

A Review of 25 Readiness Plan Idea Notes from the World Bank Forest Carbon Partnership Facility

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The first step for developing countries to access financing under the Readiness Mechanism of the World Bank Forest Carbon Partnership Facility (FCPF) is the development of a Readiness Plan Idea Note (R-PIN). This note considers the extent to which R-PINs approved by the FCPF trust fund committee addressed questions of good governance of forests. The objective of this exercise is to identify issues that will need to be addressed more completely as countries proceed with readiness programs.

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OVERVIEW

In 2007 the World Bank launched the Forest Carbon Partnership Facility (FCPF) to assist developing countries to reduce emissions from deforestation and forest degradation (REDD). It currently includes a Readiness Mechanism to build developing country capacity for REDD activities, and a Carbon Finance Mechanism to test a program of performance-based incentive payments in pilot countries. FCPF programs are expected to influence the global learning process on how to reduce emissions from deforestation in developing countries.

As of February 2009, the Readiness Plan Idea Notes (R-PINs) of 25 countries have been approved, and 11 others are pending approval in March. The 25 accepted countries are eligible to receive funding to develop a Readiness Plan (R-Plan), which will elaborate on the R-PIN and present a more detailed strategy for realizing REDD at the national level. The emphasis of the Readiness Mechanism is to assist developing countries to determine a national reference scenario of deforestation, develop a monitoring system for REDD, and adopt a national strategy for reducing deforestation and forest degradation.

However, readiness funds may also be used to address underlying conditions that will need to be in place to ensure the sustainable use of forest resources, including foundations of good forest governance. These might include, for example, the ability to provide secure tenure over forest land and resources, enforce forest laws, and empower forest-dependent communities to participate in forest management. Many of these fundamental conditions are weak or absent within developing countries that might participate in REDD. Without them it will be difficult, if not unfeasible, to reduce rates deforestation and degradation at the national level and deal with risks of leakage. Strengthening forest governance is therefore an essential readiness activity that will strongly influence the likelihood of achieving significant and lasting emission reductions.

METHODS FOR THE R-PIN GOVERNANCE ANALYSIS

We analyzed the 25 approved R-PINs with reference to 17 fundamental criteria of good governance that we believe are vital for any country wishing to participate in a potential REDD mechanism to consider. These criteria are organized within six basic processes:

- Law & Policy Development
- Land Tenure Administration & Enforcement
- Forest Management
- Forest Monitoring
- Law Enforcement
- Forest Revenue Distribution & Benefit Sharing

Although the list is not exhaustive, and the issues raised by our methodology may not be pertinent in the same ways in all countries, it represents a system to identify and highlight key governance challenges that will need to be addressed as readiness planning proceeds. The reviews of each R-PIN and the details of our research methodology are presented as an appendix to this analysis.

The appendix is available online at <http://www.wri.org/gfi>.

INSIGHTS

Countries are explicitly asked to address challenges relating to forest governance under a subsection of only one of the 14 major components comprising the standard R-PIN template. Yet governance considerations typically permeate the discussion throughout the submitted R-PINs, indicating a general recognition that addressing governance is a key to demonstrating readiness for REDD. There is significant variation, however, in the extent to which countries consider these issues systematically and in practical terms, and none of the countries' submissions can be considered comprehensive. Some of these shortcomings can be attributed to the nature of the R-PIN itself, which is intended to be a preliminary document building up to a more thorough and detailed R-Plan. But our analysis does suggest that several critical issues were generally and conspicuously missing from the R-PINs. The following overarching insights are intended to help inform the readiness planning process.

Law enforcement challenges require greater attention

Illegal logging and other forest crime are described as a major driver of deforestation and forest degradation in many of the R-PINs. For example, one country acknowledged that organized

criminal groups control access to some forested areas. For these countries, significantly improving law enforcement and compliance will be a critical requirement for any strategy to reduce deforestation and forest degradation at the national level.

Yet the majority of the R-PINs do not demonstrate much consideration of the causes of weak law enforcement beyond insufficient capacity, let alone potential solutions. Several countries do, however, acknowledge potential links between REDD strategies and the World Bank Forest Law Enforcement and Governance (FLEG) programs and the European Commission's Forest Law Enforcement and Governance and Trade (FLEGT) initiative. Such synergies seem highly relevant and merit further exploration. A small number of R-PINs also mention corruption, lack of coordination and cooperation across law enforcement agencies, and conflicting or unclear regulations as contributing to law enforcement problems. Overall, a more concrete examination of the reforms and resources required to improve forest law enforcement is needed, especially for those countries that anticipate an increasing likelihood of illegal logging. Considering how these processes can be leveraged in practical terms in the context of REDD implementation would be a useful next step.

Unclear tenure is a major challenge in most countries, and responding to this challenge will require much more effort

Almost all of the R-PINs recognize the need to clarify land tenure systems in the context of REDD implementation. Several countries even make reference to ongoing or planned programs to establish, clarify or better enforce rights over land and its associated values.

However, many R-PINs suggest a very limited analysis (and in some cases understanding) of the existing situation with regards to conflicts over tenure and potential obstacles to reform and implementation. Issues such as the source and location of land use conflict, the role of judicial or alternative mechanisms for resolving conflict, and the nature of customary practices and indigenous rights are not consistently addressed. Furthermore, few countries address the need to clarify carbon rights within existing tenure systems. Given the strong consensus amongst participating countries that improving tenure security is critical for REDD, a deeper and more practical discussion of how these issues may be resolved will be needed in the R-Plan.

Measures to increase policy coherence between sectors, particularly with regards to land use planning, need more attention

Several R-PINs acknowledge that the inadequacy of current land use plans and planning processes impede efforts to reduce deforestation and achieve sustainable forest management. In these countries, inadequate coordination across sectors is a common problem, which is exacerbated by weak institutional capacity in the forest sector and a lack of clarity over roles and authority of relevant institutions. These challenges have significant implications for REDD implementation, and most include a cursory recognition that REDD strategies will need to be a multi-sector process that is consistent with the broader national development agenda.

However, few R-PINs directly acknowledge potential conflicts between policies to reduce deforestation and policies in the agricultural or infrastructure sectors. Moving forward, countries will need to institutionalize new processes to ensure that cross-sector approaches are used to develop and implement REDD strategies, in order to increase policy coherence and manage potential conflicts.

The adequacy of existing revenue distribution and benefit-sharing mechanisms should inform the development of a payment system under REDD

The success of performance-based incentive payments for REDD will largely depend on a government's ability to identify appropriate beneficiaries and distribute payments to them in a transparent and accountable way. Developing a system for managing REDD revenues will be a significant endeavor for most countries, which is largely unaddressed in the R-PINs but will likely see more prominence in the R-Plans.

A reflection on the adequacy of existing systems to distribute revenues from the forest sector might offer valuable insights into the risks and challenges that will have to be addressed if new revenues are made available in the form of REDD payments, but very few R-PINs addressed this topic. Even countries with prior experience implementing Payment for Ecosystem Services (PES) programs did not reflect on the strengths and weaknesses of existing PES payment mechanisms. Reflections on what would be required to tailor PES systems for REDD would have been valuable.

Going forward, it will be essential for countries to create and implement good processes to decide who should benefit from REDD, and how. Stakeholders will need to be engaged in this process, and principles of transparency and accountability must

be central. Lack of attention to these good governance principles significantly raises the risk of corruption and elite capture.

Transparency and accountability in forest monitoring systems for REDD need to be emphasized

The ability to accurately and regularly monitor deforestation and forest degradation is a critical requirement for REDD, and is therefore a major focus of the R-PINs. Most countries identify major capacity constraints, most of which are technical and financial, that will need to be overcome as a part of the readiness process. However, few R-PINs grapple with the challenges of data management and information-sharing, or the critical importance of using independent monitoring and third party verification to ensure transparency or accountability. These basic principles of good governance need more emphasis as countries begin developing forest monitoring strategies for REDD.

CONCLUSION

The R-PINs identify a broad spectrum of governance challenges (sometimes to a significant level of detail), including but not limited to: outdated or unclear forest laws, poor policy harmonization across sectors, unclear land tenure rights, and overly complex regulation and systems for law enforcement. However, little attention has been given at this stage to how these challenges might be addressed and overcome as part of a comprehensive, long-term strategy to reduce deforestation and degradation.

Countries need to be prompted to systematically and practically think through options for responding to these challenges. At the very least, country R-Plans should begin to outline a process by which they might address these issues. These processes need to lead to long-term and self-sustaining institutional changes in how forest resources are managed and governed. These changes need to be considered alongside efforts to create robust governance arrangements for REDD implementation.

With a more systematic assessment of relevant governance challenges and needs, participating governments could also develop more realistic and specific estimates of what it will take in terms of financial, technical, and other support from the World Bank and the international community to address these issues.¹ This review of the R-PINs suggests that the costs of readiness are likely to be quite significant.

1. At least one R-PIN does begin to estimate costs and needs.

The R-Plan analysis template (see Annex I below) that we have developed could be used by members of the FCPF Technical Advisory Panel and participant committee, as well as interested observers as a checklist of governance issues to take into account when developing and reviewing R-Plans.

NEXT STEPS

As the R-Planning process proceeds, it will be particularly important for trust fund committee members to ensure meaningful public participation in the process based on adequate and timely disclosure of key documents, particularly the draft R-Plans themselves.

APPENDIX A R-PIN Governance Analysis Methodology
<i>Law & Policy Development</i>
Institutions that are responsive to the need for reform
Recognition and consideration of the full suite of stakeholders that are impacted by decision-making
Transparent and inclusive processes for engaging stakeholders in the development of forest laws and policies
<i>Land Tenure Administration & Enforcement</i>
A land tenure system that is non-discriminatory and provides clear rights over land and its associated values.
Legal recognition of indigenous peoples rights to land
Mechanisms for resolving conflicts over tenure rights
Institutions and systems that uphold the rights of forest dependent people
<i>Forest Management</i>
Institutions with the capacity and authority to plan and implement forest management activities
Processes for coordinating forest sector activities with larger national development strategies and land use plans
Recognition of the role of different stakeholders, including local communities, in forest management
<i>Forest Monitoring</i>
Government institutions with the capacity to monitor forests and report information
Independent institutions with the capacity to monitor and verify information
Transparent and coordinated systems for managing information
<i>Forest Law Enforcement</i>
Effective systems for deterring and penalizing illegal activities
Institutions with the capacity and authority to enforce forest laws
<i>Forest Revenue Distribution & Benefit Sharing</i>
Understanding of the relationship between forest ecosystem services and local livelihoods (and potential alternative livelihoods)
Transparent and accountable systems for distributing revenues from forest management