



Forest Carbon Partnership Facility

**How Can REDD Support Low Carbon
Development Strategies?:**

**Role of Forest Carbon Partnership
Facility (FCPF) and Guyana**

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April 27, 2010



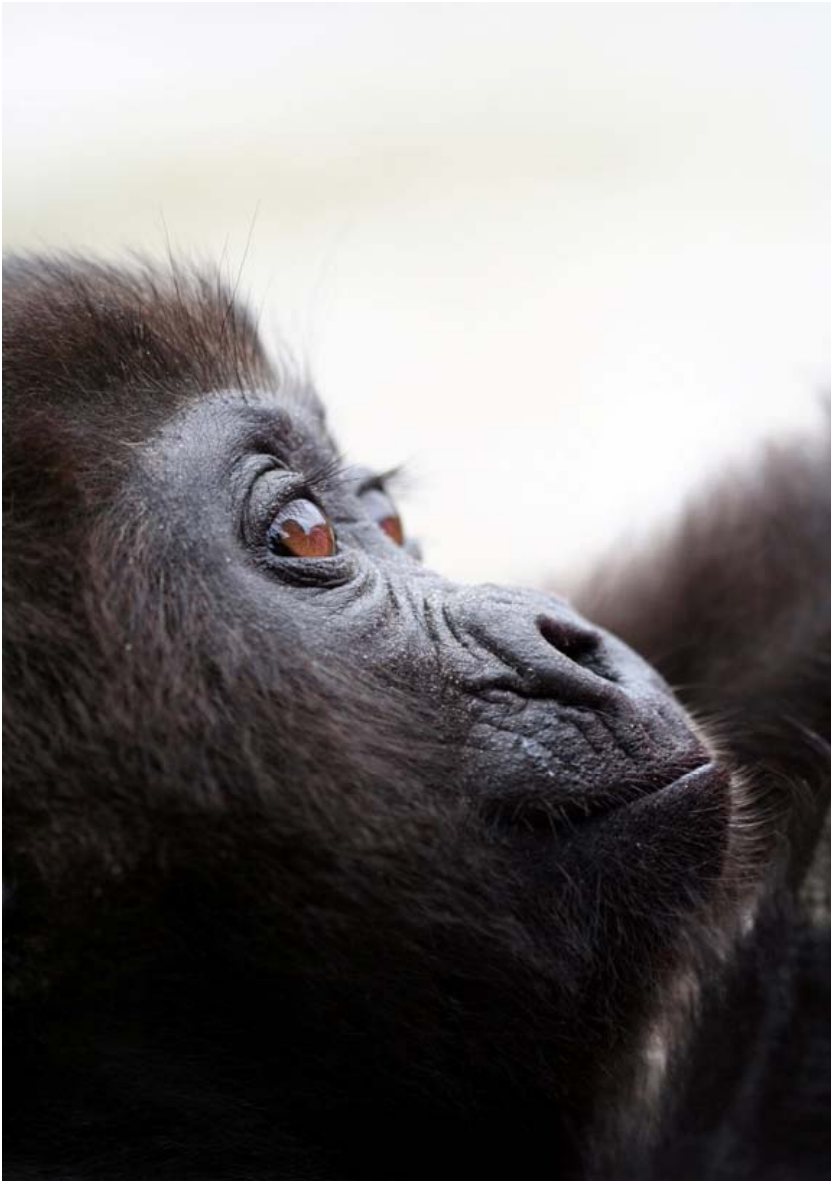
What is REDD?

- “Reducing Emissions from Deforestation and Forest Degradation in Developing Countries”
- Attempt to recognize role of forests in climate change mitigation
 - Forests are needed to achieve +2°C objective
 - 15-20% of the problem → 15-20% of the solution?
- Discussed in UNFCCC negotiations as part of ‘post-2012’ climate regime
 - Excluded from Clean Development Mechanism
 - Allowed for Annex I countries and under Joint Implementation
 - No forest activities in the EU Emissions Trading Scheme

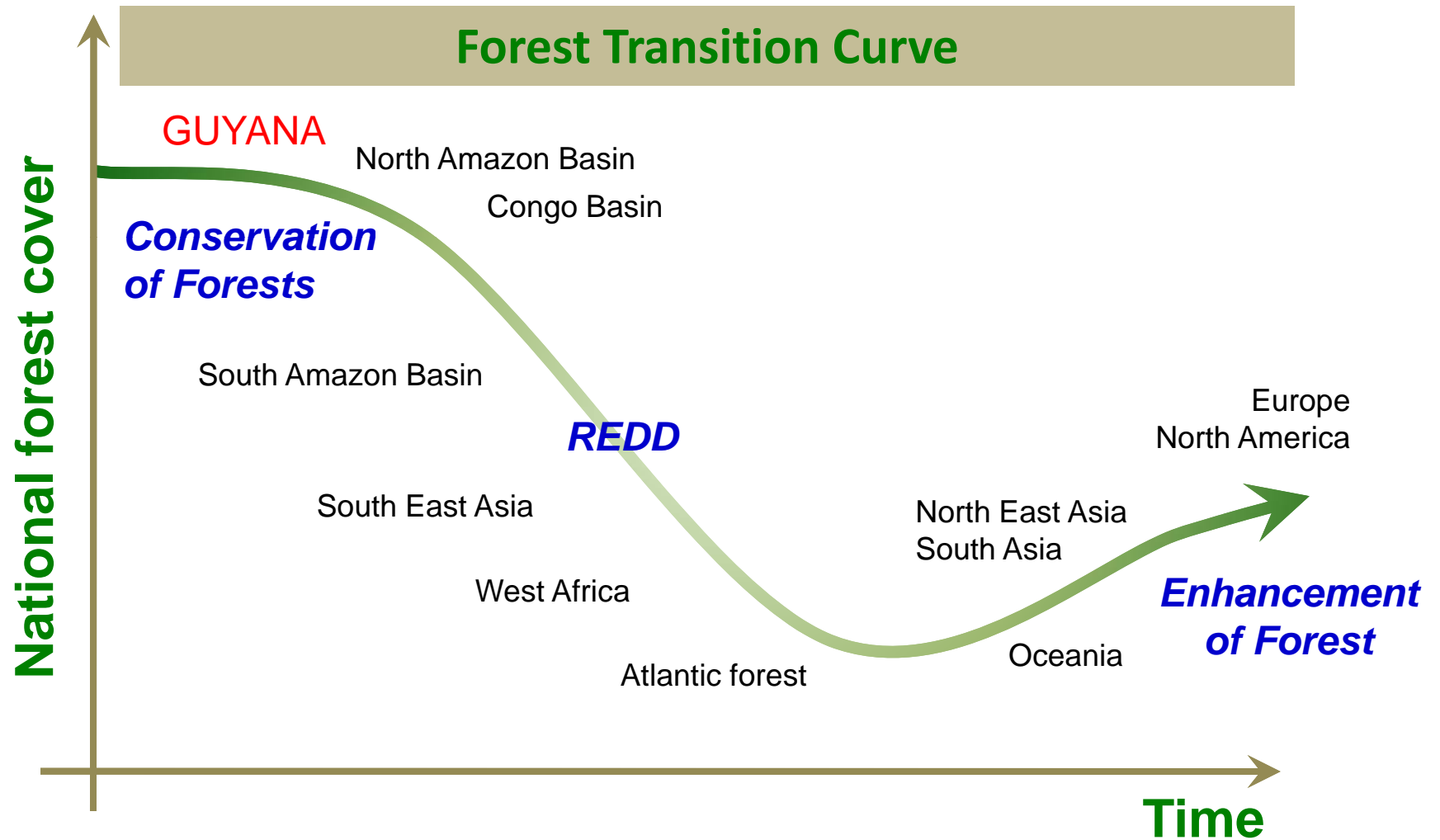


'REDD plus'

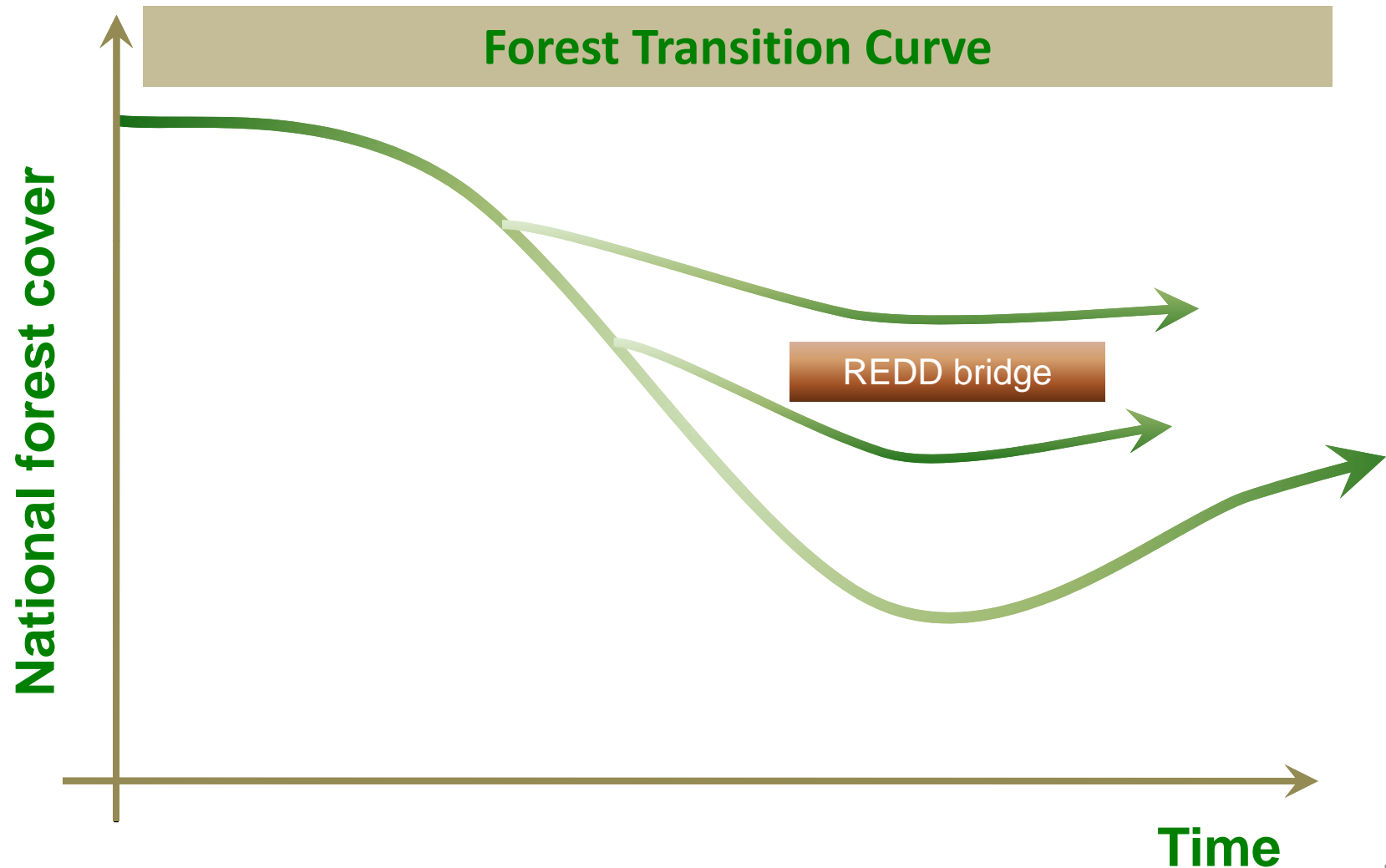
- Bali Action Plan calls for *“policy approaches and positive incentives on issues relating to reducing emissions from*
- *deforestation and forest degradation in developing countries; and the role of*
- *conservation,*
- *sustainable management of forests and*
- *enhancement of forest carbon stocks in developing countries”*.
- Scope was all but agreed in Copenhagen
 - All activities equally 'ranked'



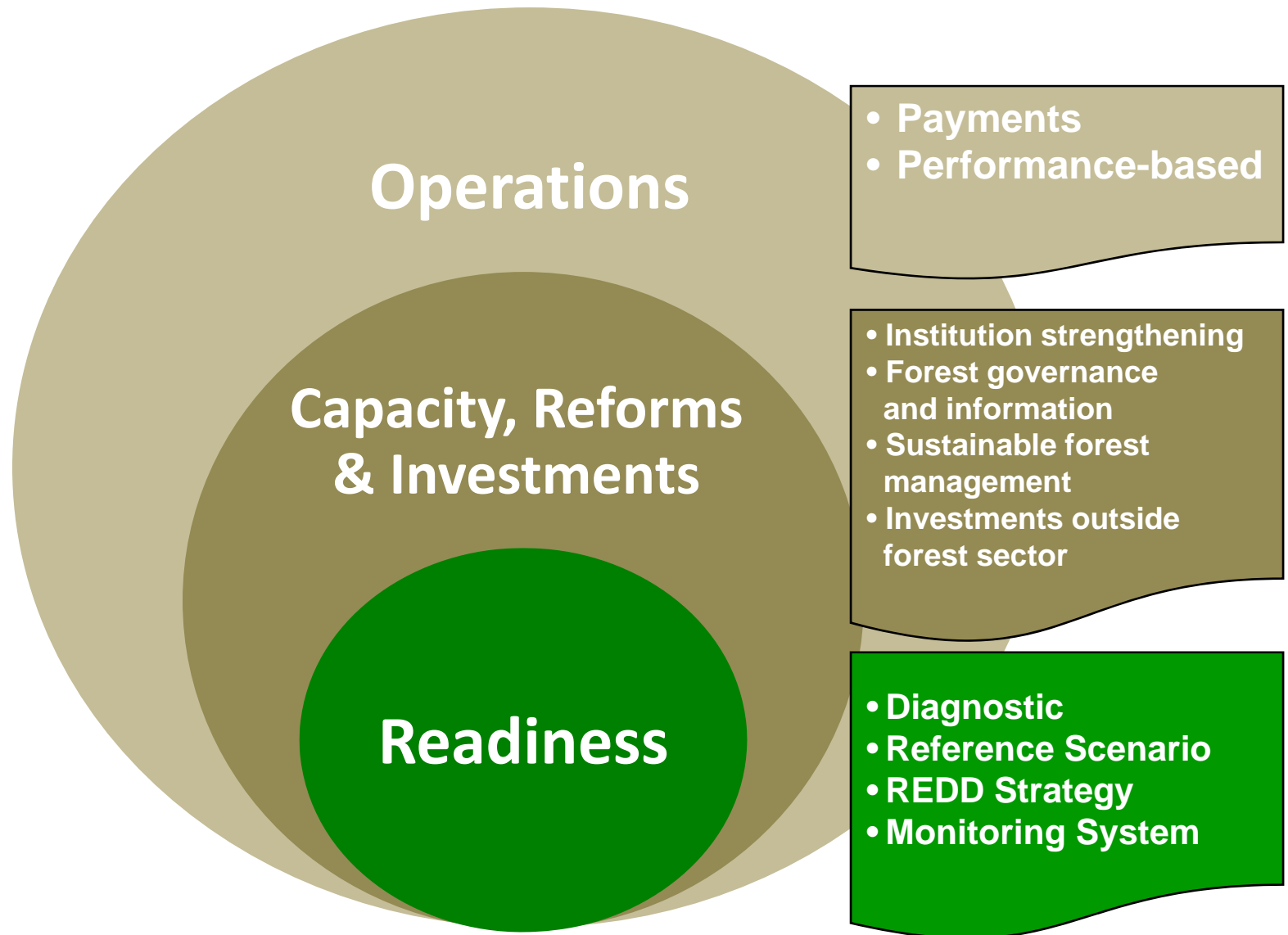
Traditional development paths: Most countries lose most of native forests



REDD+ can form a bridge on forest transition curve: If we can figure out how to do it well.



The Three Phases of REDD+



FCPF Has Two Mechanisms

Readiness Mechanism

READINESS
FUND

*Capacity
Building*

(2008-2012?)

Target ~\$185 million
Available \$115 million

Carbon Finance Mechanism

CARBON
FUND

*Emission
Reductions*

(2011-2015?)

Target ~\$200 million
Pledged \$55 million



FCPF Main Achievements to Date

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

- **Pioneered REDD readiness preparation process: R-PINs, R-PPs, technical review**
- **Most countries now actively preparing for readiness**
- **Due to high demand, REDD Country participation increased from 0 to 20 to 37**
- **37 REDD Country Participants**
- **11 Donor Participants**
- **5 Carbon Fund Participants**
- **6 Observers**
- **Readiness fund : \$115 m**
- **Carbon Fund: \$55 m**

37 REDD Country Participants Selected



Readiness Activities in the FCPF

- Contents of Readiness Preparation Proposal (R-PP):

- Component 1: **Organize and Consult**

- 1a. National Readiness Management Arrangements

- 1b. Stakeholder Consultation and Participation

- Component 2: **Prepare the REDD plus Strategy**

- 2a. Assessment of Land Use, Forest Policy and Governance

- 2b. REDD Strategy Options

- 2c. REDD Implementation Framework

- 2d. Social and Environmental Impacts

- Component 3: **Develop a Reference Scenario**

- Component 4: **Design a Monitoring System**

- 4a. Emissions and Removals

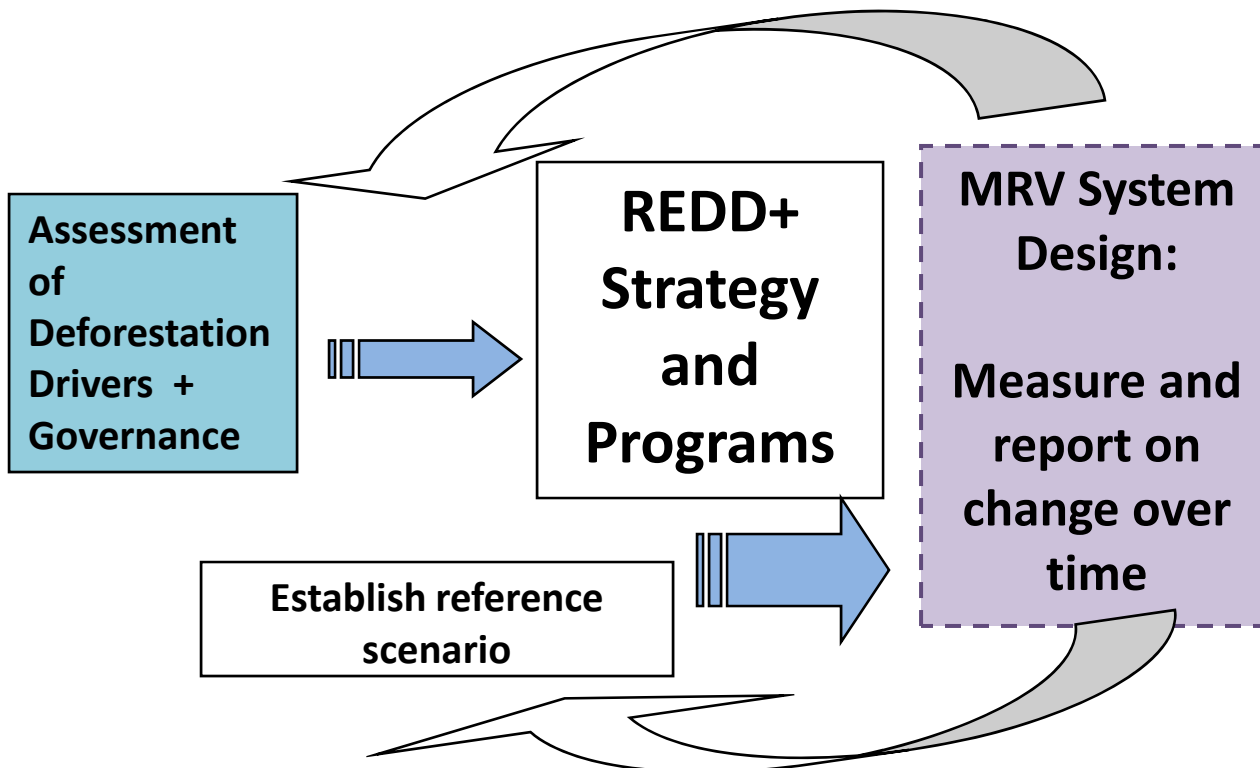
- 4b. Other Benefits and Impacts

- Component 5: **Schedule and Budget**

- R-PP template available at www.forestcarbonpartnership.org

FCPF Insight: Analysis of deforestation and degradation drivers is a critical step in planning for REDD+ in specific country conditions

Strong interrelationship among deforestation drivers, reference scenario, REDD strategy, and MRV system design



Preparing for Readiness: Country Status

- 3 countries presented R-PPs to PC3 (June 2009)
 - **Panama, Guyana, Indonesia**
 - PC assessed the R-PPs and allocated US\$3.6 million to each of these 3 countries for readiness preparation, authorizing the World Bank to finalize due diligence to prepare grant agreement (incl. safeguards, procurement and financial management reviews)
 - PC requested the three countries to address the key issues identified in the “Summary Report” and the assessment by the TAP
- 2 countries presented draft R-PPs to PC4 (October 2009)
 - Ghana, Suriname
- 3 countries presented formal R-PPs to PC5 (March 2010) in **Gabon (DRC, Ghana, Mexico)**, and 3 draft R-PPs (Argentina, Madagascar, Suriname). The PC:
 - Assessed the 3 formal R-PPs, and allocated up to US\$3.4 million to DRC and Ghana and \$3.6 million to Mexico for readiness preparation,
 - Requested these three countries to address the key issues identified in each country resolution, and
 - Authorized the World Bank to finalize due diligence to prepare a grant agreement (incl. safeguards, procurement and financial management reviews).

Guyana Is Early Pioneer of REDD+ Strategy, Reference Scenario & Financing

- FCPF Participants Committee noted progress by Guyana in:
 - **Guyana's use of the principle of free, prior and informed consent in the development of the national REDD strategy.**
 - **Guyana's commitment to improving mining practices.**
 - **Guyana's recognition of the central role of the Amerindian communities in REDD.**
- PC saw need for seizing momentum created the President of Guyana for REDD and a low-carbon development strategy.



Guyana Is Early Pioneer: 2

- **WB performing due diligence for \$3.4m grant, and assisting Guyana in addressing key issues identified by FCPF Participants Committee, including:**
 - Consideration of the drivers of deforestation and REDD strategies outside of the forest sector;
 - Align new policies and laws emerging for a low carbon development strategy and assess their implications for a future REDD strategy;
 - Clarify the methodology for inclusive and transparent consultations as a two-way dialogue on REDD.



Guyana's Low Carbon Development Strategy

Exhibit 13

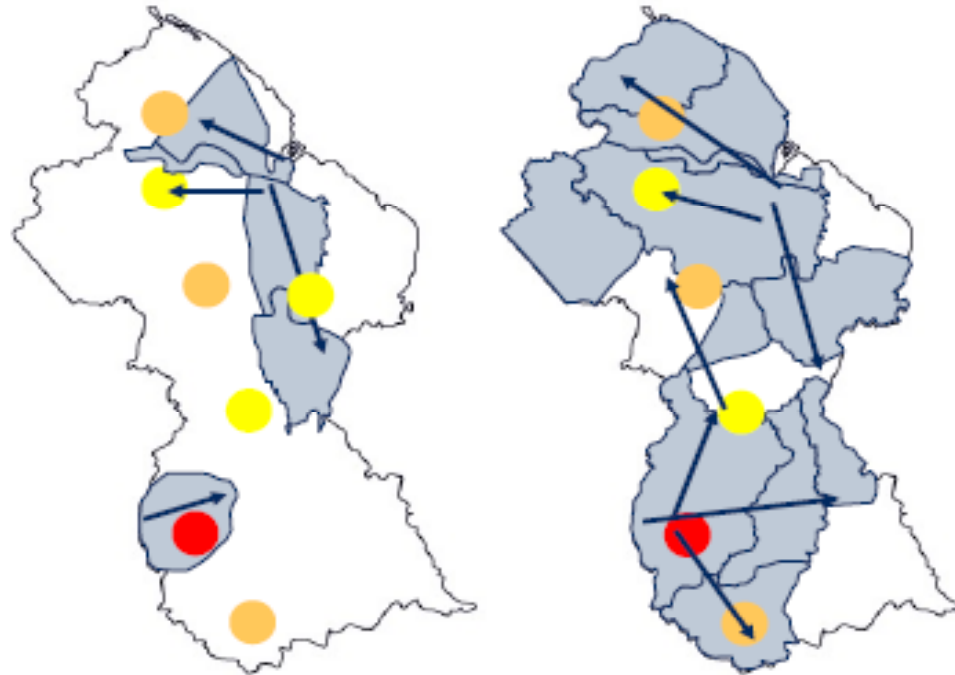
ECONOMICALLY RATIONAL DEFORESTATION PATH

CONCEPTUAL

- Deforestation path
- Gold
- Agriculture
- Ranching

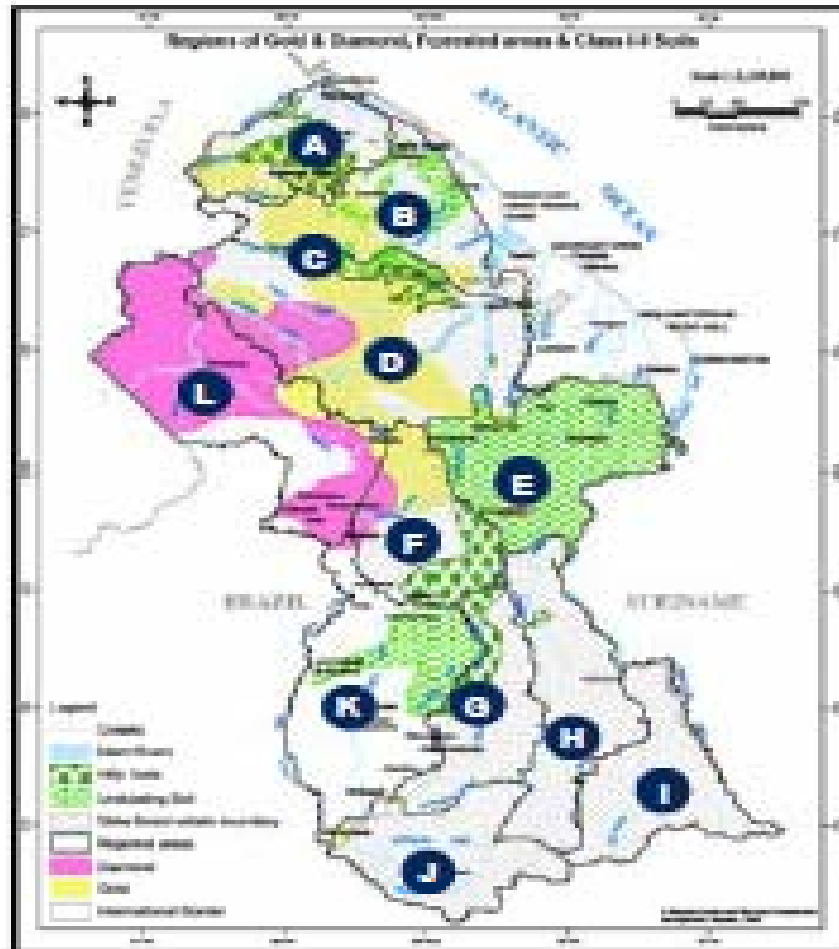
Deforestation after 5 years

Deforestation after 20 years



- Managed deforestation uses existing road and port structures to begin systematically deforesting areas near major cities
- In each area, deforestation only occurs if the NPV of deforestation is positive
- Areas rich in good agricultural soils and minerals are approach first
- Countries continue to commit to protecting 10% of forest cover under international guidelines

Guyana's Forest divided into 12 Regions Based on Forest Type, Access, Value of Post-Harvesting Uses (using soil types, minerals, etc.), and Ownership

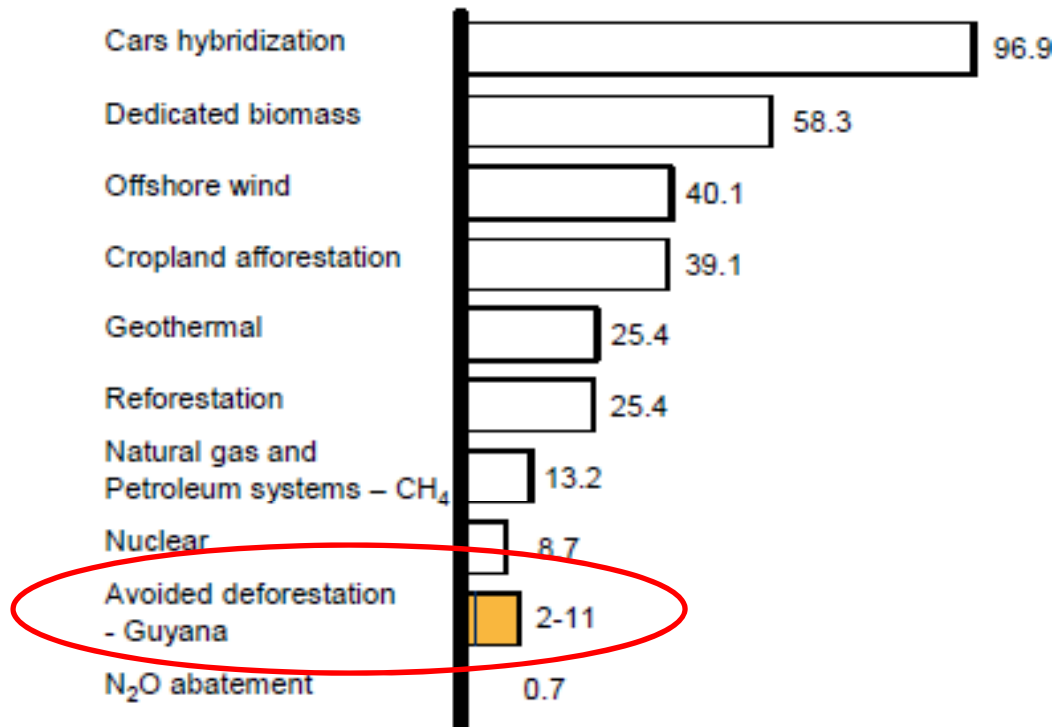


Avoided Deforestation is Low Cost Mitigation Option in Guyana & for Others: How to Realize It?

Exhibit 1

Cost of carbon abatement

USD per tonne of CO₂



Source: Vattenfall, McKinsey

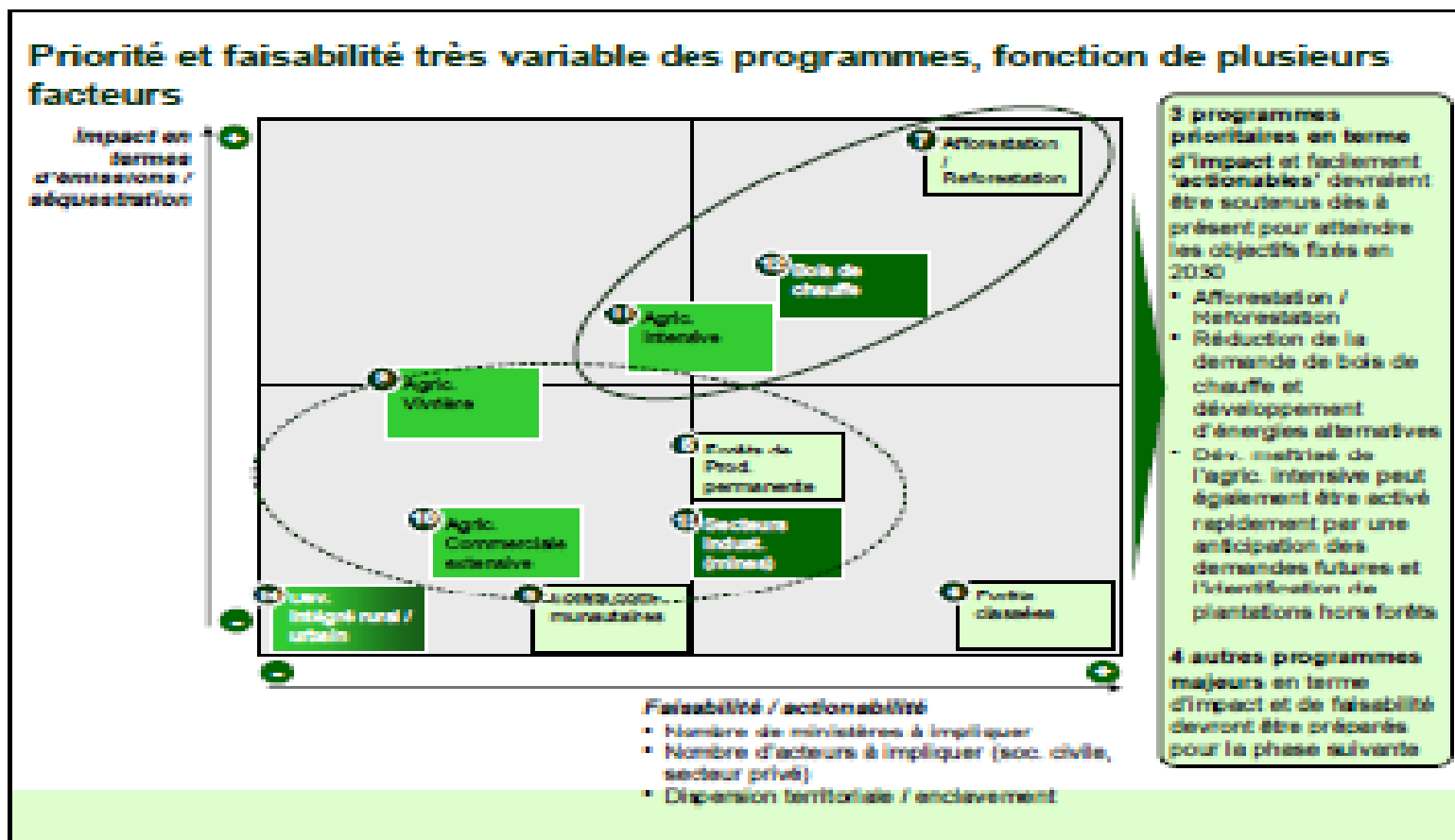
Initial investments under LCDS:

- **Hydropower (\$400 – 600 m)**
- **Draining, irrigation & road access to unforested, unused land for agriculture (\$300 – 500m)**
- **Install fiber optics & technology park (\$10 – 30 m)**

FMT Observation: Some FCPF R-PPs Now Making Linkages to Low Carbon Development Strategies (e.g., Guyana, DRC).

Consistent with some side events in Copenhagen envisioning REDD as element of national development paths

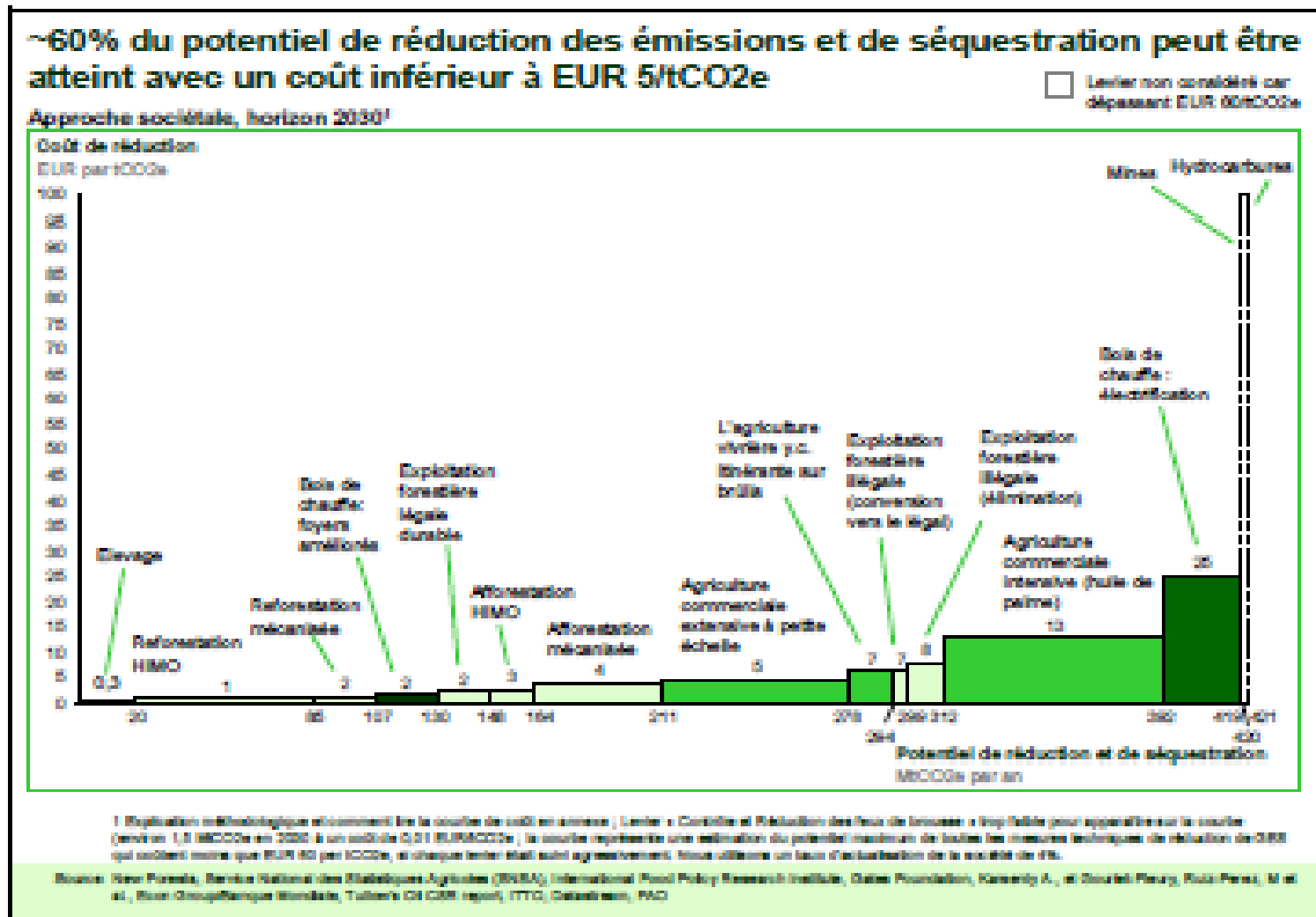
PLANCHE 16 : Priorité et faisabilité des programmes sectoriels



From: "Democratic Republic of Congo's REDD+ Potential," December 2009

DRC's LCDS Early Work: Cost Curve Approach

PLANCHE 10 : Courbe de potentiel et de coût de la mitigation des émissions liées à la déforestation et la dégradation²⁵



From:
 “Democratic
 Republic of
 Congo’s
 REDD+
 Potential,”
 December
 2009

FCPF Insight: REDD+ requires unprecedented national planning across sectors

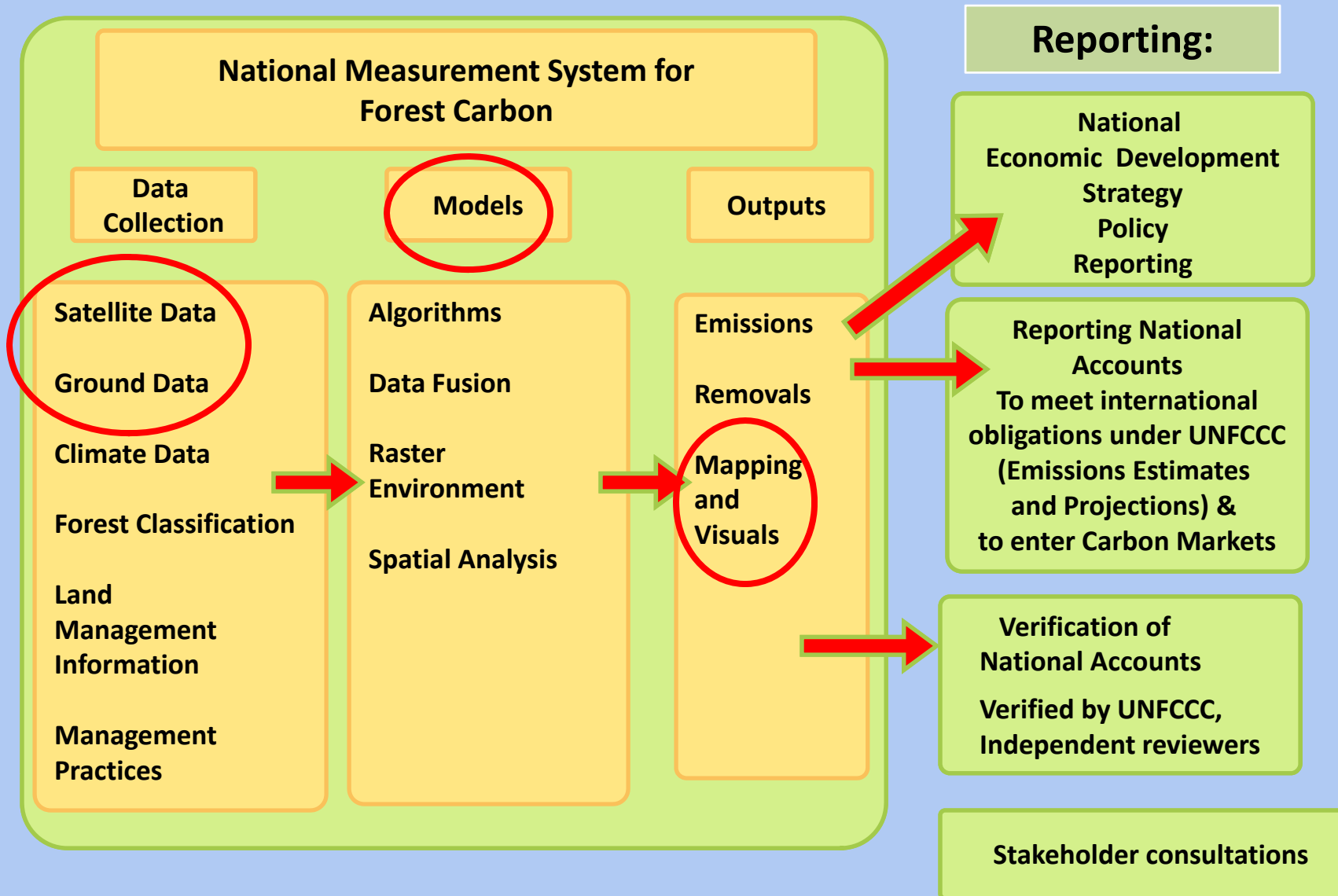
Integrated vision of how REDD+ fits into an emerging national, low-carbon development strategy is required

- **Mainstreaming REDD+ may require:**
 - **putting REDD+ at the center of national development policy**
 - **elevating REDD+ to highest levels of government**
- **Emerging national REDD+ steering committees are having to adapt to calls for broad representation of stakeholders, and transparency**

How Can FCPF and REDD+ Contribute to Low Carbon Development Strategies?

- Provide best practices for consultation and participation for stakeholders
- Encourage broad, cross-sectoral national REDD management structure.
- Share early methods for country reference scenario setting for forest cover change over time: historic and future forecasting
- Share design and methods for MRV (measurement, reporting and verification) of REDD+ within LCDS context;
 - Help encourage high-quality, internationally consistent MRV
 - Help countries produce compliance-grade REDD+ assets.
- Nest REDD+ within a broader vision of national development, reached in consensus process – instead of carbon cowboy deals.
- Provide global platform for experimentation, pilot methods development, and carbon finance pilots – leading to confidence in REDD+ over time.

FCPF Example: CCI Guyana Proposal: Transparent, Nationally Sustainable, And Internationally Acceptable MRV System



Why is High Quality MRV System Important?

- MRV system needs to build directly on analysis of key drivers of deforestation and degradation -- or will not track changing reference case: against which REDD benefits are measured.
- System needs to monitor REDD policy options and programs, to allow evaluation of your REDD program's effectiveness.
- Properly implemented national MRV may allow nation to compete in global carbon markets, and may avoid discounts in carbon prices.

MRV has emerged as critical requirement for entire post-Kyoto system, REDD, carbon market, & donors.





THANK YOU!

www.forestcarbonpartnership.org