Programme can work together to streamline approaches, the following are most critical and urgent:

- *Aligning readiness processes and standards* to reduce transaction costs and increase clarity for REDD+ countries. This would ideally include, at a minimum, a common template for country submissions to the FCPF and UN-REDD Programme and a common review process for assessing readiness and progress toward readiness based on common standards and criteria. A draft common template was released for public comment in November 2010.
- *Developing technical guidance for MRV of actions during phases one and two*, including methodological guidance on the development of results frameworks

using non-carbon performance metrics and related national monitoring systems.

- *Developing agreed minimum standards for social and environmental safeguards* that would be applicable to all potential delivery partners, including common approaches and frameworks for applying safeguards on the ground.
- *Clarifying the objectives, scope, and approach of each program* with respect to one another and to the REDD+ phases as a basis for identifying added values, eliminating redundancies, and determining an effective and appropriate balance between overlapping versus sequencing activities across the phases. Special efforts are needed to clarify the temporal and substantive linkages between programs operating in the same REDD+ countries.

Although the World Bank and U.N. agencies are well positioned to lead these technical conversations, they will only be useful if extended to bilateral actors as well. Currently, multilateral programs represent less than one-third of the total REDD+ funds committed.[40] The multilateral programs should therefore seek to link their lessons, experiences, and work on developing common approaches to broader international processes such as the REDD+ Partnership and the UNFCCC.

7. CONCLUSIONS

During the interim period—before global rules on REDD+ are agreed on—interested actors at all levels have an opportunity to demonstrate that REDD+ works. If these actors are able to measure their successes in concrete and credible terms, they will also have an opportunity to build the confidence, consensus, and commitment of stakeholders needed to achieve an international agreement on REDD+. To date, developed countries have committed roughly US$4.5 billion in interim REDD+ financing and over 50 REDD+ countries are now planning or undertaking interim actions. These activities are already generating valuable lessons and experience. However, with little concrete guidance from the UNFCCC and no institution to provide centralized oversight, this deluge of interim activity has become highly decentralized, uncoordinated, and top-down. If coordination is not improved, there is a real risk that interim REDD+ financing and activities could prove ineffective, if not detrimental to the long-term success of REDD+.

Improving coordination will be challenging, especially given the numerous actors involved and the uncertain state of REDD+ within the UNFCCC. Any efforts to develop more consistent approaches at the global level will need to have a light touch so as to not prejudge final outcomes in the international negotiations, or to restrict the ability of developing countries to define their own vision for REDD+. Nonetheless, the urgent need for enhanced coordination has been recognized by a broad range of countries and stakeholders, and there exists a growing impetus to take action. The UNFCCC, the Interim REDD+ Partnership, and the major multilateral REDD+ initiatives can each play a significant role in this regard.

Moving forward, we suggest that actors and stakeholders seeking to identify and undertake concrete actions to improve coordination of interim REDD+ financing should consider the following overarching recommendations:

1. *Focus REDD+ financing on significant and sustained investments in national and subnational capacity to generate a nationally driven vision of REDD+, and to more effectively coordinate activities and support.* Progress made during the readiness phase will have substantial and long-lasting impacts on the success of national REDD+ programs. While some overlapping of the phases is likely desirable, eagerness to move forward with phase two and three activities should not undermine sustained investments in readiness. In particular, investments in readiness should strengthen national and subnational institutions needed to implement and coordinate REDD+ activities and support inclusive and transparent stakeholder engagement processes necessary to promote national ownership of REDD+ strategies.

2. *Improve the quality and coordination of bilateral and multilateral support for REDD+ actions so as to be more responsive to countries' demands.* The dangers of allowing the allocation, delivery and use of REDD+ financing to be driven by multiple donors will be most acutely felt by REDD+ countries. While the multilateral REDD+ programs and the REDD+ Partnership can and should play a leading role in developing common approaches to be used by donors, it is critical that REDD+ country governments and stakeholders are supported to engage in this process and to develop their own country-specific approaches.

3. *Develop better performance metrics and monitoring systems that go beyond measuring emission reductions, to enable results-based support for capacity building and implementation of policies and measures.* The results-based nature of REDD+ is one of its most important features. Large sums of interim financing have been committed; however, few efforts have been made to develop methodologies for measuring, reporting, and verifying actions using non-carbon metrics. Robust national monitoring systems that include both carbon and non-carbon performance metrics will encourage improved outcomes and enhanced accountability for results and impacts over time.

NOTES

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