

TABLE OF CONTENTS

The promise of REDD+ delivered its most tangible win this past year. In October, the Forest Carbon Partnership Facility Carbon Fund issued to Mozambique **the world's first payment for independently verified jurisdictional REDD+ emission reductions**. With more payments in the FCPF pipeline, we can now definitively say, **it pays to cut emissions, not trees**.



- 3 Abbreviations and Acronyms
- 4 Foreword
- 6 Executive Summary
- 8 How the FCPF Operates
- 10 FCPF Step by Step
- 12 Who Is the FCPF?
- 14 FCPF by the Numbers

16 The Readiness Fund

- 17 Building an Enabling Environment for REDD+
- 22 Consultation, Participation, and Outreach
- 24 National REDD+ Strategies
- 25 Forest Reference Emission Levels
- 27 National Forest Monitoring and Safeguards Information Systems
- 29 Non-Carbon Benefits
- 30 Costa Rica's Emission Reductions Program: Moving from Readiness to Emission Reductions Program Implementation

32 The Carbon Fund

- 36 Carbon Fund Country Program Descriptions
- 43 Building Blocks of Emission Reductions Programs
- 43 Capacity Building Program for Forest-Dependent Indigenous Peoples and Southern Civil Society Organizations
- 46 Women
- 48 Global Outreach with Indigenous Peoples and Local Communities
- 49 Private Sector Engagement
- 54 Technical Capacity Building
- 58 International Engagement
- 61 Communications and Knowledge Sharing
- 64 Issues and Challenges

66 FY22 Financial Report

- 67 The Readiness Fund
- 75 The Carbon Fund
- 79 Budget Approval Process
- 80 Results Framework

Boxes

25	Box 1.	FRL vs. FREL
45	Box 2.	Phases of the FCPF Capacity Building Program
53	Box 3.	Value Chain Finance in the Colombian Beef Sector
55	Box 4.	OpenMRV Knowledge Platform
55	Box 5.	MRV 2.0

Figures

45 Figure 1. Capacity Building Program Regional Partners

Tables

- 67 Table 1. FCPF Readiness Fund Summary Financial Statement, FY09–FY22 (\$, Thousands)
- 69 Table 2. FCPF Readiness Fund Donor Contributions, FY09-FY22 (\$, Thousands)
- 69 Table 3. FCPF Readiness Fund Cash Disbursements, FY09-FY22 (\$, Thousands)
- 70 Table 4. FCPF Readiness Fund Cash Disbursements, FY22 (\$, Thousands)
- 72 Table 5. FCPF Readiness Fund Grant Disbursements Through the World Bank and Other Delivery Partners, FY10–FY22 (\$, Thousands)
- 74 Table 6. Summary of Long-Term Sources and Uses of Readiness Funding (\$, Millions)
- 75 Table 7. FCPF Carbon Fund Summary Financial Statement, FY09–FY22 (\$, Thousands)
- 76 Table 8. FCPF Carbon Fund Donor Contributions, FY09-FY22 (\$, Thousands)
- 76 Table 9. FCPF Carbon Fund Cash Disbursements, FY10-FY22 (\$, Thousands)
- 76 Table 10. FCPF Carbon Fund Cash Disbursements, FY22 (\$, Thousands)
- 78 Table 11. Carbon Fund Sources and Uses, FY22 (\$, Millions)
- 79 Table 12. Signed ERPAs

ABBREVIATIONS AND ACRONYMS

Bank	World Bank
BioCF	BioCarbon Fund
CATS	Carbon Assets Tracking System
СВР	Capacity Building Program for Forest- Dependent Indigenous Peoples and Southern Civil Society Organizations
CF	Carbon Fund
CIF	Climate Investment Fund
СОР	Conference of the Parties (to the UNFCCC)
CORSIA	Carbon Offsetting and Reduction Scheme for International Aviation
CSO	civil society organization
DGM	Dedicated Grant Mechanism (of the Climate Investment Fund)
EnABLE	Enabling Access to Benefits while Lowering Emissions
ER	emission reductions
ERPA	Emission Reductions Payment Agreement
ERPD	Emission Reductions Program Document
ER-PIN	Emission Reductions Program Idea Note
FAO	Food and Agriculture Organization (of the UN)
FCPF	Forest Carbon Partnership Facility

FMT	Facility Management Team (of the FCPF)
FREL	forest reference emission level
FRL	forest reference level
FY22	fiscal year 2022: July 1, 2021–June 30, 2022
ha	hectare
ICAO	International Civil Aviation Organization
IFC	International Finance Corporation (of the World Bank Group)
IPs	Indigenous peoples
ISFL	Initiative for Sustainable Forest Landscapes (of the BioCarbon Fund)
Lao PDR	Lao People's Democratic Republic
LOI	Letter of Intent
MPIDO	Mainyoito Pastoralists Integrated Development Organization
MRV	measurement, reporting, and verification
NFMS	national forest monitoring system
PA	Participants Assembly
PC	Participants Committee
PROFOR	Program on Forests
REDD	Reducing Emissions from Deforestation and Forest Degradation

All dollars are U.S. dollars unless otherwise indicated.



FOREWORD

Delivering on the Promise of REDD+

For well over a decade now, developing countries around the world have been diligently working—despite significant obstacles, including a global pandemic—to advance REDD+ efforts. Their determination has been fueled by the triple-win promise of REDD+: that by reducing emissions from deforestation and forest degradation, they can protect their globally significant forests to help mitigate climate change, safeguard vital biodiversity, and generate new streams of benefits for forest-dependent communities.

That promise of REDD+ delivered its most tangible win this past year. In October 2021, the Forest Carbon Partnership Facility (FCPF) Carbon Fund issued to Mozambique **the world's first payment for independently verified jurisdictional REDD+ emission reductions**.

It's hard to overstate what this first payment signifies. It proves to countries at various stages of readiness preparation that REDD+ is not an empty promise with an ever-moving goal post. To international carbon markets, the transaction signals that large-scale REDD+ programs can produce the high-quality carbon credits that buyers demand. There are more payments in the FCPF pipeline, and we estimate total payments of almost \$90 million will be made by the end of the calendar year, with more coming in 2023.

We can now definitively say, it pays to cut emissions, not trees.

These payments also underscore that it is possible to successfully implement emission reductions programs that adhere to robust World Bank safeguards. FCPF programs also include approved benefit-sharing plans that guarantee funds are equitably shared with local communities and Indigenous groups implementing REDD+ activities on the ground.

With the signing of **Guatemala's Emission Reductions Payment Agreement** in September 2021, all 15 countries in the FCPF Carbon Fund are now on track to follow Mozambique's lead and receive their own payments for certified emission reductions. These 15 agreements have unlocked up to \$721 million in results-based payments for forest-related emission reductions. Emission reductions from FCPF Carbon Fund programs are expected to total 145 million tons of carbon dioxide by 2025—equivalent to taking nearly 32 million cars off the road for a year.



The World Bank's new umbrella trust fund, the Climate Emissions Reduction Facility (CERF), has been designed to continue and scale up the FCPF's trailblazing work. CERF will provide results-based climate finance for large-scale jurisdictional forest programs through its Natural Climate Solutions pillar. Set to launch later in 2022, CERF will be a "one-stop shop" for all results-based climate finance within the World Bank.

Amid this change and innovation, we must stay squarely focused on what remains the same: that forests are critical to meeting Paris Agreement targets to avoid the worst effects of climate change. Forests cover 31 percent of the Earth's land surface, and they sequester 662 billion tons of carbon, which is more than half the global carbon stock in soils and vegetation.¹ Forests are also critical for livelihoods. About 350 million people, half of whom are Indigenous, live within or close to dense forests and depend on them for their subsistence and income.

In November 2021, 140 countries pledged in the Glasgow Leaders' Declaration on Forests and Land Use to eliminate forest loss by 2030 and significantly scale up sustainable forestry. These pledges are historic and important, but the real work remains turning them into action.

As I retire from the World Bank after many years as fund manager of the FCPF, I wish to thank all those involved, many of whom have become friends over this time, for your commitment and perseverance in this vital work. The critical importance of forests and the tremendous potential of results-based climate finance must remain our guiding lights as we continue to support countries in looking after their forests and realizing the promise of REDD+.

1 Food and Agriculture Organization (FAO), The State of the World's Forests 2022: Forest Pathways for Green Recovery and Building Inclusive, Resilient and Sustainable Economies (Rome: FAO, 2022).



Simon Whitehouse September 2022

EXECUTIVE SUMMARY

The Forest Carbon Partnership Facility (FCPF) issues the world's first payment for independently verified jurisdictional REDD+ emission reductions to Mozambique; all 15 countries in the FCPF Carbon Fund are now on track to receive payments for certified emission reductions, while the FCPF Readiness Fund prepares to close in December 2022.

Over the past fiscal year,¹ the FCPF Carbon Fund issued a groundbreaking first payment of \$6.4 million to Mozambique for reductions of almost 1.3 million tons of carbon dioxide equivalent (tCO₂e) emissions. This payment marks a significant global milestone for Mozambique, the FCPF, and REDD+, as this is the first-ever accredited verification and payment of jurisdictional REDD+ emission reductions in the world.

With the signing of the **Emission Reductions Payment Agreement (ERPA) with Guatemala** in September 2021, the FCPF's 15th ERPA, all FCPF Carbon Fund countries are now on track to follow suit and receive payments for certified emission reductions. These 15 ERPAs have unlocked up to \$721 million in results-based payments for emission reductions expected to total 145 million tCO₂e by 2025. Such reductions are equivalent to taking approximately 32 million cars off the road for a year.

The FCPF Readiness Fund, which is set to close in December 2022, has now signed 45 preparation grants to assist countries in scaling up their REDD+ efforts. Readiness Fund grant allocations total \$314 million, and in fiscal year 2022 (FY22) the FCPF endorsed Readiness Packages from Togo and Pakistan. With this support, FCPF country participants continued to make important advancements in FY22 on a range of REDD+ readiness work, including national REDD+ strategies, stakeholder engagement, forest reference emission levels, non-carbon benefits, and forest monitoring and safeguards information systems.

Despite ongoing COVID-19-related challenges, the Readiness and Carbon Funds advanced important technical capacity-building tools in FY22. Based on a comprehensive assessment of innovative remote sensing technologies, the FCPF began development of a **next generation of measurement, reporting, and verification systems called MRV 2.0**. Early work on MRV 2.0 included collecting and processing high-quality in situ LiDAR data in Colombia and Mozambique and designing the prototype for a centrally governed digital MRV system. The FCPF also continued to collaborate with the Global Forest Observations Initiative (GFOI) to refine OpenMRV, a global knowledge platform on forest-related MRV.

The FCPF and BioCarbon Fund Initiative for Sustainable Forest Landscapes (ISFL) continued to improve their jointly developed **Carbon Assets Tracking System** (CATS) that is used by both funds for the issuance and transfer of emission reductions. In FY22, the FCPF delivered dedicated CATS training sessions in select Carbon Fund countries. These trainings will continue in FY23, as countries' monitoring report validation and verification processes progress.

In the area of stakeholder engagement, the FCPF and the World Bank's Enhancing Access to Benefits while Lowering Emissions (EnABLE) Fund launched **a successful REDD+ podcast series called Get** *REDDY*. The series aims to provide Indigenous peoples and forest-dependent communities with clear and accessible information about climate change and REDD+, and it has already reached more than **25 million people in Carbon Fund countries** through community radio stations.

¹ The FCPF's 2022 fiscal year is from July 1, 2021 to June 30, 2022.

In FY22, the FCPF's long-standing **Capacity Building Program for Forest-Dependent Indigenous Peoples and Southern Civil Society Organizations** continued to implement activities under its final consolidation phase, which wraps up in 2022. To date, the program has allocated \$15 million to more than 100 subprojects across Africa, Asia-Pacific, and Latin America and the Caribbean that have helped a wide range of stakeholders to better engage in the implementation of REDD+ activities in their countries.

In the area of women's engagement, the FCPF published several studies in FY22 to identify **opportunities for gender empowerment and inclusion in REDD+**. To coincide with International Women's Day in March 2022, the FCPF published a report and hosted a global workshop on the legal and policy constraints and opportunities affecting women's land and forest tenure in Carbon Fund countries. Other FCPF studies launched over the past year looked at existing opportunities to enhance the inclusion of women in REDD+ financing programs, gender empowerment efforts under the World Bank's Dedicated Grant Mechanism, and opportunities to promote gender inclusion in green value chains.

To deepen collaboration with the private sector, the FCPF continued to develop national and regional resources and trainings to **advance sustainable production models** across a wide range of land-use sectors, including cocoa, livestock, mining, vanilla, cashew, and ecotourism. At the global level, the FCPF and ISFL ran an innovative, five-week **Sustainable Agricultural Banking Program** that worked with banks from several African countries to scale up sustainable value chain financing in the agriculture sector. In May 2022, the FCPF and ISFL teamed up again to host a **third global private sector engagement workshop**, Accelerating Climate Action: Unlocking Private Sector Finance for Sustainable Landscape. The virtual event brought together 500+ leaders, government representatives, and members of the private sector investments in sustainable landscapes and demonstrated how collaboration can enhance impact for the climate, nature, and communities.

The REDD+ financing landscape continues to change, creating opportunities as well as complexities for developing countries interested in halting deforestation and forest degradation, and in monetizing these efforts. Forest protection remains challenging, and countries will require more tools and resources to crowd in funding and technical assistance for sustainable forest management.

The FCPF and ISFL have paved the way for the new **Climate Emissions Reduction Facility** (CERF), which will provide a "one-stop shop" for all results-based climate finance within the World Bank. CERF builds on the World Bank's two-decade history with carbon finance, including prominent lessons learned through the FCPF and ISFL. Under CERF's **Natural Climate Solutions Pillar** (Pillar 1), the facility plans to expand results-based climate finance programs to new areas, such as blue carbon. CERF will launch in late 2022 and be fully operational by 2023, with a short-term target capitalization of \$1 billion.

These kinds of large-scale financing initiatives are coming at the right time for REDD+ countries. As the FCPF prepares to close its Readiness Fund at the end of 2022, developing countries can rest assured that many World Bank financing mechanisms, including CERF, stand ready to support countries' long-standing and globally significant efforts to tackle climate change including REDD+.

HOW THE FCPF OPERATES

The FCPF is truly a global partnership—comprising governments, the private sector, civil society, international organizations, and Indigenous peoples—focused on efforts to reduce emissions from deforestation and forest degradation, forest carbon stock conservation, the sustainable management of forests, and the enhancement of forest carbon stocks in developing countries (activities commonly referred to as REDD+).

The FCPF works with 47 developing countries across Africa, Asia-Pacific, and Latin America and the Caribbean. With the support of the facility, countries lay the groundwork to implement REDD+, the building blocks of which include developing national REDD+ strategies and reference emission levels; designing measurement, reporting, and verification systems; and establishing national REDD+ management structures, including environmental and social safeguards.

The overall goal of the FCPF is to pilot resultsbased payments to countries that have advanced through REDD+ readiness and implementation and achieved verified emission reductions in their forest sector (see Strategic Objectives below). In addition to emission reductions, the facility tests ways to sustain or enhance livelihoods of local communities and to conserve biodiversity. The FCPF has two separate but complementary funding mechanisms—the Readiness Fund and the Carbon Fund—with funding in excess of \$1.3 billion between them to achieve its strategic objectives. Both mechanisms are supported by a multidonor fund of governments and nongovernmental entities, including the private sector, all of which have made a minimum financial contribution of \$5 million. Contributors to the Readiness Fund are known as donor participants, and contributors to the Carbon Fund are known as Carbon Fund participants. Developing countries participating in both FCPF funds are known as REDD+ country participants.

47

Developing Countries

The FCPF works with 47 developing countries across Africa, Asia-Pacific, and Latin America and the Caribbean.

STRATEGIC OBJECTIVES

- To assist countries in their REDD+ efforts by providing them with financial and technical assistance in building their capacity to benefit from possible future systems of positive incentives for REDD+.
- To pilot a performancebased payment system for REDD+ activities, with a view to ensuring equitable benefit sharing and promoting future large-scale positive incentives for REDD+.
- Within the approach to REDD+, to test ways to sustain or enhance livelihoods of local communities and to conserve biodiversity.
- To disseminate broadly the knowledge gained in the development of the facility and the implementation of Readiness Preparation Proposals and emission reductions (ER) programs.

IMPACTS

AA

REDUCED EMISSIONS from deforestation and forest degradation

SUSTAINED or ENHANCED BIODIVERSITY and LIVELIHOODS for forest-dependent men and women

OUTCOMES

OVERARCHING OUTCOME: Improved governance and transparency for sustainable forest resource management (including REDD+ interventions) within participant countries:

(t\$)

The Readiness Fund supports the development of capacity within participant countries to deliver REDD+ and/or access REDD+ finance.

• ()

The Carbon Fund incentivizes the development and delivery of REDD+ ER programs.



Participant countries strengthen delivery of programming aimed at sustaining or enhancing livelihoods of local communities and/or conserving biodiversity.

The FCPF enhances learning on global implementation of REDD+.

OUTPUTS

- Readiness Assessment Framwork is agreed upon and disseminated.
- Countries demonstrate an adequate plan to achieve preparedness for REDD+ funding.
- Countries progress adequately on the implementation of their Readiness Preparation Proposals and Grant Agreements.
- Standards and preparations are in place for high-quality ER programs discussed and endorsed by Carbon Fund participants and/or the Participants Committee.
- -> Countries enter the Carbon Fund portfolio.
- -> The private sector engages with the Carbon Fund.
- -> Countries progress adequately on the implementation of their ER programs.
- The capacity of Indigenous peoples and civil society organizations is enhanced to engage in REDD+ processes at the country level.
- -> FCPF participant countries test ways to sustain and enhance livelihoods.
- FCPF participant countries test ways to conserve biodiversity.

FCPF STEP BY STEP

READINESS FUND

Helping Developing Countries Set Up the Building Blocks to Implement REDD+



CARBON FUND

Piloting Results-Based Payments for REDD+ Efforts in Developing Countries



Includes assessing technical (e.g., reference emission levels, MRV) and programmatic elements (e.g., subnational arrangements, benefit sharing) in accordance with the Carbon

Fund Methodological Framework

WHO IS THE FCPF?

REDD+ COUNTRY PARTICIPANTS



DONORS





OBSERVERS (official & unofficial)



 \mathbf{H}

International Organizations



Civil Society

Organizations



Women's

Groups



Private Sector

FCPF BY THE NUMBERS



Capacity Building Program



in Grants





FCPF Participant Countries Reached





Subprojects



850

Regional and National Knowledge Products

Readiness Fund

\$470M



in Readiness Fund



Grants Allocated

\$291M



Funding Disbursed



Readiness Proposals

44

45



Midterm Reports

Readiness Preparation Grant Agreements Signed



28 Readiness Packages Endorsed



Carbon Fund

\$874M



((\$))

in Carbon Fund



Total ER Payment Agreement Value

36



ER Program Idea Notes Submitted





Programs in the Portfolio

15



110M

Hectares in Combined Program Areas





Communications and Knowledge





People Reached through FCPF's GET REDDY Podcast



8,500+

Followers on FCPF Social Media



89

Stories/Blogs

Feature

Knowledge Seminars

97



69

Knowledge Products



THE READINESS FUND

The Readiness Fund supports tropical and subtropical developing countries in preparing themselves to participate in a large-scale system of positive incentives for REDD+.



Throughout the past year, REDD+ country participants have continued to make important advancements in their readiness efforts, including national policy reforms, engaging and consulting stakeholders, advancing their national REDD+ strategies, developing national forest monitoring and safeguards information systems, and establishing forest reference levels, as well as capturing and enhancing the non-carbon benefits of REDD+.

BUILDING AN ENABLING ENVIRONMENT FOR REDD+

FCPF Readiness Grants make important contributions to nationally driven policy reforms that support the effective design and implementation of REDD+. The initiation and execution of these reforms are complex undertakings, requiring collective action across ministries and sectors and at national and subnational levels, which sometimes goes beyond the scope of FCPF funding.

The following examples provide a snapshot of important, country-driven policy reforms introduced over the past year that both guide and inform REDD+ in the context of broader national processes.

In **Burkina Faso**, REDD+ was integrated into the latest National Economic and Social Development Plan. This national framework was adopted in 2021 with an overall objective to "restore security and peace, strengthen the resilience of the nation, and structurally transform the Burkinabe economy, for strong, inclusive and sustainable growth." Other sectoral development planning guidelines in the country are also taking REDD+ into account, including the Agro-Sylvo-Pastoral Strategic Investment Plan and the National Biodigesters Program. **Colombia**'s national government and congress advanced in the development of laws associated with reducing deforestation and the sustainable management of forests, including the Climate Action Law (Law 2169 of 2021), the Law of Crimes against Natural Resources and the Environment (Law 2111 of 2021), and the Ecological Restoration Law (Law 2173 of 2021). These regulations demonstrate the country's commitment to mitigation and adaptation, and the conservation of natural resources.

Fiji undertook a comprehensive review of its 2011 REDD+ Policy. This review was completed through an iterative consultation process that involved a wide range of civil society, academic, donor and provincial government representatives on the country's national REDD+ Steering Committee.

Sudan updated its Nationally Determined Contribution (NDC) to include planned REDD+ activities, including an emission reductions program and a blue carbon pilot program on mangroves in the Red Sea state. The country noted that these updates are in line with national development plans in the energy, forestry, and land-use sectors.



MILESTONES

- Readiness Preparation Grant Agreements Signed
- Midterm Reports Submitted¹
- Readiness Packages Endorsed²



¹One new midterm report submitted in FY22: Kenya.

² Two new Readiness Packages endorsed in FY22: Pakistan, Togo.

Readiness Preparation Grant Agreements Signed

A Readiness Grant Agreement sets out terms and conditions for disbursement of the grant for support of a Readiness Preparation Proposal (R-PP).

Midterm Reports Submitted

A midterm report provides an update on progress made in the implementation of the R-PP.

Readiness Packages Endorsed

A Readiness Package describes the activities designed to support a REDD country participant's capacity to participate in future systems of positive incentives for REDD+, which include a reference scenario, a REDD+ strategy, and a monitoring system.

Additional Funding Signed

An Additional Funding Grant enables a country to continue with its REDD+ readiness efforts, building on the work supported by an initial grant.



47 Countries in the Readiness Fund

47 REDD+ country participants have been selected into the FCPF and have signed Participation Agreements. The map illustrates the furthest milestone toward readiness completion that each country had achieved as of June 30, 2022.





CONSULTATION, PARTICIPATION, AND OUTREACH

Catalyzed by REDD+ efforts, the expansion and protection of tribal land rights can be one of the most cost-effective ways to protect forests and sequester carbon. Indigenous peoples and local communities, including women and youth, are most closely connected to forests and, with the right knowledge and tools, are the ones uniquely placed to manage forests sustainably now and for generations to come.

Since the FCPF's launch, broad stakeholder engagement has been at the heart of the facility's REDD+ support to countries. Indigenous peoples, forest-dependent communities, women's groups, and civil society and nongovernmental organizations have come to play a central role in REDD+ readiness and implementation and have gained more access to forest and land-use planning than ever before.

The following examples showcase consultation and outreach work that happened in the past year in countries at various stages of the readiness process.

Argentina, with support from the FCPF, worked to strengthen its national institutional arrangements for REDD+, including the development of a feedback and grievance redress mechanism (FGRM).



Cambodia developed and disseminated a collection of knowledge products to engage with stakeholders and raise awareness about REDD+. A booklet titled *REDD+* in *Cambodia* presents the country's progress over the past decade, and a second one is dedicated to the country's pioneering work on developing a nested REDD+ system. In addition, four REDD+ video documentaries, in English and Khmer languages, were released to support the country's REDD+ outreach work.

Colombia established and strengthened several participatory platforms for REDD+ stakeholders at the regional and national levels. These include a National REDD+ Roundtable, REDD+ Afrodescendant Roundtable, REDD+ Indigenous Roundtable, REDD+ Small Producer Roundtable, and Interethnic Meeting of Women. These platforms were consolidated to become spaces to facilitate dialogue and decision-making and strengthen the governance of forest and territories by local communities.

Pakistan engaged extensively with communities to raise awareness of REDD+ programming and to build stakeholder capacity. The country held training sessions for forest-dependent communities on the topics of forest awareness and participatory forest management. These sessions engaged more than 2,000 stakeholders.



NATIONAL REDD+ STRATEGIES

National REDD+ strategies are a key output of the REDD+ readiness phase. They outline policies and programs that define the direct and indirect drivers of deforestation, relevant baseline indicators and forest monitoring systems, forest reference emission levels, and social and environmental safeguards. REDD+ strategies serve as a catalyst, helping countries analyze and reform wider forestry, land tenure, and sustainable development policies.

Below are some examples of the advancements made by FCPF country participants over the past year in the design of their national REDD+ strategies.

Guatemala launched its national REDD+ strategy in October 2021. To support ongoing strategy implementation, Guatemala is working to develop instruments for addressing key drivers of deforestation in the country, particularly in the livestock and agriculture sectors. Guatemala worked with the Ministry of Agriculture, Livestock and Food to access finance for a sustainable livestock program through the Green Climate Fund. It also worked to align the country's 2021 Nationally Determined Contribution with the national REDD+ strategy, the sustainable livestock program, and other strategic actions in the sector.

Nepal strengthened its readiness coordination and consultations, training government officials and forest user groups. It has also progressed with the preparation of its REDD+ strategy and reference scenario.

Nigeria's REDD+ office held three regional workshops in the north, center, and south of the country to raise awareness of its national REDD+ strategy.

Pakistan published its national REDD+ strategy and its implementation framework. The strategy is supported by provincial REDD+ action plans, which detail province-specific plans to address local drivers of deforestation and forest degradation. The plans were developed after several consultations with subnational forestry departments, civil society and nongovernmental organizations, academics, and other stakeholders in all provinces.



FOREST REFERENCE EMISSION LEVELS

Setting forest reference levels (FRLs) or forest reference emission levels (FRELs), or both, is one of the first steps countries need to take to benefit from REDD+. As a key component of national forest monitoring systems, FRLs and FRELs provide a baseline against which emission reductions can be measured and subsequent results-based payments can be made (Box 1).

FCPF countries that have submitted FRELs/FRLs to the UNFCCC



2015	Colombia, Guyana, Mexico
2016	Chile, Republic of Congo, Costa Rica, Ethiopia, Indonesia, Paraguay, Peru, Vietnam
2017	Cambodia, Côte d'Ivoire, Ghana, Honduras, Madagascar, Nepal, Papua New Guinea, Tanzania, Uganda
2018	Democratic Republic of Congo, Lao PDR, Madagascar,* Mozambique, Nigeria, Panama, Suriname
2019	Argentina, Nicaragua, Nigeria*
2020	Belize, Bhutan, Burkina Faso, Colombia,* Dominican Republic, Honduras,* Kenya, Liberia, Mexico,* Pakistan, Sudan, Togo
2021	El Salvador, Gabon, Ghana,* Peru,* Suriname, Thailand
2022	Dominica, Dominican Republic,* Guatemala, Indonesia,* Panama,* Paraguay*

* Resubmission of FREL to the UNFCCC

BOX 1. FRL vs. FREL

The UNFCCC does not explicitly differentiate between an FRL and an FREL. A common understanding is as follows:

FRL

A benchmark for emissions from deforestation and forest degradation and removals from sustainable management of forests and enhancement of forest carbon stocks

For all REDD+ activities

FREL

A benchmark for emissions exclusively from deforestation and forest degradation

REDD+ only

In FY22, five FCPF countries submitted their FRELs/FRLs to the United Nations Framework Convention on Climate Change (UNFCCC) for technical assessment. Colombia, El Salvador, Gabon, Mexico, Thailand, and Togo completed technical assessments of their FRELs/FRLs and are preparing for the next phase. Argentina, Belize, Gabon, Indonesia, Papua New Guinea, and Vietnam submitted REDD+ technical annexes to the UNFCCC in FY22. Several other FCPF countries, including Fiji, continue to progress in developing their FRELs/FRLs and are expected to finalize them soon.



NATIONAL FOREST MONITORING AND SAFEGUARDS INFORMATION SYSTEMS

A key building block in REDD+ readiness is setting up a robust and transparent national forest monitoring system (NFMS). The FCPF supports countries in the design of monitoring systems that build on existing systems and use a combination of remote sensing and ground-based forest carbon inventory approaches.

Another key requirement for REDD+ is the development of a safeguards information system for providing publicly available information on how safeguards are being addressed and respected in readiness and implementation activities. Safeguards exist to ensure that REDD+ activities consider a range of policies and rights related to conservation, stakeholders, and stakeholder access to sustainable livelihoods, among others.

Below are some examples of the progress country participants have made over the past year in advancing their national forest monitoring and safeguards information systems.

Argentina advanced preparations for a Strategic Environmental and Social Assessment (SESA), with support from the FCPF. The SESA integrated the initial environmental and social risks analysis developed by UN-REDD, and identified gaps and information needed to complete SESA process requirements. The assessment also consolidated a matrix of social and environmental risks, impacts, and benefits that could result from the implementation of Argentina's National Action Plan for Forests and Climate Change (PANByCC).

In **Belize**, a tool called Collect Earth is being used to collect land-use activity data through Google

Earth. This approach replaces manual data collection, allowing the country to save time and financial resources while improving data accuracy. The tool also allows the country to monitor ongoing REDD+ activities.

Madagascar finalized its satellite forest surveillance system, which includes a laboratory for storing monitoring data, analyzing satellite imagery, and mapping forest cover. The country also updated its historical deforestation data from 2000 to 2019, improving the accuracy of its national forest reference emission level and quantification of greenhouse gas emissions.

Pakistan finalized its national forest monitoring system and turned its focus toward the development of subnational forest monitoring systems. The country is building the capacities of provincial forestry departments to support a range of skills, including satellite-based forest cover monitoring and field inventories. Departments were also trained on how to use drone equipment to carry out remote sensing and newly developed web portals designed to manage and integrate forest monitoring data at the provincial and national levels.





NON-CARBON BENEFITS

A wide range of positive outcomes that go beyond those associated with avoided carbon emissions and carbon sequestration may result from REDD+ activities. Sometimes referred to as co-benefits or multiple benefits, they range from biodiversity conservation to livelihood improvements. The UNFCCC has recognized the importance of taking these non-carbon benefits into account when implementing REDD+ activities.

Over the course of the past year, many FCPF country participants advanced their efforts to capture the non-carbon benefits arising from their REDD+ activities.

El Salvador worked to finalize a national agriculture, forestry and other land use (AFOLU) round table through a cooperation agreement between the country's ministries of environment and agriculture. The roundtable is expected to be launched early in FY23.

For **Madagascar**'s emission reductions program, biodiversity conservation is one of the most important non-carbon benefits. Of the 2.1 million hectares of humid dense forest in the Atiala Atsinanana Emission Reductions Program region, 1.7 million are covered by conservation projects. A significant component of the country's approach to conservation is the transfer of natural resource management to local communities. This approach is proving an effective tool for enhancing social and economic development among rural communities.

Nepal's REDD+ readiness efforts have been the main operational platform and a catalyst for developing a comprehensive forest program and securing financial resources for its implementation. Significant resources (almost \$92 million from trust funds) are advancing the country's sustainable forest landscape program. These investments have a significant potential for transforming the forest sector and contributing to the country's COVID-19 recovery.

Sudan is working closely with the country's wildlife authority to integrate REDD+ priorities with policies to protect wildlife. It is also collaborating with the authority to raise awareness of REDD+ among communities living near its national parks.

Costa Rica's Emission Reductions Program

MOVING FROM READINESS TO EMISSION REDUCTIONS PROGRAM IMPLEMENTATION

The FCPF has been working with Costa Rica since 2008 to set up the fundamental building blocks needed to advance the country's REDD+ readiness and develop its large-scale emission reductions (ER) program. Costa Rica's ER program has been designed to support key national programs for sustainable forest management, fire management, and landscape restoration, and the National Decarbonization Plan.

The story of Costa Rica's REDD+ readiness and implementation advancements clearly illustrates how a country can partner with the FCPF to move from readiness to ER program implementation.

DRIVERS OF DEFORESTATION AND FOREST DEGRADATION IN COSTA RICA



Forest conversion to grasslands



Tree plantations



Croplands and settlements



Costa Rica and the FCPF Carbon Fund signed a landmark Emission Reductions Payment Agreement (ERPA) in December 2020, unlocking up to \$60 million for Costa Rica's efforts to lower carbon emissions from deforestation and forest degradation. With this agreement in place, Costa Rica will receive results-based payments for reducing 12 million tons of carbon emissions through 2025.



WHY COSTA RICA'S FORESTS MATTER

Costa Rica's biodiversity-rich tropical rainforests cover close to 30 percent of the country's total surface area. Although conservation continues to be one of the country's top priorities, decreasing forest areas and strong pressures on land use pose a threat to the country's forests and biodiversity.

Strong Political Commitment to Forests

Costa Rica has been a strong proponent of green, sustainable, and resilient development, particularly in regard to the protection of natural resources, forests, and their environmental services. Its national constitution provides for the fundamental right of a "healthy and ecologically balanced environment," which "the State shall guarantee, defend and preserve." Costa Rica's REDD+ readiness and ER program development with the FCPF are two key components of the country's pathway for achieving a low-carbon economy within a resilient environment.

Progress on REDD+ Readiness

The FCPF's \$8.8 million Readiness Fund grant, along with technical and policy support, have helped Costa Rica in the preparation of various REDD+ building blocks. These include the establishment of a national REDD+ strategy, forest reference emission levels, and systems for national forest monitoring and safeguards information. An analytical framework and broad stakeholder consultation have strengthened these readiness efforts, and have helped to identify the underlying drivers of deforestation and degradation in and outside of forest jurisdictions.

Costa Rica's Emission Reductions Program

Support from the FCPF's Readiness and Carbon Funds has facilitated the development of Costa Rica's national ER program designed to lower rates of deforestation and forest degradation across 3.2 million hectares of land. The program aims to expand the country's payments for environmental services program, which provides incentives to farmers and landowners to promote more forest conservation and carbon stock enhancement through reforestation, tree plantations, agroforestry, and silvopastoral systems. The ER program is also strengthening the governance of national protected areas, which cover 26 percent of the country's territory.

To kick off the ER program implementation, Costa Rica and the FCPF Carbon Fund signed a landmark ERPA in December 2020, unlocking up to \$60 million for Costa Rica's efforts to lower carbon emissions from deforestation and forest degradation. In early FY23, Costa Rica became the first country in Latin America and the Caribbean to receive a first payment from the FCPF of \$16.4 million for reducing 3.28 million tons of carbon emissions during 2018 and 2019.

Benefit Sharing

Costa Rica has developed an inclusive benefit-sharing plan for its ER program that seeks to improve the rural incomes and economies of small and medium producers. The plan has been designed to promote greater resilience among rural communities through activities that promote climate change mitigation and adaptation in forest ecosystems. It includes two dedicated funds: a green business fund that distributes benefits to individuals or groups of forest landowners or non-owners who are not eligible for contracts for reducing emissions from forests, and a sustainable development fund focused on distributing benefits to vulnerable groups, including women. A gender action plan has also been developed to assist with the equitable operationalization of these benefit-sharing funds.

THE CARBON FUND

Over the past year, the FCPF Carbon Fund issued a groundbreaking first payment of \$6.4 million to Mozambique for reductions of almost 1.3 million tons of carbon dioxide equivalent (tCO_2e) emissions. With the signing of the Emission Reductions Payment Agreement (ERPA) with Guatemala in September 2021, the FCPF's 15th ERPA, all FCPF Carbon Fund countries are now on track to follow suit and receive payments for certified emission reductions.



\$721 million in results-based payments for emission reductions (ER) expected to total 144 million tCO₂e by 2025.



MILESTONES

- ER Program Idea Notes Submitted
- Letters of Intent Signed
- ER Programs Accepted into Portfolio
- ERPAs Signed¹



¹ One country signed an ERPA in FY22: Guatemala.

ER Program Idea Notes Submitted

The Early Idea Note outlines major elements of the ER-PIN.

Letters of Intent Signed

The LOI is signed between the REDD+ country participant and the World Bank after a country is selected into the Carbon Fund pipeline. The LOI requires its parties to negotiate an ERPA in good faith based on exclusivity for a certain period.

ER Programs Accepted into Portfolio

The Emission Reductions Program Document (ERPD) presents the technical and organizational aspects of the ER program and the ER program measures in accordance with the Carbon Fund Methodological Framework.

36

36

36

ERPAs Signed

The ERPA is an agreement signed between the participants and the World Bank (acting as trustee of the FCPF Carbon Fund) for the sale, transfer of, and payment for ER generated from the ER program.

15 Countries in the Carbon Fund

This map illustrates the furthest milestone toward developing a large-scale REDD+ initiative that a country has achieved as of June 30, 2022.




This map was produced by the Cartography Unit of the World Bank Group. The boundaries, colors, denominations, and any other information shown on this map do not imply, on the part of the World Bank Group, any judgment on the legal status of any territory, or any endorsement or acceptance of such boundaries.



CARBON FUND COUNTRY PROGRAM DESCRIPTIONS

REDD+ COUNTRIES CONTINUE TO MAKE STRIDES IN DEVELOPING LARGE-SCALE REDD+ PROGRAMS THAT ARE TRANSFORMING RURAL LANDSCAPES.

The Carbon Fund's 15 diverse and ambitious emission reductions programs take a jurisdiction-level approach to engaging actors in agriculture, energy, transport, land, mining, and forestry to achieve climate-smart land use, protect forests, restore degraded land, and improve local livelihoods.





Chile

The ER program in Chile supports the implementation of the country's National Strategy for Climate Change and Vegetation Resources (ENCCRV), which aims to decrease the forest-related social, environmental, and economic vulnerability generated by climate change, desertification, land degradation, and loss of vegetation resources. The program focuses on helping Chile address its main drivers of deforestation through strategic activities such as preventive forest fire management and postfire restoration, sustainable forest management, forest and livestock management models, and sustainable use of vegetation resources, complemented with reforestation of priority areas with native species.

Costa Rica

The ER program supports Costa Rica's national REDD+ strategy and its broader ambition to achieve a low-carbon economy in a resilient environment. The program is helping expand the country's payment for environmental services program and contributing to other key national programs for sustainable forest management, fire management, landscape restoration, and the National Decarbonization Plan. The program is also strengthening the governance of national protected areas, which cover 26 percent of the country's territory. Marked by a strong social component, the program is working to increase the participation of all stakeholders to address the drivers of deforestation and forest degradation, including Indigenous peoples and private landowners, enabling emission reductions from an additional 20 percent of the program's forest area. Program name: Chile's Emission Reductions Program
Program location: 6 of the 16 administrative regions in the country
Program area:
15.3 million ha ERPA terms:

Up to \$26 million for reductions of 5.2 MtCO₂e

Program name: Costa Rica's Emission Reductions Program

Program location: National

Program area: 3.2 million ha

ERPA terms: Up to \$60 million for reductions of 12.0 MtCO₂e

Côte d'Ivoire

Côte d'Ivoire's ER program combines political commitment and private sector initiatives in one subnational region to promote zero-deforestation agriculture, sustainable management of forests and conservation of classified forests and national parks, agroforestry, agricultural intensification, and capacity building for protected area management and forest monitoring. The ER program is implementing a model for economic development that improves the population's living conditions and livelihoods while ending deforestation and forest degradation and reducing carbon emissions. It is also developing strong partnerships, including with World Cocoa Foundation members (some of the world's largest cocoa companies) who have committed to participate in Côte d'Ivoire's ER program by financing investments up front.

Program name: Côte d'Ivoire Emission Reductions Program in the Taï National Park Area

Program location: 5 regions in the cocoa belt in southwest Côte d'Ivoire (Cavally, Nawa, San Pédro, Guémon, Gboklè)

Program area: 4.6 million ha

ERPA terms: Up to \$50 million for reductions of 10 MtCO₂e



Democratic Republic of Congo

The Democratic Republic of Congo has selected Mai-Ndombe Province, a hot spot of deforestation in the country, to pilot results-based payments for REDD+ at scale. The direct drivers of deforestation and degradation in the province mirror those at the national level and include slash-andburn agriculture, fuelwood production, uncontrolled bush fires, artisanal logging, and industrial logging. Existing REDD+ investments underlying the ER program combine different sources of funding, such as the Forest Investment Program, the Central African Forest Initiative, and the Global Environment Facility. The ER program is helping the country to secure long-term public and private finance to provide alternatives to deforestation and reward efforts to mitigate climate change, reduce poverty, and manage natural resources sustainably.







Dominican Republic

The Dominican Republic's national-level ER program focuses on reducing forest emissions and enhancing removals to help local communities and areas important for agricultural production, water supply, and biodiversity. The ER program is strengthening institutional frameworks and policies as well as supporting civil society and government programs that promote sustainable agroforestry and silvopastoral systems, with the aim of improving production on existing plots and stopping the expansion of the country's agricultural frontier into forest areas. The program also promotes broader, integrated, and sustainable natural resource management **Program name:** Emission Reductions Program of the Dominican Republic

Program location: National

Program area: 4.8 million ha

ERPA terms: Up to \$25 million for reductions of 5 MtCO₂e



Fiji's ER program takes an integrated approach to emission reductions and removal through afforestation/reforestation, forest rehabilitation, improved harvesting practices, national and subnational land-use planning, and sustainable forest management. The program emphasizes the enhancement of benefits that extend beyond carbon, such as improvements to the ecosystem, strengthened food security, enhanced land tenure, and conservation of social and cultural values. Local communities will play a key role in program implementation.

through a mix of conservation, restoration, and sustainable production, including for forest products, coffee, and cacao.

 Program name: Emission Reductions Program of Fiji
Program location: 11 provinces, including the islands of Viti Levu, Vanua Levu, and Taveunii

Program area: 1.7 million ha

ERPA terms: Up to \$12.5 million for reductions of 2.5 MtCO₂e



Ghana

Ghana's ER program is an ambitious and unique initiative in Africa—and a global first in the cocoa sector—that is supporting the production of sustainable, climate-smart cocoa beans while reducing emissions from deforestation and forest degradation. The program addresses landscape management with a focus on sustainable cocoa farming, forest protection, community-based landscape governance, and multistakeholder collaboration; it also promotes other tree crops, agroforestry, and other nature-based livelihoods within the cocoa forest hot spot intervention areas.



6 hot spot intervention areas in the high forest zone

Program area: 5.9 million ha

ERPA terms: Up to \$50 million for reductions of 10 MtCO₂e



Guatemala

Guatemala's ER program aims to strengthen the management of national protected areas and reinforce forest policy instruments. The program is implementing REDD+ activities focused on expanding existing incentives to increase carbon stocks; promoting sustainable forest management; strengthening the co-management of protected areas, agroforestry systems, and forest plantations; improving governance and law enforcement on forest lands; developing a forest products value chain; and promoting new mechanisms to compensate for the conservation of environmental and ecosystem services. Program name: Guatemala National Program for the Reduction and Removal of Emissions

Program location: 92 percent of the national territory

Program area: 10 million ha

ERPA terms: Up to \$52.5 million for reductions of 10.5 MtCO₂e



Indonesia

Indonesia's ER program aligns with East Kalimantan's low-emission development approach, implemented through strategies and action plans that build on the province's strong leadership in addressing climate change. It is designed to incentivize reduced deforestation and forest degradation in the province through sustainable forest management activities, including forest licensing improvements, strengthening forest management capacity, and promoting community-based planning. The program also focuses on addressing the province's main drivers of deforestation and forest degradation through improved forest governance, protection and rehabilitation of peatland areas, and support for alternative livelihoods and community forestry. This is Indonesia's first jurisdictionallevel ER program, serving as an example for other subnational governments in the country.

Program name: East Kalimantan Jurisdictional Emission Reductions Program

Program location: East Kalimantan Province

Program area: 12.7 million ha

ERPA terms: Up to \$110 million for reductions of 22 MtCO₂e



Lao PDR

Lao PDR's ER program addresses the drivers and underlying causes of deforestation and forest degradation through provincial-level activities in six northern provinces. Working across key land-use sectors, the program is providing a strong, strategic, and scalable foundation to promote sustainable agriculture practices, forest management, conservation, and rehabilitation. The program's programmatic approach combines priority policy actions; improvements in forest management practices and measures to reduce pressure from the agriculture sector, including through integrated spatial planning; and sustainable livelihood development. The program's benefit-sharing arrangements encourage the participation of local communities, ethnic minority groups, and other stakeholders and provide incentives for greener and more resilient landscape management.

Program name: Northern Lao Governance, Forest Landscapes and Livelihood Program

Program location: 6 northern provinces, covering more than a third of the country



ERPA terms: Up to \$42 million for reductions of 8.4 MtCO₂e



Madagascar

Madagascar's ER program builds on the country's Integrated Agriculture Landscape Program aimed at increasing agricultural productivity and reducing rural poverty while improving soil quality, conserving water resources, and protecting vital forests and biodiversity. The program follows a landscape approach that addresses the direct and indirect causes of deforestation and degradation including important watersheds. The program also reinforces conservation and community forest management and builds on forest-friendly agroforestry value chains, such as vanilla and cloves. The program includes a number of protected areas, reinforcing their important place in the landscapes. The government of Madagascar is finalizing the final steps to ensure effective and secure transfer of funds to beneficiaries. Program name: Atiala Atsinanana Emission Reductions Program
Program location: Madagascar's eastern humid forest ecoregion

Program area: 6.9 million ha

ERPA terms: Up to \$50 million for reductions of 10 MtCO₂e





Mozambique

Mozambique becomes the first FCPF country to receive results-based payments

The Zambézia Integrated Landscape Management Program, an ambitious, cross-cutting initiative to promote sustainable rural development in one of Mozambique's poorest and most populous provinces, is the first of its kind in the country. The project area hosts lush forests, fertile soils, river systems, and an extensive coastline. The ER program focuses on investment activities that will promote conservation and climate-smart agriculture, create sustainable supply chains for cash-crop production, develop multipurpose tree plantations, restore degraded lands, improve the efficiency of charcoal production and consumption, and strengthen the management of protected areas. Program name:
Zambézia Integrated
Landscape
Management Program

Program location: 9 districts of Zambézia Province, in centralnorthern Mozambique

Program area: 5.3 million ha, with 3.4 million ha covered by forest

ERPA terms: Up to \$50 million for reductions of 10 MtCO₂e



Nepal

Building on almost two decades of Nepal's successful community-based forest management program, the country's ER program delivers forest conservation results and emission reductions at scale by addressing the pressures and threats to forests across the program area. The program's interventions include improving the management practices on existing community forests building on traditional and customary practices; localizing forest governance through the transfer of national forests to community and collaborative forest user groups; expanding private sector forestry through improved access to extension services and finance; expanding access to alternative energy with biogas and improved cookstoves; scaling up pro-poor leasehold forestry; improving integrated land-use planning to reduce forest conversion associated with advancing infrastructure development; and strengthening the management of protected areas.

Program name: People and Forests: A Sustainable Forest Management-Based Emission Reduction Program in the Terai Arc Landscape

Program location: 5 provinces and 13 districts of Nepal's Terai Arc Landscape

Program area:2.2 million ha

ERPA terms: Up to \$45 million for reductions of 9 MtCO₂e



Republic of Congo

The Republic of Congo's ER program addresses both direct and underlying drivers of deforestation and forest degradation in the Sangha and Likouala Departments. The program is among the first in Africa to test REDD+ at scale. Program activities include engaging forest concession holders to reduce the impact of their logging operations and set aside conservation areas. The program is also working to reduce emissions from deforestation in palm oil and mining concessions by avoiding the conversion of forests with high conservation value and adopting reduced-impact mining techniques. The program supports livelihood improvements through smallholder cocoa production, agroforestry systems, and smallholder outgrower schemes, and it provides payments for environmental services for forest protection. Finally, the program includes measures to improve the management of existing protected areas, among others, through the creation of alternative income-generating activities for communities.

Program name: Emission Reduction Program in Sangha and Likouala, Republic of Congo

Program location: Sangha and Likouala Departments

Program area: 12.4 million ha

ERPA terms: Up to \$41.8 million for reductions of 8.4 MtCO₂e



Vietnam

Vietnam's ER program is working to increase forest cover and quality and improve forest management and protection through forest sector investments and policy enhancement in agricultural practices. The program supports large-scale integrated forest and land use, addresses the connection between agriculture commodity production and deforestation, supports poverty reduction, and applies innovative financing mechanisms to pay for forest ecosystem services. A participatory forest management approach engages local communities and ethnic minorities in state forest management to ensure their full participation and commitment to the program and its benefits. **Program name:** Vietnam's North Central Region Emission Reductions

Program location:
6 provinces in Vietnam's
North Central Region

Program area: Over 5 million ha

ERPA terms: Up to \$51.5 million for reductions of 10.3 MtCO₂e



BUILDING BLOCKS OF EMISSION REDUCTIONS PROGRAMS

The FCPF's support to Carbon Fund country participants includes a wide range of national and international initiatives to support the design and implementation of large-scale ER programs. These initiatives include technical capacity building on topics ranging from monitoring, reporting, and verification to REDD+ financing, the FCPF's long-standing Capacity Building Program for Forest-Dependent Indigenous Peoples and Southern Civil Society Organizations, as well as other strategic outreach done in partnership with international organizations to raise the engagement of women and the private sector in REDD+.

Some examples of progress made through these initiatives over the past year are below.

Capacity Building Program for Forest-Dependent Indigenous Peoples and Southern Civil Society Organizations

The FCPF Capacity Building Program for Forest-Dependent Indigenous Peoples and Southern Civil Society Organizations (CBP) works with Indigenous peoples (IPs), other forest-dependent communities, and southern civil society organizations (CSOs) to increase their understanding of REDD+ and their engagement in readiness and implementation. Launched in 2008, the CBP has focused on national capacity building and awareness raising, including among women and youth as well as through regional exchanges and sharing of lessons learned.

Globally, the CBP has raised awareness about REDD+ in all 47 FCPF Readiness Fund countries and built the capacity of partner organizations. The small grants component of the CBP amounts to just under \$15 million. Through over 100 subprojects and 850 national and regional knowledge products, beneficiaries of REDD+ in Africa, Asia-Pacific, and Latin America and the Caribbean were educated on REDD+ and gained important skills to better engage in the implementation of REDD+ activities in their countries.

In Africa, the final phase of the CBP in FY22 focused on leveling the playing field for the full and effective participation of IPs and CSOs in ER programs. In their March 2022 workshop, francophone African CSOs, led by the Network of Indigenous and Local Populations for the Sustainable Management of Forest Ecosystems in Central Africa (REPALEAC), designed activities to facilitate access to climate finance and implementation of ER activities on the ground. These activities included building the management and organizational capacities of country-level organizations. Similarly, the anglophone African organization Mainyoito Pastoralists Integrated Development Organization (MPIDO) held a workshop in Ghana in June 2022 to enhance technical capacities and skills for direct engagement in REDD+ activities, focusing on carbon financing principles, safeguards, and opportunities to benefit from carbon finance projects.

At the national level, the Democratic Republic of Congo, the Republic of Congo, Ghana, Madagascar, and Mozambique are now all embarking on the implementation of national-level CBP activities. Some of the activities include

- Raising awareness on community rights and access per the benefitsharing plans of ER programs;
- Strengthening capacities of IPs and local communities to participate in the identification and mapping of land rights, and strengthening traditional organization of landscape management and forest management rights;
- Capacity building on gender inclusion and mainstreaming in ER programs; and
- Awareness raising on the implementation of social and environmental safeguards that include the Cancun safeguards.

Globally, the FCPF Capacity Building Program has supported

100 • 850

Subprojects

Regional and national knowledge projects

47 FCPF Readiness Fund countries reached

€

BOX 2. PHASES OF	THE FCPF CAPACITY BUILDING PROGRAM
Phase 1	2009 – June 2016 \$2 million in funding supported 27 projects across 3 regions. Projects were implemented directly by IPs and southern CSOs.
Phase 2	July 2016 – June 2018 \$3 million in funding supported 6 regional organizations (3 regions with each 1 organization for IPs and 1 for CSOs). These organizations received direct funding and coordinated capacity building in their regions.
Phase 3	July 2018 – 2020 \$5 million in funding to existing 6 regional organizations, plus 1 for francophone Africa. Funding was used to scale up activities in Carbon Fund countries and pilot new approaches.
Consolidation Phase	2020 – 2022 \$5 million allocated to continue the small grants programs to IPs and CSOs, focusing on consolidating knowledge, results, and good practices on REDD+.

FIGURE 1. CAPACITY BUILDING PROGRAM REGIONAL PARTNERS

Region	Indigenous Peoples Organizations	Civil Society Organizations
Africa	MPIN	PACJA PANAFRICAN CLIMATE JUSTICE ALLIANCE
Asia and Pacific		ANSAB
Latin America and the Caribbean	Sotz'il Released of the realised	ACICAFOC

In Asia and the Pacific, the final phase of the CBP aims to strengthen the engagement of targeted forest-dependent beneficiaries in REDD+ processes and decision-making at the country and regional levels. Through grants to organizations in three Carbon Fund countries—Fiji, Nepal, and Vietnam—activities focus on strengthening the engagement of beneficiaries in REDD+ activities, processes, and decision-making at the local, national, and regional levels. Furthermore, support is given to awareness raising and the creation of dialogue spaces between local communities, CSOs, and local authorities, particularly in REDD+ offices within the three countries.

Through a demand-driven process, the CBP's two regional organizations, Indigenous Peoples' International Centre for Policy Research and Education (Tebtebba) and the Asia Network for Sustainable Agriculture and Bioresources (ANSAB), selected eight organizations in Fiji, Nepal, and Vietnam to receive grants. These eight subgrantees are working with their communities to enhance the capacity of Indigenous peoples and local communities to enable their participation in REDD+ activities.

Tebtebba will conduct research on Indigenous women and benefit sharing in carbon financing with a focus on Fiji, Indonesia, and Nepal. A joint lessons learned workshop is planned toward the end of the program to share experiences and document good practices in connection with the ongoing carbon financing projects in the region.

In Latin America and the Caribbean, the CBP covers all 17 FCPF member countries but prioritizes the four Carbon Fund countries (Chile, Costa Rica, the Dominican Republic, and Guatemala). The CBP in this region is being undertaken by two Central America-based implementing organizations that operate on a regional level, namely the Asociación Coordinadora Indígena y Campesina de Agroforestería Comunitaria Centroamericana (ACICAFOC) and Asociación Sotz'il. These two organizations are coordinating 21 projects across Argentina, Chile, Colombia, Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, and Peru. In the final phase of the CBP in Latin America and the Caribbean, activities focus on

- The participation of women and youth in decision-making processes and project implementation;
- The use of ICT-based tools, particularly in light of the COVID-19 pandemic;
- Fiduciary capacities for project management at the local level; and
- Dialogue with governments and other stakeholders.

With the FCPF Readiness Fund closing in December 2022 and Carbon Fund financing limited to making results-based payments, a different vehicle is needed to ensure the success of the CBP is consolidated and capacity building is continued for marginalized communities and vulnerable groups. A new World Bank multidonor trust fund, Enhancing Access to Benefits while Lowering Emissions (EnABLE), will be the successor of the CBP. Financed with contributions from Germany, EnABLE focuses on enhancing social inclusion in climate finance programs.

EnABLE will work with Carbon Fund countries, CSOs, and IP organizations to promote and strengthen the inclusion of targeted beneficiaries in FCPF ER programs. EnABLE will also ensure that beneficiaries can unlock the benefits identified and articulated in the ER program benefit-sharing plans.

Women

Women play an essential role in forest landscape management across the world but are often not fully involved in decisions related to forests, nor to the equitable distribution of benefits from forest resources. The FCPF works with countries to design REDD+ readiness and large-scale ER programs that ensure women are partners in the planning, operation, and deployment of climate finance.

Over the past year, several FCPF participant countries advanced efforts to mainstream gender considerations in their readiness and



implementation efforts. This work has continued to improve technical knowledge, strengthen institutional capacity, and create tangible benefits to support implementation at local and national levels.

With the first payments being made to countries for verified emission reductions, it is all the more important for country-level gender action plans to be implemented. These action plans include activities to increase the participation of women in forestry and REDD+, to reduce land tenure gaps between men and women, and to include women in value chains.

These efforts are supported at the international level with the FCPF undertaking, publishing, and disseminating various important knowledge products focused on women's empowerment. To coincide with International Women's Day in March 2022, the FCPF published a study on the legal and policy constraints and opportunities affecting women's land and forest tenure in Carbon Fund countries. The online launch event for the report, conducted by Resource Equity, attracted more than 140 participants from 55 countries. The webinar highlighted ongoing land tenure work in Lao PDR, where lessons from this study and a previously published collective land tenure study are being used to strengthen the land tenure of Lao women and minorities.

A second World Bank study also published in March 2022 focused on learning from gender empowerment efforts under the World Bank's Dedicated Grant Mechanism, and on how these lessons can be replicated. This study was conducted by Conservation International, managed by the World Bank's Environment, Natural Resources, and Blue Economy Global Practice and the Climate Investment Funds.

A third study in FY22, conducted by A2F, highlighted opportunities to promote gender inclusion and empowerment in green value chains. This study proposed general recommendations and identified particular sectors that present opportunities for women's inclusion in each Carbon Fund country. The report also presented feasibility studies for three pilot countries (the Republic of Congo, Costa Rica, and Lao PDR). These feasibility studies come with funding available for implementation of the pilot projects.

In FY22, the FCPF also commissioned a behavioral study to examine the perceived and actual gender differences in the use and management of natural resources and the challenges of integrating women into activities related to REDD+ or other natural resource management projects. This study was finalized in June 2022.

Finally, the FCPF undertook a study to analyze the financing available for rural women and the existing opportunities to enhance the inclusion of women in financing programs. This study, focusing specifically on Mexico, identified various opportunities and formulated recommendations for the design of future programs that seek to promote the financial inclusion of rural women.

Global Outreach with Indigenous Peoples and Local Communities

The FCPF commissioned an important study to assess opportunities and challenges in securing collective land tenure for Indigenous peoples and local communities in FCPF countries. Undertaken by the Rights and Resources Initiative in collaboration with the Global Land Alliance, the study was published in November 2021. The FCPF's Facility Management Team conducted two webinars to present the study's key findings: one for internal World Bank staff and one for external experts and practitioners; the latter brought together more than 100 participants from 36 countries.

This collective land tenure study identified several knowledge gaps and possible research questions for follow-up work in FCPF Carbon Fund countries. For instance, the study underscored the need to provide support to Lao PDR in developing bylaws for new land tenure legislation with collective land tenure considerations. The study also highlighted the need to review and analyze the impact of Adat forest concessions on collective land tenure rights in Indonesia. And the study revealed the need to look at the impacts of payments for environmental services (PES) programs on land tenure in some Carbon Fund countries in Latin America and the Caribbean. In the longer term, results from the collective land tenure study will help inform policy dialogue, investment planning, and progress monitoring around collective forest rights among multiple stakeholders. These stakeholders include the World Bank and other multilateral and bilateral organizations, as well as governments, Indigenous peoples, local communities, civil society actors, academics, development practitioners, and media organizations.

Also under way are FCPF-financed studies in Vietnam and the Dominican Republic that focus on the drivers and impacts of climate change-induced migration for vulnerable communities. The studies cover communities forced to migrate and those receiving migrants. Among the many implications of these movements, they have a significant effect on forest landscapes, on FCPF ERPA activities, and related benefit sharing. Both studies will result in country-specific recommendations as well as more generally applicable mitigation and adaptation strategies.

In March 2022, the FCPF and the World Bank's EnABLE Fund launched a podcast series called *Get REDDY*. The series aims to provide through peer-to-peer learning clear, accessible, and practical information and knowledge about climate change, REDD+, results-based climate finance, and how these issues affect the daily lives of Indigenous communities.



The FCPF's Get REDDY podcast has reached over 25 million people in Carbon Fund countries through community radio stations.

Video episodes have over 500,000 views across YouTube, Facebook, and Instagram. The first three pilot episodes, "Climate Change & REDD+," "Land Rights," and "Benefit Sharing," are available in audio form on popular podcast streaming platforms (Spotify, Apple Podcasts, and Google Podcasts) as well as in video form on the World Bank YouTube channel. All episodes are available in English, French, and Spanish.

Finally, the FCPF jointly with EnABLE developed the framework for a social inclusion strategy and action plan. The framework, developed in partnership with the Center for International Forestry Research (CIFOR), provides guidance and references for understanding what social inclusion means in the context of results-based climate finance. It also underscores why addressing social inclusion is important, and how to enhance and measure it. This note serves as the foundation for the social inclusion strategy of the FCPF and the EnABLE Fund, which supports social inclusion in FCPF programs.

Private Sector Engagement

Long-term private sector investments are critical for addressing current funding gaps in climate finance for forests and landscapes. The FCPF assesses such gaps and develops strategies to overcome barriers that hinder private sector engagement in selected jurisdictions. It seeks out innovative entry points for the private sector to help scale up the potential of REDD+.

In the cocoa sector, the FCPF completed its Cocoa and Forest Knowledge Exchange Program, a 10-month virtual program of webinar sessions with stakeholders from West Africa and Latin America and the Caribbean, with the objective of exchanging, learning, and connecting different cocoa-producing countries around the world to promote sustainable cocoa supply chains.

In FY22, the FCPF also supported the finalization of a global guide for implementing sustainable cocoa agroforestry. The guide provides a detailed assessment of existing agroforestry models being implemented globally, focusing on their financial viability and the technical capacity needed for implementation. The guide and knowledge exchange program fed into each other, encouraging the exchange and adoption of an economically viable and climate-resilient growth trajectory for cocoa agroforestry supply chains.

In addition, the FCPF has been working to leverage synergies with relevant World Bank initiatives, including Food Systems, Land Use, and Restoration (FOLUR) and PROGREEN, as well as a cross-cutting project in Côte d'Ivoire to help establish a regulatory framework for environmentally sustainable investments in cocoa agroforestry.

The FCPF continues to deepen corporate engagement with various organizations, including the World Cocoa Foundation; the Cocoa & Forests Initiative in Côte d'Ivoire, Ghana, and Colombia; the Tropical Forest Alliance; industry representatives from the two regions and at a global scale; as well as government representatives from REDD+ countries. Examples of this engagement in FY22 included the following:

- Promoting a global guide for the implementation of sustainable cocoa agroforestry, featuring best practices from West African and Latin American countries
- Producing videos on the implementation of sustainable and climate-smart practices, featuring best practices across Africa and Latin America

In the livestock sector, the FCPF developed two financing blueprints to boost climate mitigation investments: the development of a credit line with climate mitigation conditionality for the dairy sector in Kenya, and value chain financing to promote native ecosystem protection in Colombia. To bring in the perspectives of climate finance and livestock sector stakeholders for the development of this work, a climate finance and livestock community of practice was established. Activities under this community of practice included virtual workshops that brought together about 200 stakeholders working in the beef and dairy sectors across four continents.



The FCPF has also worked on adapting a methodology for creating cost-efficient measurement, reporting, and verification systems for the livestock and land-use change sector. This methodology was piloted to test its applicability and accuracy in measuring emission reductions and continues to be implemented through various World Bank-financed projects.

In the smart mining sector, the FCPF conducted an analysis assessing nature-based solutions to promote forest-smart mining in large-scale operations. Four case studies were identified with mining companies as partners in Brazil, Canada, Ghana, and Liberia. The FCPF also developed guidelines and principles, criteria, and indicators to integrate forest considerations into existing artisanal and small-scale mining standards and certification systems. Four country-based pilot case studies were chosen: three in the gold sector (Colombia, Peru, and Ghana) and one in the diamond sector (Liberia). For both studies, advisory groups were set up and more than 20 key stakeholders consulted to align the reports with the reality on the ground. Both studies aim to increase the readiness of public and private entities to use climate tools, policies, standards, and climate finance mechanisms.

In the vanilla sector, the FCPF developed a guide for sustainable vanilla production and cost-benefit analysis, along with adapted communication tools, visual handbook, and posters in appropriate languages (French and Malagasy) to facilitate adoption by farmers and farmer organizations. These products aim to promote good agricultural practices for sustainable vanilla production in Madagascar's Sava region. The manual and the communication tools present production practices that contribute to zero-deforestation production and inform priorities for promoting forest-friendly practices at different levels of the vanilla sector value chain. These tools were developed with a strong participatory approach: 26 key stakeholders were consulted, and four focus groups were conducted to receive and gather technical inputs to improve the guide. Furthermore, the World Bank in

Madagascar continued to engage with public and private stakeholders in the vanilla sector to ensure activities are aligned with other Bank projects.

In parallel, the FCPF also provided technical assistance to sectoral initiatives, especially the Sustainable Vanilla Initiative, as well as to government ministries of trade and agriculture, and value chain coordination entities. As a result, there has been a demand to extend this activity beyond Madagascar's Sava region. Private sector actors have asked how they may pilot these sustainable practices, and the Sustainable Vanilla Initiative is interested in potentially supporting the promotion of the practices.

In the cashew sector, the FCPF developed a desk study and business case on sustainable cashew production to attract private investments while improving resilience and revenues for smallholders in Mozambique. The document was built through virtual stakeholder consultations, proofing its viability for implementation and assessing different investment entry points. Stakeholder consultations helped fill knowledge gaps from the desk review, which was limited by the lack of publicly reliable data on the cashew sector in Mozambique, especially related to processing efficiency, quality, markets, prices, and margins. Targeted partners in the implementation of the FCPF's programmatic approach include the Cocoa & Forests Initiative, the Global Roundtable for Sustainable Beef, and the Sustainable Vanilla and Nut Initiatives.

In the ecotourism and timber sector, the FCPF in collaboration with the World Bank's Environment Global Practice launched its work in the Lower Mekong Region, stretching across Cambodia, Lao PDR, Myanmar, Thailand, and Vietnam. So far, a need analysis of key stakeholders of the ecotourism sector has been developed and a timber supply gap analysis report is under way.

The FCPF's cross-sectoral work in FY22 included advancing a programmatic approach to assess gaps and develop strategies for overcoming barriers that hinder private sector engagement in selected jurisdictions. So far, targeted partners in the implementation of the FCPF's programmatic approach include the Cocoa & Forests Initiative, the





Global Roundtable for Sustainable Beef, and the Sustainable Vanilla and Nut Initiatives, as well as other complementary mining initiatives. Additionally, the FCPF published a guidance note on its private sector engagement approach, providing a comprehensive overview of how the facility engages with the private sector through replicable, scalable, and innovative models in governance and finance.

In FY22, the FCPF and BioCarbon Fund Initiative for Sustainable Forest Landscapes (ISFL) wrapped up an innovative Sustainable Agricultural Banking Program that worked with banks from several African countries to scale up sustainable value chain financing in the agricultural sector. In collaboration with leading financial experts and mentors, participants developed new types of financial products tailored to existing or potential agricultural clients.

In May 2022, the FCPF and the ISFL hosted a virtual private sector workshop: Accelerating Climate Action: Unlocking Private Sector Finance for Sustainable Landscape, focused on opportunities to partner with the private sector to drive natural climate solutions. This three-day event, co-organized by the International Emissions Trading Association (IETA) and CDP, brought together more than 500 leaders, government representatives, and members of the private sector from more than 70 countries. Over the course of the event, participants explored topics covering In FY22, the FCPF continued to explore private sector collaborations with organizations including CDP and Rabobank, and with World Bank initiatives such as FOLUR and PROGREEN, to take advantage of synergies in overlapping jurisdictions.

climate finance, enabling conditions, and sustainable supply chains.

In FY22, the FCPF continued to explore collaborations with organizations including CDP and Rabobank, and with World Bank initiatives such as FOLUR and PROGREEN, to take advantage of synergies in overlapping jurisdictions. One key area of collaboration is the formation of sectoral communities in cocoa, livestock, and mining value chains.

Moving forward, the FCPF will continue to work on addressing current funding gaps in climate finance for forests and landscapes and will explore through the new Climate Emissions Reduction Facility (CERF) innovative entry points for the private sector to further unlock climate investments and emissions reductions.

BOX 3. VALUE CHAIN FINANCE IN THE COLOMBIAN BEEF SECTOR

With support from the FCPF, the World Bank's Agriculture Global Practice developed a blueprint on value chain finance in the Colombian beef sector with different key actors. In collaboration with the International Center for Tropical Agriculture (CIAT) and the BioCarbon Fund Initiative for Sustainable Forest Landscape (ISFL), the FCPF livestock activity engaged with Hacienda San José, a leading agribusiness in Colombia.

This work has catalyzed new global and national partnerships for Hacienda San José, including with the Tropical Forest Alliance, The Nature Conservancy, the World Wildlife Fund, as well as with Colombia's Center for Research on Sustainable Agricultural Production Systems (CIPAV), the EcoSocial Projection Foundation, and &Green, a climate finance investor.

Recently, Hacienda San José was added to &Green's innovative portfolio of investments in sustainable agriculture, underscoring how the FCPF's private sector engagement can help companies unlock new investments in climate-smart agriculture and sustainable forest landscapes.

The FCPF, now part of the Natural Climate Solutions pillar of CERF, will maintain and improve its engagement and work with private sector stakeholders, including the FCPF's private sector observers CDP and IETA, as well with other World Bank Group initiatives, sharing the knowledge products developed and lessons learned, and working toward the involvement of the private sector in climate finance and low-carbon practices so that greater results can be achieved in FCPF jurisdictional programs.

Technical Capacity Building

Measurement, Reporting, and Verification

Measurement, reporting, and verification (MRV) systems are necessary to track implementation and performance of REDD+ activities and for the disbursement of results-based financing from the FCPF Carbon Fund. During FY22, the FCPF continued its financial and technical support to countries operationalizing their MRV systems and improving their reference levels. The Facility Management Team (FMT) continued to implement the World Bank Land Use Climate Funds MRV Support Program, which has delivered \$5 million in support to countries' MRV and carbon accounting systems:

This MRV support in FY22 included the following:

- Developing the OpenMRV global knowledge platform (Box 4).
- Developing a prototype and proof of concept of the next generation MRV system (MRV 2.0) (Box 5).
- Designing an analysis of options for conserving stable forests that are not under threat. This analysis serves to define policy paths to support the conservation of forests that are not under threat.
- Developing the first fully comprehensive policy-making guidance manual of REDD+ nesting initiatives. This manual aims to help countries define accounting systems to maximize access to results-based finance.
- Developing different tools and resources to enable countries to improve the efficiency of their MRV systems.
- Providing technical assistance to countries on their MRV systems, helping them report to the Carbon Fund.



BOX 4. OPENMRV KNOWLEDGE PLATFORM

OpenMRV is a new global open-source knowledge platform that delivers resources to support countries and other users to operationalize their forest measurement, reporting, and verification processes, launched in collaboration with the Global Forest Observations Initiative (GFOI). OpenMRV enables countries to build their capacities on the use of state-of-the-art tools in an autonomous manner.

The trilingual platform (available in English, French, and Spanish) is a "one-stop shop" for countries to access training resources related to innovative geospatial tools for forest monitoring. It is also a place for South-South resource exchange. OpenMRV will be further enriched with the development of the reporting and verification elements of the platform.



BOX 5. MRV 2.0

There is now an unprecedented availability of satellite data and new technologies for biomass estimation, powered by ever-increasing cloud computing capabilities. This is causing a paradigm shift in the way emission reductions and enhanced removals in the forest sector may be monitored. The shift is enabling carbon stocks and dynamics estimation from space across large areas and in a spatially explicit manner.

To advance a deeper understanding of these technologies, the FCPF published a report in FY22 that assesses the readiness and potential of innovative technologies for remote sensing-based estimation of forest carbon stocks and dynamics. The FCPF also published a policy brief with recommendations for the implementation of new generation measurement, reporting, and verification (MRV) systems and encourages the development of a prototype and proof of concept for the next generation MRV (MRV 2.0).

The World Bank has already initiated this work, which involves the following:

- Collecting and processing high-quality in situ LiDAR data in Colombia and Mozambique
- Developing model-based estimation algorithms for carbon stocks and dynamics
- Designing the prototype for a centrally governed digital MRV system

As a final step, a dry run of the MRV system will happen in Colombia and Mozambique, using fictitious reference and performance periods and considering FCPF and ISFL requirements.

 Partnering with the Global Forest Observations Initiative (GFOI) in the dissemination of a lessons learned study on MRV implementation, looking at 10 years of MRV system implementation. The results of this study provide recommendations for donors, partners in development, and REDD+ countries to help improve future MRV implementation.

In FY22, the FCPF continued to implement the third-party accredited verification system, resulting in additional verifications of ER programs in Costa Rica, Ghana, Mozambique, and Vietnam. The World Bank also added the National Accreditation Body of Colombia (ONAC) to the list of eligible accreditation bodies, which helps increase the number of validation/verification bodies that can provide services under the FCPF.

During FY22, the FCPF revised its buffer guidelines to lay out a reversal management mechanism applicable to CORSIA eligible units. The guideline glossary of terms was also updated to include an adjustment to the definition of total emission reductions, which also resulted in an update to the FCPF's monitoring and verification report templates. The adjusted definition will ensure that only clear and uncontested carbon titles are transferred to the FCPF.

Transaction Registries

Emission reductions transaction registries are online databases that issue, record, and track ER units that are exchanged through market mechanisms or generated by results-based climate finance programs. Robust accounting of international transfers through a registry is imperative to safeguard the environmental integrity of ER units. Such registries are critical to mitigate the risk of double counting—when a single greenhouse gas emission reduction or removal is used more than once to demonstrate compliance with mitigation targets.

The World Bank ER transaction registry, referred to as the Carbon Assets Tracking System (CATS), is an award-winning platform that supports the issuance, recording, and transaction of ER units generated under World Bank programs, including ERPAs from the FCPF and ISFL. In the absence of national transaction platforms, CATS provides a secure, transparent, and user-friendly global resource that country participants can use to minimize risk in ER payment operations. CATS has also been set up to support international transactions under other initiatives interested in purchasing ER from World Bank programs, such as the UN's Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA).

The first phase of the CATS project officially concluded in May 2021 and the platform is now fully operational. A communications and training plan, including three regional training webinars, presentations, and 26 detailed videos and examples, was implemented in FY21 across Africa, Asia-Pacific, and Latin America and the Caribbean, involving relevant country participants and donors of both the FCPF Carbon Fund and ISFL. Dedicated training sessions for country participants were delivered in Costa Rica, Côte d'Ivoire, Fiji, and Mozambique in FY21 and FY22, and they will continue to be implemented in FY23 as the validation and verification processes of the countries' monitoring reports progress.

The onboarding process for FCPF Carbon Fund participants and Mozambique's ER program entities was officially launched in June 2021. This process includes a user screening service to identify and sanction individuals and entities involved in financial crimes, such as money laundering and terrorist financing. In early FY22, Mozambique became the first FCPF country to issue certified emission reductions and to receive payments.

In FY23, phase 2 of the CATS platform will explore the following enhancements:

- Adding administrative tools to improve the efficiency of day-to-day tasks management in registry operations
- Accommodating new mechanisms to adapt to the accounting and market framework designed under the Paris Agreement

- Incorporating an MRV data integration interface to generate a simple geodatabase with basic information by greenhouse gas category
- Communicating with other third-party and national registries, including connecting CATS to the Climate Warehouse prototype (meta-registry) and Climate Portal prototype (tokenization platform)
- Providing additional support and capacity building to country participants on transaction registries, using the knowledge outcomes of CATS's phase 1 to support the efforts of country participants to build and operate their own results-based carbon finance registries

Financing of Emission Reductions Programs

Billions of dollars will be required to implement the large-scale ER programs being designed by FCPF country participants. Building on the work done on REDD+ readiness, the FCPF is working with governments to help them direct their investments and adopt policies to "crowd in" private sector investment so that more resources flow to sustainable forestry and land use.

An internal FCPF report on financing ER programs underscores the importance of public finance and the potential for enhancing private sector finance in advancing REDD+ implementation. The study shows how approximately \$1 of results-based finance from the FCPF has been able to leverage more than \$2 of investment in REDD+. Based on this finding, ER programs supported through the FCPF Carbon Fund are expected to catalyze about \$1.7 billion in investment in REDD+ activities.

The ER program financing report also highlights FCPF program investment priorities to strengthen governance and institutional capacity, target interventions addressing drivers of deforestation and forest degradation, promote sustainable management of forest resources, and enhance effectiveness of monitoring and reporting progress on program implementation.

Standards and Management Tools

The Methodological Framework was adopted by Carbon Fund participants in December 2013 and revised in 2016 and 2020. It provides a global standard for REDD+ transactions at scale and guides the piloting of results-based carbon finance transactions through the FCPF Carbon Fund.

Pricing Approach

In FY14, Carbon Fund participants indicated a preference for fixed pricing under current conditions and a willingness to pay up to \$5/tCO₂e. In 2017, the unit price for contract ER was fixed at \$5/tCO₂e across all programs.

Legal Documents

The ERPA General Conditions were adopted at the 18th Participants Committee meeting held in November 2014. By the end of FY20, workshops on both the legal and commercial content of a future ERPA and the related ERPA negotiation process had been held in all Carbon Fund countries. All ERPA negotiations in the FCPF Carbon Fund concluded in FY21. Fifteen ERPAs are now signed.

The general conditions build on the criteria and indicators specified in the Carbon Fund Methodological Framework and provide, among other things, for the general legal rules and procedures that are expected to be followed during ER program implementation. They further provide a set of (nonnegotiable) general rules and procedures that apply to each carbon transaction, while the ERPA covers the (negotiable) commercial terms of such transactions.

Transfer of Title

The Carbon Fund Methodological Framework requires that country participants demonstrate their ability to transfer title to emission reductions. At the Carbon Fund meeting in January 2018, the FMT gave guidance on the type of evidence countries should submit to demonstrate their ability to transfer title to emission reductions. Countries are required to provide this evidence before any sale and purchase of emission reductions can proceed under the ERPA.

INTERNATIONAL ENGAGEMENT

REDD+ has a challenging agenda given its multisectoral and multistakeholder dimensions and the large financial and capacity needs involved. During fiscal 2022 (FY22), the FCPF continued to engage with partners and international initiatives to develop tools and approaches that will help countries coordinate each dimension of REDD+ and realize their vision for climate-smart forest management and land sector transformation.



BioCarbon Fund Initiative for Sustainable Forest Landscapes

Throughout the last year, the FCPF and BioCarbon Fund Initiative for Sustainable Forest Landscapes (ISFL) collaborated on several tools and events to support REDD+ and larger-scale emission reductions programs. In May 2022, the two initiatives co-hosted a virtual private sector engagement workshop that brought together 900 thought leaders, government representatives, and members of the private sector from more than 50 countries to explore opportunities to partner with the private sector to accelerate climate action for sustainable landscape management.

In addition, the FCPF and ISFL continued to share experiences in FY22 on how to design and implement successful benefit-sharing mechanisms, and both initiatives engaged with the World Bank's new Enhancing Access to Benefits while Lowering Emissions (EnABLE) trust fund that aims to promote inclusion and equality in results-based climate finance programs. The FCPF and ISFL continued to improve their jointly developed Carbon Assets Tracking System that is used by both funds for transacting emission reductions. The FCPF and ISFL also delivered a successful online sustainable agricultural banking program in FY22.

CDP (formerly the Carbon Disclosure Project)

In FY22, the FCPF continued to deepen its partnership with CDP, which has recently joined the FCPF as a private sector observer. The collaboration between the FCPF and CDP is crosssectoral, focusing on building synergies and filling gaps to further enhance private sector engagement in deforestation-driven value chains. The key areas of collaboration range from the agricultural and mining value chains through CDP's Supply Chain Member Forest Challenge and Jurisdictional Approaches, to the financial sector through their 2020 Financial Services Climate Change and Forests Pilot.

International Finance Corporation

In the cocoa sector, the FCPF's ongoing collaboration with the International Finance Corporation (IFC) is through the Cocoa & Forests Initiative, where IFC and the World Bank continue to join efforts with the World Cocoa Foundation, governments, and 35 leading cocoa and chocolate companies to end deforestation and restore forest areas. In FY22, the FCPF also collaborated with IFC on promoting sustainable livestock value chains in Colombia. In the vanilla sector, the FCPF and IFC are partnering with local and global companies to leverage private sector investments that can improve the sustainability of vanilla production in Madagascar.

PROGREEN

PROGREEN, the Global Partnership for Sustainable and Resilient Landscapes, is a World Bank multidonor trust fund that supports countries' efforts to improve livelihoods while tackling declining biodiversity, loss of forests, deteriorating land fertility, and increasing risks such as uncontrolled forest fires, which are exacerbated by a changing climate. Through an integrated landscape approach, PROGREEN helps countries meet their commitments toward the Sustainable Development Goals, including poverty reduction, in a cost-effective manner.

In FY22, the FCPF collaborated with PROGREEN on a number of engagements, including a side event at the World Resources Congress in May 2022. The virtual events included presentations and panel discussions, with contributions from clients and partners, on the World Bank's efforts to deliver on forest and terrestrial ecosystem climate commitments through programs that combine complementary interventions and a range of financing tools to deliver results at scale.

International Civil Aviation Organization

In FY22, the FCPF continued to collaborate with the International Civil Aviation Organization (ICAO) Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) and received conditional approval as a CORSIA Eligible Emissions Unit Program.

UN-REDD Programme

The FCPF continued its ongoing collaboration with the UN-REDD Programme to assist countries in

getting ready for REDD+. At the national level, this collaboration entails joint country missions and shared responsibility for financing readiness activities. At the global level, the FCPF and UN-REDD Programme work together on analytical and capacity-building efforts and events. In FY22, the FCPF and UN-REDD continued their longstanding collaboration on program implementation and governance, including the signing of a new Emission Reductions Payment Agreement (ERPA) with Guatemala, making a total of 15 countries worldwide with signed ERPAs.



COMMUNICATIONS AND KNOWLEDGE SHARING

Over the past year, the FCPF has supported REDD+ readiness and emissions reductions (ER) program design and implementation through new publications, workshops, online tools, podcasts, and knowledge exchanges.

OUTREACH



FEATURED STORIES AND BLOGS



World Bank and Ghana Sign US\$52.5M Agreement to Cut Carbon Emissions and Preserve Forests



Mozambique Becomes First Country to Receive Emission Reductions Payments from Forest Carbon Partnership Facility



Healthy Forests Are Fertile Ground for Carbon Markets



Empowering Women to Lead Climate Action Will Get Us to a Greener, More Prosperous Future Sooner



FCPF Launches Manual for Nesting of REDD+ Initiatives



World Bank Launches Sustainable Agricultural Banking Program in Africa

SOUTH-SOUTH KNOWLEDGE EXCHANGES

Cocoa and Forest Knowledge Exchange Program

When: January-October 2021

Where: Virtual

Who, phase 1 (January–May 2021): 60 stakeholders from Côte d'Ivoire, Ghana, Dominican Republic, Colombia, Brazil, and Peru, from the public sector, industry, national cocoa organizations, farmers' cooperatives, producers' associations, civil society, Cocoa & Forests Initiative secretariats, World Bank, and additional relevant actors according in each of the countries

Who, phase 2 (June 2021): 320+ people from 36 countries across Africa, Europe, Latin America, and United States, with an average of 109 participants per session

What: With support from the FCPF, Alisos and Kinomé ran a 10-month training program for cocoa experts and practitioners from Africa and Latin America and the Caribbean to help stimulate the growth of a vibrant and sustainable cocoa sector. The last three sessions in the program focused on the regional context of Africa and Latin America and the Caribbean, cross-cutting themes and solutions in both regions, and access among key stakeholders and strategic partners of the cocoa value chain. The program also included in-country workshops to provide inputs and final validation to a sustainable agroforestry guidebook, *Global Guide for Implementing Sustainable Cocoa Agroforestry*.

GFOI Plenary Side Session: Estimating Carbon Stocks from Space – The Importance of In Situ Data

When: September 2021 Where: Virtual **Who:** 100+ representatives from research communities, private sector, and carbon project experts

What: The event presented current challenges in estimating carbon stocks and dynamics via innovative technologies. It also emphasized the need for extensive, in situ data collection for calibrating remote sensing data sets and artificial intelligence models.

Nesting of REDD+ Initiatives: Manual for Policymakers Launch Event

When: October 2021

Where: Virtual

Who: Policy makers in developing countries, public and private REDD+ implementing partners, and other participants and stakeholders of REDD+ initiatives

What: Experts at the webinar discussed the overall objective of the REDD+ nesting policy manual. They also highlighted the manual's detailed guidance on greenhouse gas accounting, institutional capacity, benefit-sharing arrangements, and active stakeholder engagement for operationalizing the nesting of REDD+ initiatives.

EnABLE Knowledge Series: Social Inclusion in Climate Finance

When: October 2021-March 2022

Where: Virtual

Who: 500+ participants from 60+ countries, including field experts, representatives from civil society, Indigenous peoples organizations and government officials

What: The FCPF hosted three webinars in this series. Two webinars in 2021 presented the findings of the World Bank's 2021 report Opportunity Assessment to Strengthen Collective Tenure Rights in Forest Carbon Partnership Facility Countries. These findings included examples of core and countrylevel best practices, cross-sectoral issues, and lessons learned. The last webinar was a virtual discussion of gender equality in results-based climate finance with experts in the field. It discussed how insecure land rights can inhibit women's access to results-based climate finance and value chains. The third webinar also looked at how these challenges can be addressed using behavioral science diagnostic tools in gender analysis and dedicated support.

FCPF Knowledge Day

When: December 2021

Where: Virtual

Who: 350+ participants from 50+ countries, including government and civil society representatives, Indigenous peoples organizations, nongovernment organizations, and the private sector

What: The FCPF hosted a virtual knowledgesharing day, consisting of four sessions that ran over a week. Knowledge sessions covered some of the most important and hotly debated topics in REDD+ and forestry, including future financing, land tenure, MRV, and nesting. Each session featured diverse perspectives and highlights from recent analytical work, with opportunities for interactive engagement.

Private Sector Global Workshop

When: May 2022

Where: Virtual

Who: 500+ leaders, government representatives from REDD+ countries and donor countries, research and academy organizations, and private sector actors, including producers' associations, financial institutions, and carbon market organizations from 70+ countries

What: Through panels, presentations, discussions, and interactive activities, the three-day workshop explored the critical role of public-private partnerships in achieving sustainable landscapes. Building on the results from last year, the event highlighted the importance of private sector leadership to drive climate action, including demonstrating the business case for more sustainable supply chains and private sector opportunities in carbon markets. Key themes included tracking evolutions in the climate and nature landscape, exploring a range of mechanisms to access climate finance, and promoting collaboration to accelerate action.

Innovate4Climate (I4C) Workshop: The Future of REDD+ Financing

When: May 2022

Where: Virtual

Who: 250+ participants, including financiers, fund managers, donors, and country representatives

What: At this session, financiers, fund managers, donors, and country representatives provided insights on future REDD+ readiness financing, options for monetizing emissions reductions, the implications of Article 6, and the importance of robust safeguards to help countries and others navigate this evolving landscape.

ISSUES AND CHALLENGES

Over the course of last year, the Facility Management Team (FMT) identified new issues emerging in countries' readiness and emission reductions (ER) program efforts, in addition to ongoing challenges related to this work. The FMT will continue to monitor and address these issues through further follow-up action in the coming year.

COVID-19 Challenges

Over 2021–2022, constraints due to the global COVID-19 pandemic continued to impact FCPF country participants. With the rollout of vaccines and decline in case numbers, some restrictions began to ease, allowing business as usual to slowly resume for FCPF program development, implementation, and governance. However, countries continued to be impacted, and it took significant dedication and determination from the people working on country programs to progress and deliver results despite the added complications brought on by the pandemic.

Moving to Payments for Emission Reductions

With 15 Emission Reductions Payment Agreements (ERPAs) signed, the FCPF Carbon Fund is now focusing on supporting countries to meet their conditions of effectiveness and achieve their intended emission reductions and subsequent results-based payments. However, these countries still face a variety of challenges before these payments can start to flow.

Challenges include the need to carry out complex processes related to the measurement, reporting, and verification (MRV) of emission reductions that is required by ERPAs. This MRV needs to take place while navigating operational and institutional realities, including elections, changes in governments, capacity gaps, and of course the global COVID-19 pandemic. A range of pandemicrelated factors delayed some countries' ER program implementation, including postponed stakeholder consultations and capacity-building activities, as well as prolonged validation and verification processes.

Increasing Engagement with the Private Sector

The private sector and governments, along with civil society organizations, nongovernmental organizations, and local communities, must work together to create and expand strong and resilient programs and activities that increase sustainable landscape management. This is what is required to reduce deforestation, understand and mitigate investment risks, and establish appropriate policy mechanisms and frameworks for climate finance. Cooperation, multistakeholder engagement, and partnerships are essential to create private sector industry transformation.

One ongoing challenge in this outreach is catalyzing feasible, economically viable climatesmart practices that encourage end buyers and producers to move toward deforestation-free products. But progress is being made on this front. The enabling environment for private sector action has improved significantly, forging a more positive investment climate. Companies can more easily access capital for sustainable business models, and governments and multilateral institutions are providing more concessional capital.

There is growing interest and activity in voluntary carbon markets and greater clarity around

compliance carbon markets resulting from the Paris Agreement Article 6 negotiations. Increased collaboration between companies, communities, civil society, and governments offers new ways to address risks and unlock opportunities.

In FY22, the FCPF continued to engage with the private sector and multistakeholder platforms at global, national, and local levels. This work focused on facilitating partnerships between REDD+ country governments and companies operating in FCPF program areas, especially in the cocoa, livestock, mining, vanilla, and cashew sectors. The FCPF also continues to develop and disseminate sustainable production guidelines, facilitate partnerships with different stakeholders, and earmark additional resources to catalyze scalable and enduring private sector engagement in sustainable forestry and broader land-use management.

Enhancing Access to Finance for ER Programs

The REDD+ financing landscape is changing, creating opportunities as well as complexities for developing countries interested in halting deforestation and forest degradation, and in monetizing these efforts. Forest protection remains expensive, and countries will require more tools and resources to crowd in funding for sustainable forest management.

With the emergence of new standards and approaches to ER financing, it can be challenging for countries to figure out which financing approach works best for them. More support from a wider variety of sources will be needed to help countries navigate the complexities of ER program financing so that they can stay focused on sustainably managing their forests and delivering results.

The World Bank's new Climate Emissions Reduction Facility (CERF) will provide a "one-stop shop" for all results-based climate finance within the World Bank. It will facilitate access to private sector financing, including access to carbon markets, and serve as an instrument for policy dialogue and broader in-country engagement to incentivize low-carbon development. CERF builds on the World Bank's two-decade history with carbon finance, including lessons learned through the FCPF and BioCarbon Fund Initiative for Sustainable Forest Landscapes (ISFL). Under CERF's Natural Climate Solutions pillar (Pillar 1), the facility plans to expand results-based climate finance programs to new areas, including biodiversity conservation and blue carbon. CERF is expected to be launched in late 2022 and be fully operational by 2023, with a short-term target capitalization of \$1 billion and an aspirational goal of \$5 billion.

The FMT strongly encourages all participant countries, including those not in the current Carbon Fund pipeline, to develop Readiness Packages before the Readiness Fund closes in December 2022. These R-Packages signal the successful completion of readiness and allow countries to potentially access other results-based financing streams, such as the Green Climate Fund, opportunities with the private sector, and bilateral funding.

In addition to supporting participant countries in the development of their R-Packages in FY22, the FCPF continued to work on an initial analysis of financing plans for ER programs. The analysis assesses funding for program implementation and the sensitivity of financing estimates related to program costs, revenues, and financing sources. This analysis has led to improvements in ER program preparation.

The FCPF will continue to work closely with other actors and initiatives to make sure that financing and technical modalities are aligned, providing countries with the support they need to drive the REDD+ agenda forward. The facility also continues to explore and engage with other potential sources of liquidity that could purchase emission reductions from countries in the future.

65

FY22 FINANCIAL REPORT

The FCPF fiscal year 2022 (FY22) ran from July 1, 2021, through June 30, 2022. Committed funds to the FCPF Readiness Fund and Carbon Fund at the end of FY22 totaled almost \$1.3 billion, with close to \$400 million committed to the Readiness Fund and close to \$875 million to the Carbon Fund (Tables 2 and 8). Readiness Fund resources have almost been entirely allocated, while the Carbon Fund has made substantial commitments through signed Emission Reductions Payment Agreements (ERPAs).

Fund balances at the end of FY22 totaled almost \$872 million, made up of almost \$62 million in the Readiness Fund and \$810 million in the Carbon Fund, stood at \$314 million (Table 5), with all grants with cash balances totaling \$869 million-\$62 million in the Readiness Fund and \$807 million in the Carbon Fund (Tables 1 and 7). The difference in the Carbon Fund of \$3.3 million is due to unpaid promissory notes.

The value of Readiness grant allocations to FCPF country participants at the end of FY22 signed. Grant disbursements from the Readiness Fund-through the World Bank and other delivery partners (DPs)-totaled almost \$291 million at the end of FY22 (Table 5), leaving \$23 million undisbursed.

\$399 million

Donor contributions to the Readiness Fund at the end of FY22

\$874 million

Donor contributions to the Carbon Fund at the end of FY22

f = t\$1.27 billion

Total donor contributions to the Readiness and Carbon Fund at the end of FY22



Investment income at the end of FY22



THE READINESS FUND

Fund Balance

Table 1 shows the summary financial statement for the Readiness Fund from the opening of the fund to the end of FY22. The Readiness Fund balance at the end of FY22 was almost \$62 million.

Total donor contributions received through the end of FY22 amounted to \$399 million. Investment income of \$70.8 million raised the total receipts through the end of FY22 to \$470 million. Total disbursements through the end of FY22 were \$408.3 million and consisted of \$105.6 million in cash disbursements, \$231 million in grants to country participants, almost \$9 million in grants to Indigenous peoples/civil society organization (IP/ CSO) groups, and \$62.7 million to DPs for Readiness Preparation Grants to countries. Total disbursements on a cash basis during FY22 amounted to \$24.8 million, made up of cash expenditures of \$6.5 million, grant disbursements of \$16.3 million to country participants, and IP/ CSO Capacity Building Program grant disbursements of almost \$2 million (Table 1).

TABLE 1. FCPF READINESS FUND SUMMARY FINANCIAL STATEMENT, FY09-FY22 (\$, THOUSANDS)

Description	Total	FY22	FY21	FY20	FY19	FY18	FY17	FY16	FY15	FY14	FY13	FY12	FY11	FY10	FY09
Beginning balance		84,956	111,751	140,466	159,278	159,472	192,767	226,801	224,869	195,830	189,999	165,804	77,695	50,945	
Donor contributions	399,138				13,402	59,735	2,370		27,014	54,004	30,009	31,538	94,880	32,290	53,895
Investment income	68,814	1,549	3,162	15,408	19,952	10,520	7,241	3,094	2,008	1,960	897	924	732	821	547
Investment income (transferred from the CF)	2,023									2,023					
Total receipts	469,986	1,549	3,162	15,408	33,354	70,255	9,611	3,094	29,022	57,987	30,906	32,462	95,612	33,111	54,442
Cash disbursements	105,644	6,514	9,795	9,715	8,920	9,915	7,134	7,909	6,914	9,373	8,752	5,383	6,421	5,402	3,497
Grant disbursements*	230,987	16,341	19,941	32,388	33,520	39,038	29,940	25,419	16,379	8,173	4,923	2,884	1,082	959	
IP/CSO grant disbursements	8,932	1,953	220	2,020	2,076	1,831	832								
Disbursements to DPs for grants	62,715				7,650	19,665	5,000	3,800	3,800	11,400	11,400				
Total disbursements	408,291	24,807	29,957	44,123	52,166	70,449	42,906	37,128	27,093	28,946	25,075	8,267	7,503	6,361	3,497
Fund balance (cash)	61,695	61,695	84,956	111,751	140,466	159,278	159,472	192,767	226,801	224,870	195,830	189,999	165,804	77,695	50,945

Note: CF = Carbon Fund; CSO = civil society organization; DP = delivery partner; IP = Indigenous peoples. *Includes \$599,694 of Bank-executed grant disbursements.

Funding Sources

Donor Contributions

Table 2 presents the committed contributions to the Readiness Fund at the end of FY22. All committed contributions to the Readiness Fund have now been fully paid.

Investment Income

Table 1 shows investment income figures over the life of the Readiness Fund. Amounts paid into the trust fund but not yet disbursed ("the cash balance") are managed by the International Bank for Reconstruction and Development (IBRD), which maintains a pooled investment portfolio ("the pool") for all the trust funds administered by the World Bank Group. Because all Participation Agreements with Carbon Fund country participants indicate that any interest generated by prepaid contributions shall be channeled to the Readiness Fund, the Readiness Fund receives an allocated share of investment income from the pool that consists of interest earned on both the Readiness Fund and the Carbon Fund. The cumulative total investment income deposited into the Readiness Fund (earned on the Readiness and Carbon Fund cash balances) through the end of FY22 was \$70.8 million.

Funding Uses

Cash Disbursements

Cash disbursements represent all non-grant disbursements and amounted to \$105.6 million from the opening of the fund to the end of FY22. Table 3 shows annual expenditures by activity.

Total cash disbursements for support to country participants over the lifetime of the fund (through the end of FY22) represent 64 percent of total cash disbursements, while administrative costs represent 4 percent of total cash disbursements. The cash disbursements for support to country participants of \$73.7 million plus the total grant disbursements of \$302.6 million (of which almost \$9 million was for IP/CSO capacity building; see Table 1) totaled \$376.3 million. These countryfocused disbursements represent 92 percent of total disbursements of \$408.3 million (Table 1).

Administrative and secretariat costs—which include the cost of all Participants Committee (PC) and Participants Assembly (PA) meetings, travel costs for country participants and some observers—over the lifetime of the fund (through the end of FY22) amounted to about \$21 million (net of shared secretariat costs) and represent just 5 percent of total disbursements of \$408.3 million, while administrative costs alone (\$4.6 million) represent approximately 1 percent of total disbursements (Tables 1 and 3).



TABLE 2. FCPF READINESS FUND DONOR CONTRIBUTIONS, FY09-FY22 (\$, THOUSANDS)

Participant name	Total	Outstanding	FY19	FY18	FY17	FY16	FY15	FY14	FY13	FY12	FY11	FY10	FY09
Australia	23,892									6,330	7,997		9,565
Canada	41,360										41,360		
Denmark	5,800											5,800	
European Commission	5,173		1,121					1,364		2,688			
Finland	23,196						3,230		5,261	5,749			8,956
France	10,340									5,136		592	4,612
Germany	106,382			29,616			23,784	13,913	13,113		25,956		
Italy	5,000										5,000		
Japan	14,000									4,000		5,000	5,000
Netherlands	20,270								7,635	7,635			5,000
Norway	113,696		12,281	30,119	2,370			38,727			8,801	16,398	5,000
Spain	7,048												7,048
Switzerland	8,214												8,214
United Kingdom	5,766										5,766		
United States of America	9,000								4,000			4,500	500
Committed funding	399,138		13,402	59,735	2,370		27,014	54,004	30,009	31,538	94,880	32,290	53,895

TABLE 3. FCPF READINESS FUND CASH DISBURSEMENTS, FY09-FY22 (\$, THOUSANDS)

Activity	Total	FY22	FY21	FY20	FY19	FY18	FY17	FY16	FY15	FY14	FY13	FY12	FY11	FY10	FY09
Country implementation support	38,132	1,735	2,178	2,532	3,555	5,419	3,145	4,275	2,676	3,730	3,213	1,701	1,904	1,660	409
Country advisory services	18,588	252	715	1,463	1,804	1,953	1,584	1,632	1,881	2,342	1,750	1,073	545	793	801
REDD+ methodology support	17,028	996	1,341	1,013	823	1,082	1,209	843	1,071	1,796	1,842	999	1,921	1,266	827
Subtotal support to REDD countries	73,747	2,983	4,234	5,008	6,182	8,453	5,938	6,749	5,628	7,868	6,805	3,773	4,370	3,719	2,037
IP and CSO Capacity Building Program	4,181	290	242	284	253	184	87	253	480	751	1,089	267			
FCPF Secretariat	23,307	1,337	1,341	1,742	2,638	2,140	2,118	1,434	1,299	1,515	1,690	2,056	1,685	1,321	989
Readiness Trust Fund administration	4,596	214	282	389	332	265	162	269	327	397	404	356	366	362	471
Subtotal Readiness Fund (including Carbon Fund shared costs)	105,832	4,825	6,099	7,423	9,404	11,042	8,305	8,706	7,735	10,532	9,988	6,452	6,421	5,402	3,497
Less Carbon Fund shared costs	(11,294)	(816)	(920)	(965)	(1,211)	(1,128)	(1,172)	(797)	(821)	(1,159)	(1,236)	(1,069)			
Additional BETFs	11,106	2,505	4,616	3,258	727										
Total Readiness Fund	105,644	6,514	9,795	9,715	8,920	9,915	7,134	7,910	6,914	9,373	8,752	5,383	6,421	5,402	3,497

Note: BETF = Bank-executed trust fund; CSO = civil society organization; IP = Indigenous peoples.

Table 4 compares the approved budget with actual expenditures by activity for FY22. The FY22 budget for the Readiness Fund, net of shared costs, of \$11.1 million (which includes the FY22 estimated budget for the additional Bank-executed activities as approved at the PC26/PA11 in October 2018) compares with total Readiness Fund expenditures for the year of \$6.5 million (Table 4). The fiscal year therefore closed with spending at 59 percent of budget.

Costs for country implementation support totaled \$1.7 million. This spending covers the direct assistance of DP country teams to country participants, including technical assistance, grant supervision, and assessments provided to the Participants Committee. Expenses for country advisory services were about \$252,000.

With the budget for REDD+ methodology support activities set at \$2.4 million for FY22 and total expenditures of about \$1 million, spending represents 42 percent of the FY22 plan.

Secretariat expenses were \$1.3 million, or about 55 percent of the activity budget of \$2.4 million. Expenditures included the standard costs for program management, the costs of hosting and maintaining the FCPF website, communicating with FCPF stakeholders, and the translation of FCPF materials.

Readiness Trust Fund administration costs of \$214,000 represent 74 percent of the FY22 budget of \$290,000. These administrative costs reflect the work of all World Bank staff involved in fund management, accounting, specific legal operations related to the facility as a whole, and other services required by the Readiness Fund trustee. FY22 expenditures also include \$2.5 million of the additional Bank-executed activities, as approved at the PC26/PA11 held in October 2018.

Shared Costs

As part of the approval of the Readiness Fund budget, the FCPF Charter indicates that the Participants Committee shall make decisions on all shared costs for activities that cut across and benefit both the Readiness and Carbon Funds. In practice, shared costs have typically included FCPF Secretariat and REDD+ methodology support activities.

Pursuant to the charter, the Readiness Fund pays 65 percent of shared costs and the Carbon Fund 35 percent, unless the Participants Committee decides otherwise. The committee approved resolutions waiving cost sharing through the end of FY11 (to reflect the fact that the Carbon Fund only

Activity	Budget	Actual expense	Variance	Expense rate
Country implementation support	1,875	1,735	140	93%
Country advisory services	918	252	666	27%
REDD+ methodology support	2,387	996	1,391	42%
Subtotal support to REDD countries	5,180	2,983	2,197	58%
IP and CSO Capacity Building Program	1,280	290	990	23%
FCPF Secretariat	2,446	1,337	1,109	55%
Readiness Trust Fund administration	290	214	76	74%
Subtotal Readiness Fund (including Carbon Fund shared costs)	9,196	4,825	4,372	52%
Less Carbon Fund shared costs	(1,350)	(816)	(534)	60%
Subtotal Readiness Fund	7,846	4,009	3,837	51%
Additional BETFs	3,249	2,505	744	77%
Total Readiness Fund	11,095	6,514	4,581	59%

TABLE 4. FCPF READINESS FUND CASH DISBURSEMENTS, FY22 (\$, THOUSANDS)

Note: FY22 = 7/1/2021-6/30/2022; BETF = Bank-executed trust fund; CSO = civil society organization; IP = Indigenous peoples.
became fully operational as of May 2011) and paying 100 percent of shared costs from the Readiness Fund. In addition, the committee agreed that cost sharing on the 65%/35% basis would apply from FY12 onward. However, there is an important caveat in Resolution PC/8/2011/8, approved in March 2011, in that the committee agreed to a lifetime cap of \$12 million on shared costs to be charged to the Carbon Fund. This resolution responded to the concern among several existing and potential Carbon Fund participants that without such an upward limit, the committee could be unrestrained in its decisions regarding the annual approval of shared costs.

Shared costs transferred to the Carbon Fund for FY22 amounted to \$816,000, making shared costs over the lifetime of the facility (through the end of FY22) almost \$11.3 million (Table 3). With the extension of the Readiness Fund to December 2022, shared costs are estimated to be between \$12 million and \$13 million over the lifetime of the Readiness Fund. If this is the case, any excess over the \$12 million cap will need to be charged to the Readiness Fund and will not be shared with the Carbon Fund.

Grant Disbursements

An important aspect of the Readiness Fund is that it makes grants available to countries in support of country-led readiness work. Initial grants were as high as \$3.8 million per country participant, with additional funding available of up to \$5 million (Table 5). These grant amounts are only registered as disbursements in World Bank financial statements after the country participant has completed its reimbursement from the grant resources. Signed formulation, readiness preparation, and additional funding (of up to \$5 million) of grant agreements represent firm commitments of about \$314 million (Table 5).

Grant disbursements from the Readiness Fund at the end of FY22 stood at \$291 million, which includes \$231 million disbursed through the World Bank and \$60.1 million through DPs.

GRANTS

\$291 million

in grants disbursed through the Readiness Fund by the end of FY22

\$231 million

in grants disbursed through the World Bank by the end of FY22

\$60 million

in grants disbursed through delivery partners by the end of FY22

World Bank by region/country	Allocation	% of Total	Signed grant	Total disbursed	FY22	FY21	FY20	FY19	FY18	FY17	FY16	FY15	FY14	FY13	FY12	FY11	FY10
AFRICA																	
Burkina Faso	6,900	72%	6,870	4,922	765	359	1,257	950	1,084	263	245						
Cameroon	8,793	44%	8,793	3,882			89	366	1,352	510	516	476	379	134	3	55	
Central African Republic	3,800	80%	3,800	3,034	184	814	926	259	851								
Congo, Dem. Rep.	8,791	100%	8,791	8,791						1,233	1,825	2,202	1,161	1,381	797	14	177
Congo, Rep.	8,033	100%	8,033	8,033			2	61	1,966	1,885	1,582	1,244	481	237	381	108	87
Côte d'Ivoire	8,800	89%	8,800	7,801	-28	1,146	1,876	1,270	480	1,097	1,232	728					
Ethiopia	3,800	100%	3,800	3,800							2,247	694	258	400		100	100
Gabon	1,950	76%	1,950	1,490	738	67	685										
Ghana	8,586	100%	8,586	8,586					1,460	1,500	2,240	1,204	1,270	312	400		200
Kenya (moved to UNDP)	170	100%	170	170												170	
Liberia	8,782	100%	8,782	8,766			414	2,334	1,298	1,572	1,689	682	289	305		107	75
Madagascar	8,800	90%	8,800	7,963	1,027	1,101	810	725	1,635	1,781	883						
Mozambique	8,800	100%	8,800	8,800					1,478	3,522	1,950	851	911	87			
Nigeria	8,740	100%	8,740	8,703	2,400	1,385	1,118	1,101	1,106	1,092	500						
Sudan	8,800	99%	8,800	8,681	264	540	1,783	3,074	1,560	906	554						
Тодо	6,730	99%	6,730	6,644	1,493	895	790	515	1,360	970	277	344					
Uganda	7,549	95%	7,549	7,186	110	224	883	1,093	1,679	1,055	644	1,334			-14	140	40
AFRICA subtotal	117,824	91%	117,794	107,252	6,953	6,530	10,632	11,749	17,309	17,388	16,384	9,759	4,749	2,856	1,567	694	679
EAST ASIA & PACIFIC																	
Fiji	5,800	86%	5,800	4,959	1,303	411	624	1,462	419	453	287						
Indonesia	8,594	90%	8,594	7,721		547	1,463	1,269	640	359	279	167	1,233	1,247	518		
Lao People's Democratic Republic	8,347	100%	8,347	8,347	91	1,523	1,734	1,285	1,344	1,234	658	305				123	50
Thailand	3,800	78%	3,800	2,976	630	460	622	734	32	300				163	37		
Vanuatu	6,228	95%	6,228	5,894	1,019	974	1,275	709	961	467	177	186		106	21		
Vietnam	8,800	93%	8,800	8,153		-372	1,693	1,773	428	1,990	1,055	1,084	501				
EAST ASIA & PACIFIC subtotal	41,569	92%	41,569	38,050	3,042	3,542	7,410	7,231	3,825	4,803	2,455	1,742	1,734	1,516	576	123	50
LATIN AMERICA & CARIBBEAN																	
Argentina	3,800	77%	3,800	2,936	781	926	429	450	350								
Belize	3,800	100%	3,800	3,800	832	683	1,288	581	415								
Chile	8,800	98%	8,800	8,600	235	1,246	1,530	1,268	1,285	1,463	1,274	300					
Colombia	8,730	91%	8,730	7,967	2,605	628	834	650	2,183	467	400				66	134	
Costa Rica	8,758	96%	8,758	8,372		1,165	1,393	1,247	803	585	732	1,431	479	375		22	139
Dominican Republic	6,000	96%	6,000	5,738	985	645	1,032	1,398	1,144	54	480						
El Salvador	6,300	99%	6,300	6,211		645	1,337	650	1,718	1,161	509		42	98	52		
Mexico	8,800	100%	8,800	8,794			799	3,195	2,559	557	1,019	665					
Nicaragua	8,800	100%	8,800	8,800		111	2,230	2,059	1,275	1,100	1,016	431	378	77	123		
Uruguay	3,800	100%	3,800	3,800	0	870	1,177	960	294	500							
LATIN AMER. & CARIB. subtotal	67,588	96%	67,588	65,017	5,439	6,918	12,048	12,458	12,026	5,887	5,430	2,827	899	550	241	156	139
SOUTH ASIA																	
Bhutan	8,600	99%	8,600	8,538	94	1,064	1,205	699	3,487	980	372	637					
Nepal	8,233	88%	8,233	7,264	748	422	1,093	1,289	80	400	327	1,414	792		500	109	91
Pakistan	7,814	62%	7,814	4,864	64	1,465		92	2,312	481	451						
SOUTH ASIA subtotal	24,647	84%	24,647	20,667	906	2,950	2,297	2,081	5,879	1,861	1,150	2,051	792		500	109	91
World Bank total	251,628	92%	251,598	230,987	16,341	19,941	32,388	33,520	39,039	29,940	25,419	16,379	8,173	4,923	2,884	1,082	959

TABLE 5. FCPF READINESS FUND GRANT DISBURSEMENTS THROUGH THE WORLD BANK AND OTHER DELIVERY PARTNERS (\$, THOUSANDS)

Note: BETF = Bank-executed trust fund; CSO = civil society organization; IP = Indigenous peoples.

TABLE 5. FCPF READINESS FUND GRANT DISBURSEMENTS THROUGH THE WORLD BANK AND OTHER DELIVERY PARTNERS (\$, THOUSANDS) continued

Other than World Bank by country	Allocation	% Total disbursed	Signed grant	Total disbursed
UNDP				
Cambodia I & II	8,800	100%	8,800	8,800
Honduras I & II	6,065	100%	6,065	6,065
Kenya	3,600	96%	3,600	3,444
Panama	3,800	100%	3,800	3,792
Papua New Guinea I & II	8,800	100%	8,800	8,800
Paraguay	3,800	100%	3,800	3,798
Suriname	6,450	99%	6,450	6,366
Subtotal UNDP	41,315	99%	41,315	41,065
IDB				
Guatemala	8,800	96%	8,800	8,407
Guyana	3,800	93%	3,800	3,520
Peru	8,800	81%	8,800	7,114
Subtotal IDB	21,400	89%	21,400	19,040
Other than World Bank total	62,715	96%	62,715	60,106
Grand Total	314,343		314,313	291,092

Note: IDB = Inter-American Development Bank; UNDP = United Nations Development Programme.

Financial Commitments Over the Longer Term

Table 6 provides a complete picture of the planned sources and uses of funds over the lifetime of the fund. Total committed funding sources (including investment income) to the Readiness Fund as of June 30, 2022, amounted to \$470 million (Table 6). This level of funding is therefore adequate to meet the planned uses of funds of \$440.2 million. As of the end of FY22, the Readiness Fund had \$29.8 million of unallocated funds, largely attributable to the investment income earned on fund balances in both the Readiness Fund and the Carbon Fund, all of which is credited to the Readiness Fund.



TABLE 6. SUMMARY OF LONG-TERM SOURCES AND USES OF READINESS FUNDING (\$, MILLIONS)

Description	Subtotal	Total
Sources of funds		
Committed funding	399.1	
Investment income to date	70.8	
Total available funding		470.0
Uses of funds		
Grant allocations		
To REDD countries		
Signed grants to REDD countries (commitments)	314.3	
Allocations to REDD countries (not yet signed)	0.0	
Total allocation to REDD countries		314.3
To IP/CSOs		
Initial allocation to IP/CSO Capacity Building Program (commitments)	3.0	
Additional allocation to IP/CSO Capacity Building Program (March 2017)	5.0	
Additional allocation to IP/CSO Capacity Building Program (November 2019)	5.0	
Total allocation to IP/CSO Capacity Building Program		13.0
Total grant allocations		327.3
Administrative, operations, and country support costs over lifetime of fund		
FY09-FY22 actual costs	105.6	
FY23 projected costs	6.2	
Reserve for delivery partner capacity for dispute resolution	1.0	
Total administrative, operations, and country support costs over lifetime of fund		112.9
Total uses of funds		440.2

Estimated reserve: Total available funding less total uses

Note: CSO = civil society organization; IP = Indigenous peoples.



THE CARBON FUND

Fund Balance

Table 7 shows the summary financial statement for the Carbon Fund from its opening through the end of FY22. The Carbon Fund at the end of June 2022 had a fund balance of \$809.9 million and a cash balance of \$806.6 million. The outstanding balances on promissory notes account for the difference of \$3.3 million. Total donor contributions received through the end of FY22 amounted to \$874.5 million, while total disbursements over the same period totaled almost \$64.6 million, made up of cash disbursements and emission reductions (ER) payments. The Carbon Fund has been fully operational since May 2011.

All Participation Agreements with Carbon Fund country participants indicate that any interest generated by prepaid contributions shall be channeled to the Readiness Fund. For this reason, there is no investment income to report for the Carbon Fund.

Funding Sources

Table 8 presents the committed contributions to the Carbon Fund as of June 30, 2022.

Funding Uses

Cash disbursements from the opening of the fund though the end of FY22 totaled \$53.3 million. Table 9 shows annual expenditures by activity, while Table 10 compares the approved budget with actual expenditures by activity for FY22.

Total cash disbursements from the opening of the fund through the end of FY22 amounted to \$53.3 million, consisting of \$9.2 million in administrative costs (which include all meetings and financial management), \$2.0 million for Technical Advisory Panel (TAP) work, \$11.9 million for country advisory services by the Facility Management Team to directly support countries, \$533,000 for work on private sector engagement, almost \$16 million in program development costs and supervision, \$11.3 million of shared costs, \$1.7 million on registries, and \$570,000 for validation and verification costs (Table 9).

TABLE 7. FCPF CARBON FUND SUMMARY FINANCIAL STATEMENT, FY09-FY22 (\$, THOUSANDS)

Description	Total	FY22	FY21	FY20	FY19	FY18	FY17	FY16	FY15	FY14	FY13	FY12	FY11	FY10	FY09
Beginning balance		822,267	751,315	581,987	504,881	469,751	417,099	350,826	316,474	293,275	122,283	86,390	24,700	20,356	
Donor contributions	874,492	-	71,489	175,292	84,883	42,256	59,271	71,681	32,222	27,280	171,866	36,912	71,800	4,181	25,356
Investment income (transferred to RF)										-2,023	901	520	256	346	
Total receipts	874,492		71,489	175,292	84,883	42,256	59,271	71,681	32,222	25,257	172,767	37,432	72,056	4,527	25,356
Cash disbursements	53,260	5,668	5,565	5,964	7,777	7,126	6,619	5,432	2,846	2,058	2,117	1,539	366	183	
Emission reductions payments	11,335	10,035	1,300												
Total disbursements	64,598	15,703	6,865	5,964	7,777	7,126	6,619	5,432	2,846	2,058	2,117	1,539	366	183	
Less promissory note balances	-3,330		6,328					25	4,975		342		-10,000		-5,000
Fund balance (cash)	806,564	806,564	822,267	751,315	581,987	504,881	469,751	417,099	350,826	316,474	293,275	122,283	86,390	24,700	20,356
Plus outstanding promissory notes	3,330														
Plus outstanding contributions															
Fund balance	809,894														

Note: RF = Readiness Fund.

TABLE 8. FCPF CARBON FUND DONOR CONTRIBUTIONS, FY09-FY22 (\$, THOUSANDS)

Participant name	Total	Outstanding	FY21	FY20	FY19	FY18	FY17	FY16	FY15	FY14	FY13	FY12	FY11	FY10	FY09
Australia	18,392											5,658	12,735		
BP Technology Ventures	5,000												5,000		
Canada	5,015											5,015			
European Commission	6,709													362	6,347
France	5,114								114				5,000		
Germany	321,295			55,974	57,265	29,616	54,771	13,329	32,108	27,280	6,556	15,443	21,125	3,819	4,009
Norway	297,087			27,166	27,618	12,640		58,352			161,310				10,000
Switzerland	10,796											10,796			
The Nature Conservancy	5,000														5,000
United Kingdom	181,582		71,489	92,153									17,940		
United States of America	18,500						4,500				4,000		10,000		
Committed funding	874,492	0	71,489	175,292	84,883	42,256	59,271	71,681	32,222	27,280	171,866	36,912	71,800	4,181	25,356

TABLE 9. FCPF CARBON FUND CASH DISBURSEMENTS, FY10-FY22 (\$, THOUSANDS)

Activity	Total	FY22	FY21	FY20	FY19	FY18	FY17	FY16	FY15	FY14	FY13	FY12	FY11	FY10
Carbon Fund administration	9,229	1,091	1,252	1,076	864	696	657	555	741	626	652	470	366	183
Carbon Fund Technical Advisory Panel	2,014			41	533	463	514	440	23					
Carbon Fund country advisory services	11,945	746	1,328	1,812	2,396	2,331	1,691	1,290	350					
Additional activity on private sector engagement	533				371	162								
Registry costs	1,683	622	203	758	100									
Emission Reductions Payment Agreement costs	15,992	2,004	1,681	1,312	2,301	2,347	2,585	2,351	910	273	229			
Program development — General	907							235	170	273	229			
Program development — ERPDs	11,770	81	712	1,028	2,161	2,347	2,585	2,116	740					
Program supervision	3,314	1,923	969	284	140									
Validation and verification costs	570	389	181											
Shared costs	11,294	816	920	965	1,211	1,128	1,172	797	821	1,159	1,236	1,069		
Total Carbon Fund	53,262	5,668	5,565	5,964	7,777	7,126	6,619	5,432	2,846	2,058	2,117	1,539	366	183

Note: ERPD = Emission Reductions Program Document.

TABLE 10. FCPF CARBON FUND CASH DISBURSEMENTS, FY22 (\$, THOUSANDS)

Activity	Budget	Actual expense	Variance	Burn rate
Carbon Fund administration	1,328	1,091	237	82%
Carbon Fund country advisory services	1,535	746	789	49%
ERPA program development	65	81	-16	124%
ERPA costs – Supervision	2,796	1,923	874	69%
Validation/Verification costs	1,747	389	1,358	22%
Registry costs	1,333	622	711	47%
Shared costs	1,350	816	534	60%
Total Carbon Fund	10,156	5,668	4,488	56%

Note: ERPA = Emission Reductions Payment Agreement.

Fund Administration, Country Advisory Services, Registries, and ERPA Supervision

The Carbon Fund's total cash disbursements of almost \$5.6 million in FY22 are below the total budget of \$10.1 million, with spending at 56 percent of the budget (Table 10). The underspend is mostly accounted for by the low spend on ERPA supervision, Carbon Fund country advisory support, and validation/verification costs. Lower travel costs because of the COVID-19 pandemic have been a key factor for much of this underspend. The Carbon Fund participants approved \$1.3 million for work on registries in FY22. The World Bank ER transaction registry, the Carbon Assets Tracking System (CATS), has been fully operational (stabilization phase) since June 2020. However, phase 2 of the development of the registry, which was partially budgeted for in FY22, has not yet started.

Shared Costs

As explained earlier, shared costs are directly related to Readiness Fund expenses in two key cross-cutting areas: the FCPF Secretariat and REDD+ methodology support. The expenditure of \$816,000 for FY22 is below budget, which is due to the Readiness Fund's lower spending in these two expense categories during FY22.

Financial Commitments Over the Longer Term

The life of the Carbon Fund was extended to December 2025 by the Carbon Fund participants at CF12 (Resolution CFM/12/2015/1) to allow for ERPA terms of five years. As outlined in the Readiness Fund section, annual budgets for each fund need to fit into a long-term financial planning framework that is consistent with World Bank policies for the financial management of trust funds. These policies generally require funds to be fully set aside for commitments made by participants as well as for meeting fiduciary obligations that the World Bank has entered into as trustee. The long-term financial plan (Table 11) shows estimated fixed costs over the





lifetime of the Carbon Fund (FY10 to FY26) of \$29.4 million, all costs directly related to ER programs (including supervision, validation and verification costs, and third-party monitoring costs) of \$60.2 million, and ER program reversal management mechanism costs of \$10 million. This long-term financial plan indicates that almost \$774.9 million would be available for the purchase of ER.

TABLE 11. CARBON FUND SOURCES AND USES, FY22 (\$, MILLIONS)

	As of end FY22
Sources (\$, millions)	874.5
Number of LOIs (#)	18
Number of ER programs expected	15
Uses	
Costs over fund lifetime	
Fixed costs (FY10-FY26)	29.4
ER program costs	60.2
ER program reversal management mechanism	10.0
Total costs	99.6
Available for purchase of ER	774.9
Average ER program	51.7

Note: ER = emission reductions; LOI = Letter of Intent.

Of this \$775 million available for the purchase of ERs, \$721.3 million has been committed through signed ERPAs, as detailed in Table 12.

This will leave uncommitted funds of just over \$53 million. There was consensus among Country Fund participants at CF23 that the Carbon Fund should not increase the contract volume of existing ERPAs in the short term and that, instead, it should use the flexibility of a combined approach of (a) assessing individual call options as they become available and (b) potentially increasing or decreasing contract volumes through revisions to ERPAs in the medium term as more information on results and delivery across the portfolio becomes available.

TABLE 12. SIGNED ERPAs

Country	ERPA signature date	ERPA contract value (\$, millions)
Congo, Dem. Rep.	September 21, 2018	55.0
Mozambique	January 16, 2019	50.0
Ghana	June 11, 2019	50.0
Chile	December 4, 2019	26.0
Fiji	July 8, 2020	12.5
Vietnam	October 22, 2020	51.5
Côte d'Ivoire	October 30, 2020	50.0
Indonesia	November 25, 2020	110.0
Costa Rica	December 8, 2020	60.0
Lao PDR	December 30, 2020	42.0
Madagascar	February 4, 2021	50.0
Nepal	February 24, 2021	45.0
Dominican Republic	March 1, 2021	25.0
Congo, Rep.	April 22, 2021	41.8
Guatemala	September 13, 2021	52.5
Total		721.3

Note: ERPA = Emission Reductions Payment Agreement.

BUDGET APPROVAL PROCESS

Budgets for both the Readiness Fund and the Carbon Fund are based on the World Bank's fiscal year (beginning July 1) and are approved annually in accordance with the FCPF Charter. The FCPF Participants Committee has to approve the annual budget for the Readiness Fund and the shared costs of the facility, while the Carbon Fund participants have to approve the annual budget for the Carbon Fund, as it is a separate trust fund.



RESULTS FRAMEWORK

The FCPF Results Framework outlines how the FCPF's expected **results** will be monitored, specifying the **indicators** that will be used to measure progress against each result. For each indicator, the framework also details the indicator's **baseline** (starting point), its time-bound **milestones and targets**, the **data sources** that should be used to gather evidence, and the FCPF stakeholders who have lead **responsibility** for monitoring and reporting on progress against each indicator. The FCPF Results Chain is outlined on page 9.

The Monitoring and Evaluation Framework was endorsed by the Evaluation Oversight Committee on behalf of the Participants Committee (PC; see co-chairs summary from PC25), which had given it the responsibility at PC24. While tentative targets and milestones have been included, these will be agreed by the PC.

Due to exceptional circumstances around the COVID-19 pandemic, there were some inconsistencies in data collection. Where possible, these have been explained in footnotes.

RELEVANT TIME FRAMES

FY08 (end of)	•	Baseline year for Readiness Fund
FY11 (end of)	•	Baseline year for Carbon Fund
FY19 FY21	•	Milestone years for Readiness Fund
FY22	•	Actuals
FY19 FY21 FY23	•	Milestone years for Carbon Fund
FY21	•	Milestone years for Carbon Fund Target year for Readiness Fund

D It	L. P. J. J.	Baseline		Milestone		Target	Actual
Result	Indicator	FY11	FY19	FY21	FY23	FY26	FY22
	I.1.A: Number of tons of CO ₂ e emission reductions and removals through CF ER programs (tCO ₂ e)	0	0	14 million	47 million	170 million	5 million ¹
IMPACT 1: Reduced emissions from deforestation and forest degradation	I.1.B: Number of tons of CO ₂ e emission reductions and removals through REDD+ interventions in all FCPF- supported countries (tCO ₂ e)	0	No	targets (indicator	reported on annu	ally	565.4 million ²
	I.1.C: Total forest area re/afforested or restored through CF-supported interventions (ha)	0		n/a		18.5 million	4,519³
IMPACT 2: Sustained or enhanced biodiversity and	I.2.A: Number of people receiving monetary and/or nonmonetary benefits through CF programs (disaggregated by gender)	0			argets ted on annually)		04
livelihoods for forest-dependent men and women	I.2.B: Amount of protected or conserved areas included in CF programs, if relevant (ha)	0		n/a		7.7 million	2.0 million⁵

Result	Indicator	Baseline FY08	Milestone FY19	Target FY23	Actual FY22
OVERARCHING OUTCOME: Improved governance and transparency for sustainable forest	OV.1.A: Extent to which the FCPF has influenced REDD+ country participants' national approaches to sustainable forest resource management (including among women, women's groups, IPs, CSOs, local communities)		(qualitative progr	No targets ess measured throi	ugh evaluation)
resource management (including REDD+ interventions) within participant countries	OV.1.B: Number of FCPF-supported countries that have in place a national REDD+ strategy, FREL/FRL, NFMS, and SIS	0	8	16	20
	1.A: Number of R-Packages endorsed by the PC	0	19	26	28
OUTCOME 1: The Readiness Fund supports the development of capacity within participant countries to deliver REDD+ and/or	1.B: Amount of finance mobilized to support the REDD+ readiness process (disaggregated by public, private, grants, loans)	(indica	No targets tor reported on an	nnually)	\$2.28 billion (Public: \$2.12 billion; Private: \$167 million; Grants: \$1.47 billion; Loans/Other: \$812 million) ⁶
access REDD+ finance	1.C: Amount of REDD+ ER payments secured by countries with endorsed R-Packages through non-FCPF ER schemes	(indicator meas	No targets sured through exte	ernal evaluation)	n/a

Result	Indicator	Baseline FY08	Milestone FY19	Target FY23	Actual FY22
OUTPUT 1.1: Readiness Assessment Framework is agreed upon and disseminated	1.1: Existence of published assessment framework on readiness package	No	Yes	Yes	Output 1.1 was fully delivered in 2013
	1.2.a: Number of R-PPs endorsed by the PC	0	46	46	467
OUTPUT 1.2: Countries demonstrate an adequate plan to achieve	1.2.b: Number of Readiness Preparation Grant Agreements signed	0	45	45	45
preparedness for REDD+ funding	1.2.c: Value of grant allocations, before signing	\$0	\$309 million	\$309 million	\$314.3 million
	1.2.d: Value of signed grants	\$0	\$304 million	\$309 million	\$314.3 million
	1.3.a: Number of countries that present midterm reports (MTRs)	0	39	40	44
	1.3.b: Number of countries that have completed R-PP Component 1: Organize and Consult	0	30	37	368
	1.3.c: Number of countries that have completed R-PP Component 2: Prepare the REDD+ Strategy	0	16	30	37 ⁹
OUTPUT 1.3: Countries progress adequately on	1.3.d: Number of countries that have completed R-PP Component 3: Develop a National FREL	0	33	40	43 ¹⁰
implementation of their R-PP and Grant Agreements	1.3.e: Number of countries that have completed R-PP Component 4: Design Systems for National Forest Monitoring and Information on Safeguards	0	18	25	43 ¹¹
		Via WB: \$0 (0% of signed grants)	Via WB: \$176 million (60% of signed grants)	Via WB: \$252 million (95% of signed grants)	Via WB: \$231 million (92% of signed grants)
	1.3.f: Readiness Fund disbursement rate	Via DPs: \$0 (0% of signed grants) (FY08)	Via DPs: \$30 million (60% of signed grants) (FY19)	Via DPs: \$63 million (95% of signed grants) (FY21)	Via DPs: \$60.1 million (96% of signed grants)



	Result Indicator Baseline Milestone Target				Trunct	Actual	
Result	Indicator	FY11	FY19	FY21	FY23	FY26	FY22
OUTCOME 2: The Carbon Fund incentivizes the development and delivery of REDD+ ER programs	2.A: Number of tons of CO ₂ e emission reductions and removals committed through signed ERPAs (tCO ₂ e)	0	50 million	170 million	170 million	170 million	144.3 million
	2.B: Amount of finance mobilized to support delivery of CF ER programs (disaggregated by public, private, ERPs, grants, loans, equity)		\$333 million ¹²				
	2.C: Amount of REDD+ ER payments secured by CF countries through non-FCPF ER schemes		\$0				
	2.D: % of monetary benefits from CF programs shared with beneficiaries (disaggregated by gender, CSOs, IPs, local communities)	0% 0% TBD TBD TBD					0%
				Milestone		— .	
Result	Indicator	Baseline FY08/11	FY19	FY21	FY23	Target FY23/FY26	Actual FY22
OUTPUT 2.1: Standards and preparations in place for high-quality ER programs	 2.1.a: Standards and management tools discussed and endorsed by CF participants and/or the PC for ER programs, including: a) Methodological Framework and Pricing Approach b) Business processes (ER-PIN, ERPD, ERPA) c) Legal documents (general conditions, ERPA term sheet) 	Delivered in 2014 ¹³					
discussed and endorsed by CF participants and/or the PC	2.1.b: Development of CF approach to registries	0 (FY11)	Research & guidance published, Options tested for centralized and country registries	CF registry approach endorsed & implemented (FY21)	n/a (to be completed in FY21)	CF registry approach endorsed & implemented (FY21)	Registry completed
OUTPUT 2.2:	2.2.a: Number of early ideas presented by countries to the CF	0 (FY11)	24	24	24	24	2414
	2.2.b: Number of ER-PINs presented by countries to the CF	0 (FY11)	20	20	20	20	2015
	2.2.c: Number of countries invited into the CF pipeline	0 (FY11)	19	19	19	19	19 ¹⁶
Countries have entered into the portfolio of the	2.2.d: Number of countries signing a CF Letter of Intent	0 (FY11)	19	19	19	19	19 ¹⁷
Carbon Fund	2.2.e: Number of ERPDs presented by countries to the CF	0 (FY08)	16	16	16	16 (FY21)	18
	2.2.f: Number of countries accepted into CF portfolio	0 (FY08)	14	16	16	16 (FY21)	18
	2.2.g: Number of countries that have signed an ERPA with the CF	0 (FY08)	5	16	16	16 (FY21)	1 5 ¹⁸
OUTPUT 2.3: Private sector engages with the Carbon Fund	2.3.a: Extent to which CF programs influence private sector engagement with low/zero deforestation and REDD+ processes	No targets (qualitative progress measured through evaluation)				0	
	2.3.b: Number of formal partnerships between CF programs and private sector entities (disaggregated by financial, nonfinancial)	0 (FY11)	5	8	10	10 (FY26)	0
OUTPUT 2.4:	2.4.a: Number of completed CF programs	0 (FY11)	0	0	0	15 (FY26)	0
Countries progress adequately on implementation of their	2.4.b: % of CF program budgets (as per ERPD) covered by secured finance	No targets (indicator reported on annually) 100% (FY26)				100% ¹⁹	
ER programs	2.4.c: Actual ERs purchased by CF as % of originally committed ERs (as per ERPA)	n/a (FY11)	n/a	9%	29%	60% (FY26)	1% ²⁰

Result	Indicator	Baseline FY08/FY11	Milestone			Target	Actual
			FY19	FY21	FY23	FY23/FY26	FY22
OUTCOME 3: Participant countries strengthen delivery of programming aimed at	3.A: Extent to which FCPF processes support participant country efforts to sustain and enhance livelihoods within REDD+ intervention areas	No targets (qualitative progress measured through evaluation) No targets (qualitative progress measured through evaluation)					
sustaining or enhancing livelihoods of local communities and/or conserving biodiversity	3.B: Extent to which FCPF processes support participant country efforts to conserve biodiversity within REDD+ intervention areas						

Result	Indicator	Baseline	Milestone			Truest	A
Result	ΙΠαίζατος	Baseline	FY19	FY21	FY23	Target FY23/FY26	Actual FY22
OUTPUT 3.1: Enhanced capacity of IPs and CSOs to engage in	3.1.α: Number of participants in CBP-funded activities (disaggregated by gender, CSOs, IPs)	0 (FY08)	54,500 (Of which 24,525 women; 42,700 in CSOs; 11,800 IPs)	n/a	n/a	68,100 (Of which 30,645 women; 55,100 in CSOs; 13,000 IPs) (FY21)	112,294 ²¹ (Of which 55,879 women; 69,304 CSOs; 42,945 IPs)
REDD+ processes at the country level	 3.1.b: % of participants in CBP-funded activities indicating that: they have more confidence to engage with REDD+ processes they will definitely increase their engagement with REDD+ processes (disaggregated by gender, CSOs, IPs) 	n/a	50	60	70	75	75 ²²
OUTPUT 3.2: FCPF participant	3.2.a: Number of CF programs that test ways to sustain and enhance livelihoods	0 (FY11)	4	9	14	16 (FY26)	1823 /224
countries test ways to sustain and enhance livelihoods	3.2.b: Number of RF REDD+ country participants whose REDD+ strategies include activities that directly aim to sustain and enhance livelihoods	0 (FY08)	39	44	n/a	44 (FY21)	45
OUTPUT 3.3:	3.3.a: Number of CF programs that test ways to conserve biodiversity	0 (FY11)	14	16	16	16 (FY26)	18 ²⁵ /2 ²⁶
FCPF participant countries test ways to conserve biodiversity	3.3.b: Number of RF REDD+ country participants whose REDD+ strategies include activities that directly aim to conserve biodiversity	0 (FY08)	39	44	n/a	44 (FY21)	45

Note: n/a = not available; CBP = Capacity Building Program for Forest-Dependent Indigenous Peoples and Southern Civil Society Organizations; CF = Carbon Fund; CSO = civil society organization; DP = delivery partner; ER = emission reductions; ER-PIN = Emission Reductions Program Idea Note; ERPA = Emission Reductions Payment Agreement; ERPD = Emission Reductions Program Document; FCPF = Forest Carbon Partnership Facility; FREL = forest reference emission level; FRL = forest reference level; IP = Indigenous peoples; NFMS = national forest monitoring system; R-PP = Readiness Preparation Proposal; S-S = South-South; SIS = safeguards information system; tCO₂e = (metric) tons of carbon dioxide equivalent.

- 1 Verified emission reductions from Mozambique and Costa Rica as of the end of FY22.
- 2 Data came from Biennial Updated Reports for non-Annex I countries, country GHG profiles on UNFCCC website, Climate Action Tracker, and so on.
- 3 Based on the two ER monitoring reports from Mozambique and Costa Rica that were verified in FY22.
- 4 Based on the two ER monitoring reports from Mozambique and Costa Rica that were verified in FY22.
- 5 Based on the two ER monitoring reports from Mozambique and Costa Rica that were verified in FY22.
- 6 Minor discrepancies in some reporting templates mean that totals do not sum, and some templates incorrectly identified the type of funds. Thus, disaggregation should be taken as indicative/estimated.
- 7 The last R-PP (for Gabon) was endorsed in July 2017.

- 8 36 is the number of countries that have an average rating of at least 4/green (Significant progress) in the country progress report. To obtain this weighted score, each subcomponent was assigned points (1 to 5) and the average was taken.
- 9 37 is the number of countries that have an average rating of at least 4/green (Significant progress) in the country progress report. To obtain this weighted score, each subcomponent was assigned points (1 to 5) and the average was taken.
- 10 43 is the number of countries that have an average rating of at least 3/yellow (Progressing well, further development required) in the country progress report. To obtain this weighted score, each subcomponent was assigned points (1 to 5) and the average was taken.
- 11 43 is the number of countries that have an average rating of at least 3/yellow (Progressing well, further development required) in the country progress report. To obtain this weighted score, each subcomponent was assigned points (1 to 5) and the average was taken.
- 12 Based on the two ER Monitoring Reports from Mozambique and Costa Rica that were verified in FY22.
- 13 All delivered except the ERPA business process.
- 14 The last Early Idea Notes were presented at CF12.
- 15 Guyana produced an ER-PIN, but no further action was taken. The last ER-PIN was presented at CF14.
- 16 The last country entered the pipeline at CF11.
- 17 The last LOI was signed at CF16.
- 18 Three Carbon Fund countries dropped out of the pipeline, so the total number of CF countries remaining is 15.

	Indicator						
Result		Baseline FY08	FY19	FY21	FY23	Target FY26	Actual FY22
OUTCOME 4: Enhanced learning from the FCPF on global implementation of REDD+	4.A: Extent to which learning, evidence, and knowledge products generated through the FCPF influence other REDD+ programs and practice	No targets (qualitative progress measured through evaluation)					
	4.B: Participant countries' assessment of the FCPF's role within and contribution to national REDD+ processes	No targets (indicator reported on annually)					4.727
	4.1.a: Number of knowledge products produced (cumulative)	0	20 news stories/ blogs	35 news stories/ blogs	50 news stories/ blogs	60 news stories/ blogs	89 news stories/ blogs
OUTPUT 4.1: Knowledge gained during			30 knowledge seminars	40 knowledge seminars	50 knowledge seminars	60 knowledge seminars	97 knowledge seminars
the development and delivery of FCPF activities			8 other products	12 other products	15 other products	20 other products	69 other products
is disseminated, in line with Communications and Knowledge Strategy	4.1.b: Number of unique and returning visitors to FCPF website	0 No targets, but traffic data reported annually incre and					
	4.1.c: Extent to which FCPF learning and evidence influence ongoing FCPF implementation	No targets (qualitative progress measured through evaluation)					
OUTPUT 4.2: Participants actively engage in South-South learning activities	4.2.a: Number of FCPF-supported South-South learning activities and/or events connecting FCPF countries (cumulative)	0	8	10	14	15	45
	4.2.b: Number of participants in South-South learning activities and/or events connecting FCPF countries (cumulative) (disaggregated by gender, CSOs, IPs)	0	300 (Of which 105 women; 30 CSOs; 30 IPs)	400 (Of which 160 women; 40 CSOs; 40 IPs)	450 (Of which 180 women; 45 CSOs; 45 IPs)	500 (Of which 200 women; 50 CSOs; 50 IPs)	3,400+ (Of which 1,300 women; 640 CSOs; 350 IPs ²⁸)
	4.2.c: % of participants in South-South learning activities indicating that: - They acquired new knowledge or skills - They will definitely apply the new knowledge or skills in their work - They have established new connections/networks that they will maintain (disaggregated by gender, CSOs, IPs)	n/a	50	60	70	75	81% ²⁹ (Of which 35% women; 30% CSOs; 22% IPs)
OUTPUT 4.3:	4.3.a: Extent to which FCPF learning, evidence, and knowledge products are used by participant countries	No targets 4.2 ³⁰					4.230
FCPF knowledge is applied by participants and other REDD+ practitioners	4.3.b: Number of non-FCPF programs and countries that have adopted elements of the FCPF Methodological Framework within their own REDD+ processes	No targets (periodic "influence" evaluation)					

- 19 Based on the two ER monitoring reports from Mozambique and Costa Rica that were verified in FY22. As more ER monitoring reports are verified, the percentage may drop.
- 20 This includes the actual ER purchased from Mozambique in FY22.
- 21 FY22 CBP activities were undertaken in the LAC region only. As the consolidation phase of the CBP was launched in FY22, most activities in other regions were in the process of being set up with no indicators to report on yet."
- 22 FY22 CBP activities were undertaken in the LAC region only. As the consolidation phase of the CBP was launched in FY22, most activities in other regions were in the process of being set up with no indicators to report on yet.
- 23 Based on ERPDs.
- 24 Based on the two ER monitoring reports from Mozambique and Costa Rica that were verified in FY22.
- 25 Based on ERPDs.
- 26 Based on the two ER monitoring reports from Mozambique and Costa Rica that were verified in FY22.

- 27 4.7 is the average score of a survey on FCPF strengths, weaknesses, and contributions to REDD+ of each FCPF country calculated from the country progress report. To obtain this average score, each answer to a question was assigned points (5 as Completely agree to 1 as Completely disagree) and the average was taken.
- 28 Disaggregated figures were not reported in FY18. Thus, disaggregated figures reported this year and going forward will be cumulative from FY19 onward.
- 29 These figures weren't reported in FY19 and before. Thus, these figures reflect a cumulative average from events in FY20, FY21 and FY22 only, and only for events for which relevant data was collected. The COVID-19 pandemic created challenges in data collection and accessibility for some events and/or stakeholder groups.
- 30 4.2 is the average score of a survey on the usefulness and application of FCPF knowledge products of each FCPF country calculated from the country progress report. To obtain this average score, each answer to a question was assigned points (5 as Completely agree to 1 as Completely disagree) and the average was taken.

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