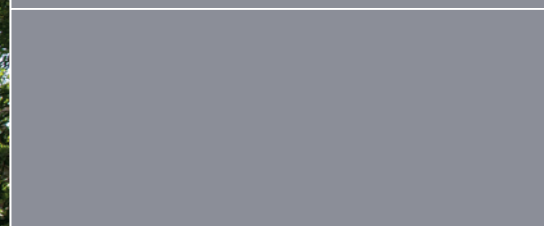
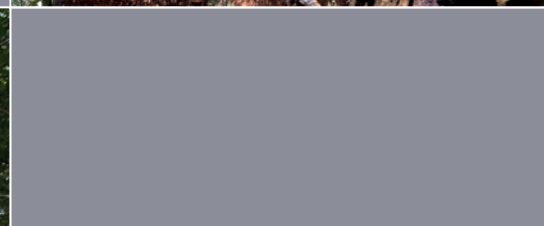
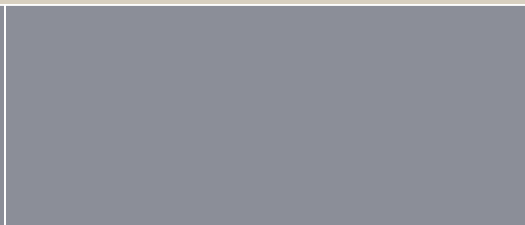




Real-Time Evaluation of Norway's International Climate and Forest Initiative Synthesising Report 2007-2013

Annexes 3-19
Report 3/2014





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August 2014

LTS International in cooperation with
Indufor Oy, Ecometrica and the Chr. Michelsen Institute

Note on layout and language

The layout of the document conforms to guidelines for accessibility and ease of reading, which require Arial font and left (not full) justification of the text.

Acronyms

AfDB	African Development Bank
AMAN	Aliansi Masyarakat Adat Nusantara / Indigenous Peoples' Alliance of the Archipelago
APP	Asia Pulp and Paper
APRIL	Asia Pacific Resources International Holdings
AUSAID	Australian Agency for International Development
AWG-LCA	Ad-hoc Working Group on Long-term Co-operative Action
BIG	Indonesia's Geospatial Information Agency
BNDES	Brazilian Development Bank
CAR	Environmental Mapping and Registration of Rural Individual Properties Initiative, Brazil
CBD	Convention on Biological Diversity
CBFF	Congo Basin Forest Fund
CEEAC/ECCAS	Économique des États de l'Afrique Centrale / Economic Community of Central African States
CI	Conservation International
CIFOR	Centre for International Forestry Research
COFA	Amazon Fund Guidance Committee
COIAB	Coordination of Indigenous Organisations of the Amazon Basin
COMIFAC	Commission des Forêts d'Afrique Centrale / Central African Forestry Commission
COP	Conference of Parties
CSO	Civil Society Organisation
DAC	Development Advisory Committee
DFID	United Kingdom Department of International Development
DKN	Dewan Kehutanan Nasional / Indonesia's National Forestry Council
DNPI	Indonesia's National Council on Climate Change
DRC	Democratic Republic of Congo
EDF	European Development Fund
EIA	Environmental Investigation Agency
EFF	Eco Forestry Forum
EU	European Union
FAO	Food and Agriculture Organisation of the United Nations
FCPF	Forest Carbon Partnership Facility
FIP	Forest Investment Program
FLEGT	Forest Law Enforcement, Governance and Trade Programme
FORDA	Indonesia's Forest Research and Development Agency
FPIC	Free Prior Informed Consent
FREDDI	Indonesia's REDD+ Investment Fund
FUNBIO	The Brazilian Biodiversity Fund
GAVI	Global Alliance for Vaccination and Immunisation
GCF	Green Climate Fund
GEF	Global Environment Facility

GIZ	Gesellschaft für Internationale Zusammenarbeit / German Development Agency
GRIF	Guyana's REDD+ Investment Fund
HuMa	Indonesian Association for Community and Ecology Based Law Reform
ICRAF	International Centre for Research in Agroforestry
IDB	Inter-American Development Bank
IFCA	Indonesia Forest Climate Alliance
INPE	Brazilian National Institute for Space Research
IPAM	Instituto de Pesquisa Ambiental da Amazônia / Amazon Environmental Research Institute, Brazil
ITTO	The International Tropical Timber Organization
IUCN	International Union for the Conservation of Nature
KFW	German Development Bank
KPK	Indonesia's Anti-Corruption Commission
LEAF	Lowering Emissions in Asia's Forests; a USAID programme
MDTF	Multi-Donor Trust Fund
MFA	Ministry of Foreign Affairs
MP3EI	Master Plan for the Acceleration and Expansion of Indonesia's Economic Development
MRV	Measurement, Reporting and Verification
NAFORMA	National Forest Resources Assessment
NGO	Non-Governmental Organisation
NICFI	Norway's International Climate and Forest Initiative
NOK	Norwegian Kroner
Norad	Norwegian Agency for Development Cooperation
ODA	Overseas Development Assistance
OECD	Organisation for Economic Cooperation and Development
OTCA (ACTO)	Amazon Cooperation Treaty Organisation
PRISAI	Indonesia's national REDD+ safeguards
PPCDAM	Plan of Action for Protection and Control of Deforestation in the Amazon
RAN/D-GRK	Indonesia's National / Subnational Emissions Reduction Plans
RAPP	Riau Andala Pulp and Paper
RECOFT	The Centre for People and Forests
REDD+	Reducing Emissions from Deforestation, Forest Degradation, and recognising the importance of Conservation, sustainable management, and enhancement of forest carbon stocks
REL	Reference Emissions Level
R-PP	Readiness Preparation Proposal
RRI	Rights and Resources Initiative
SBSTA	Subsidiary Body for Scientific and Technological Advice
SES	Social and Environmental Standards
SESA	Strategic Environmental and Social Assessment

SFM	Sustainable Forest Management
SIS	Safeguards Information System
STRADA	Indonesian Subnational REDD+ Strategy
STRANA	Indonesia National REDD+ Strategy
TNC	The Nature Conservancy
UK	United Kingdom
UKP4	Indonesia's President's Special Delivery Unit
UNCCD	United Nations Convention to Combat Desertification
UNCERD	United Nations Committee of the Elimination of Racial Discrimination
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNFCCC	United Nations Framework Convention on Climate Change
UNODC	United Nations Office on Drugs and Crime
UNORCID	United Nations Office for REDD+ Co-ordination in Indonesia
US	United States of America
USAID	United States Agency for International Development
VPA	Voluntary Partnership Agreement
WOCAN	Women Organizing for Change in Agriculture
WRI	World Resources Institute

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Annex 3 Terms of reference

Terms of reference Real-time evaluation of Norway's international climate and forest initiative:

Synthesis evaluation 2007-2013
19.09.2013

1. Background

REDD+ and Norway's initiative

The Government of Norway's International Climate and Forest Initiative (NICFI) was launched in December 2007, pledging substantial development cooperation funding¹ towards efforts to reduce emissions from deforestation and forest degradation in developing countries (REDD²). The primary objective of the Norwegian Government's climate policy is to play a part in establishing a global, binding, long-term post-2012 regime that will ensure deep enough cuts in global greenhouse gas emissions for the average rise in global temperature to be limited to no more than 2°C above the pre-industrial level.³ The international climate policy has changed since the Initiative was initiated with no new comprehensive agreement in place within the United Nations Framework Convention on Climate Change (UNFCCC), although some achievements were made on climate and forest under the Cancun Agreement in 2010, and further progress was made on technical issues in Durban in 2011. However, according to the Norwegian government's annual proposition No.1 (Prop.1S 2012-2013), the rationale behind the government's climate and forest initiative is still valid and the strategy and objectives for the Initiative remains.

The funding shall be used in accordance with the objectives of NICFI⁴:

To work towards the inclusion of emissions from deforestation and forest degradation in a new international climate regime;

1 Appendix 1 provides a table of total NICFI disbursement 2009-2012 (in million Norwegian kroner). Source: Statistical database, Statistical team, Norad.

2 REDD stands for Reducing Emissions from Deforestation and forest degradation in Developing countries. REDD+ includes the role of conservation, sustainable management of forests and enhancement of forest carbon stocks.

3 NICFI website: <http://www.regjeringen.no/en/dep/md/Selected-topics/climate/the-government-of-norways-international-/why-a-climate-and-forest-initiative.html?id=547202>.

4 NICFI website: <http://www.regjeringen.no/en/dep/md/Selected-topics/climate/the-government-of-norways-international-/why-a-climate-and-forest-initiative.html?id=547202>.

To take early action to achieve cost-effective and verifiable reductions in greenhouse gas emissions;

To promote the conservation of natural forests to maintain their carbon storage capacity.

Sustainable development and poverty alleviation are overarching goals of Norwegian foreign and development policy⁵ (ODA). Thus, in addition to the climate-related goals, these are essential goals for NICFI. In pursuing the different goals, the climate policy and the development policy should be mutually supportive.

NICFI is working through four main areas; negotiations under the UNFCCC, partnerships with individual countries, multilateral programs, and support for civil society. The majority of NICFI's financial support is channelled through multilateral units including; the UN-REDD Programme (hosted by United Nations Environment Program, United Nations Development Program, and Food and Agriculture Organization of the United Nations), the Forest Carbon Partnership Facility (hosted by the World Bank), the Forest Investment Program (hosted by the World Bank), the Guyana REDD+ Investment Fund (GRIF), and the Congo Basin Forest Fund managed by the African Development Bank. Norway has also entered into formal agreements with Brazil (where funding is provided to the Amazon fund managed by the Brazilian National Development Bank), Guyana, Indonesia, Mexico, and Tanzania. A climate partnership with Ethiopia was launched during the UNFCCC negotiations in Durban in 2011 and formalized agreement is to be signed in the coming months. Discussions are taking place preparing for bilateral support to Colombia, Ecuador and Peru. Non-governmental organisations are funded through a support scheme administered by the Norwegian Agency for Development Cooperation (Norad).

The set-up and political context of NICFI has changed since the initiation. In 2007, there was one responsible minister for NICFI being Minister of the Environment and International Development. This changed in 2012 and there are now two ministers that are sharing this position; the Minister of International Development and the Minister of Environment. The Ministry of Environment still hosts the Secretariat of the NICFI, which has expanded with representatives from the Ministry of Foreign Affairs being placed at Ministry of Environment. The Ministry of Foreign Affairs, supported by Norwegian missions abroad and Norad, is responsible for foreign and development policy related to NICFI, as well as the management and disbursement of funds. In 2013, a large part of the administration and management of the portfolio will be transferred from the Ministry of Foreign Affairs to Norad. This transfer involves updated rules for how to manage the portfolio and budget items.

5 The ODA objectives include social and economic development, poverty reduction, the welfare and rights of indigenous peoples and other people living in or from forests, better land use, and the protection of biodiversity and the environment in general.

Overall, NICFI emphasises the importance of recognizing and designing REDD+ as an element of national development strategies and green economy approaches.

The real-time evaluation of the Norway's international climate and forest initiative

Norad's Evaluation Department started the real-time evaluation in early 2010, entering into a framework contract with LTS International covering the four-year period 2010-2013. The purpose of this real-time evaluation⁶ is to facilitate rapid learning by progressively assesses the results of NICFI with regard to its objectives. Real-time evaluation is not an evaluation methodology - what distinguishes it is the point in time in which it takes place. The evaluation is guided by the OECD/DAC evaluation criteria: relevance, efficiency, effectiveness, impact and sustainability. The approach involves a range of evaluation activities of specific thematic or geographic areas carried out irregularly, which can also be repeated at regular intervals.

The overall objectives of this real-time evaluation are to assess the results of NICFI's support towards its climate and development objectives.

The evaluation has revolved around the following three levels:

- Global level: The Initiative's contribution to an international REDD regime
- National level: The Initiative's support to the formulation and implementation of national REDD strategies
- Local level: Lessons learned from REDD demonstration projects supported by the Initiative

The first evaluations carried out were NICFI's contributions *to a global REDD+ regime (2007-2010)*, and NICFI's contributions *to national REDD+ processes (2007-2010)* in *Brazil, Guyana, DR Congo, Tanzania, and Indonesia*. A real-time evaluation framework with indicators⁷ to be used thorough out the evaluation period was developed. The evaluations constructed a baseline retrospectively (2007 – the year of the launch of NICFI) and thereafter assessed NICFI's support to the global and national work within REDD+ from 2007-2010. The evaluation of NICFI's *support to civil society organisations* was published in 2012, covering advocacy and demonstration activities on the ground with field studies in Indonesia, Peru, Cameroon and DR Congo. In 2013, the thematic-

6 Norsk: følgeevaluering.

7 The main indicators for the **global REDD+ regime** was clustered under the following themes: 1) Progress of REDD+ section of climate change negotiation text 2) Progress on an overarching climate agreement 3) Progress on detailed REDD+ modalities and processes 4) Progress with developing an institutional framework 5) Political commitment and momentum rearing REDD+ 6) Consistency and coherence of interim actions on REDD+.

The main indicators for the **national REDD+ processes** was clustered under the following themes: 1) National ownership 2) REDD relevant policies, strategies, plans, actions 3) MRV capacity and capability 4) Deforestation and forest degradation 5) Livelihoods, economic and social development and environmental conservation.

See further the country evaluation reports and the global regime report <http://www.norad.no/no/evaluering/publikasjoner/publikasjon?key=333472>.

evaluation of NICFI's *support to Measurement, Reporting, and Verification* (MRV) is to be published (with field studies in Indonesia, DR Congo, Tanzania, and Guyana).

The synthesising evaluation that this specific terms of reference corresponds to will be the final one to be conducted under the existing real-time evaluation framework contract.

2. Purpose, objectives and scope

There are two main reasons for this evaluation: 1) It is stated in the first terms of reference for the real-time evaluation from 2010 that «the ultimate outcome of the real-time evaluation is expected to be a synthesis report that addresses the four overall objectives». 2) There are strategic decisions to be taken about the future strategy of NICFI, and this evaluation can provide inputs to that process. Hence, the purpose of this evaluation is to determine the extent to which the anticipated outcomes were produced⁸. It will synthesise the results and lessons learned and serve as input to NICFI and the broader REDD community in the future work and strategic decisions.

The main objective of this evaluation is to assess the results of NICFI's support against the overall objectives⁹, and shall cover the period from 2007-2013. The evaluation shall synthesis results and lessons learned based on qualitative and quantitative evidence on global, national and local level, and identify their potential implications for NICFI's future and strategic work.

Since this evaluation will assess results against the overall objectives, it will be of importance in the inception phase to clarify how NICFI defines the relationship between the climate and development policies. This will then guide the evaluation. It shall be clarified, to the extent possible, if there are changes over time on how these two policies have been emphasised, both in the design (agreements) and the implementation phases. The focus will be on achievements of results against the each of the objectives, and how they are interlinked.

⁸ A summative evaluation rather than formative.

⁹ As stated above:

To work towards the inclusion of emissions from deforestation and forest degradation in a new international climate regime;

To take early action to achieve cost-effective and verifiable reductions in greenhouse gas emissions;

To promote the conservation of natural forests to maintain their carbon storage capacity.

Sustainable development and poverty alleviation are overarching goals of Norwegian foreign and development policy (ODA). Thus, in addition to the climate-related goals, these are essential goals for NICFI. In pursuing the different goals, the climate policy and the development policy should be mutually supportive.

3. Methods

This evaluation shall assess the results of NICFI's support against baseline data made available by previous evaluations and studies, both within this real-time evaluation and other related studies and evaluations. Relevant existing international best knowledge and evaluations covering REDD+ programs and activities shall be reviewed. The evaluation shall build upon the already constructed and revised evaluation framework and indicator tables for the global and country evaluations (appendix 2). A Theory of Change shall be reconstructed covering, to the extent possible, the climate and development dynamics. New data, both qualitative and quantitative, shall be collected where needed in order to make an up to date assessment. Baselines can be reconstructed if needed. The evaluation will be of a broader and synthesising character. A sample of in depth studies can be conducted if needed for verification of data.

The evaluation shall be objective, transparent and evidence-based and use multiple information sources and triangulation¹⁰ of data to substantiate findings and assessments.

Where the team does not find sufficient information to make meaningful assessments against the objectives of the evaluation, the team shall list the sources sought and not found and describe the type of information sources they would have required to carry out such an assessment.

The evaluation shall be conducted in accordance with the OECD/DAC Evaluation Quality Standards¹¹. Gender aspects shall be taken into account where relevant.

4. Evaluation activities and deliverables

Inception report

The inception phase will start off with meetings with the evaluation department and stakeholders in Oslo in September. The main aim of these meetings will be to define and agree upon a measurable definition of how NICFI considers the mutually supportiveness between the climate and development goals. This will also provide the ground work for reconstruction of a Theory of Change for the evaluation. During the inception phase, the team shall review relevant baseline data, evaluations, reviews and project documents. The inception report shall include a suggestion of countries and modalities to be studied in detail, based

¹⁰ Defined as: 'The use of three or more theories, sources or types of information, or types of analysis to verify and substantiate an assessment. OECD DAC. Glossary of Key Terms in Evaluation and Results Based Management. 2002.

¹¹ <http://www.oecd.org/dataoecd/55/0/44798177.pdf>

on selection criteria. The team shall propose a methodology for the evaluation including an evaluation framework¹². A list of information collected to date shall be included, and information gaps shall be identified as well as a strategy on how to fill the gaps.

Final report

The final report shall be prepared in accordance to the Guidelines for Reports and not exceed 50 pages excluding annexes. The executive summary shall not exceed one tenth of the length of the main report and shall function as an independent excerpt free of references to other parts of the report.

Communication brief

Based on the executive summary, a communication brief not exceeding two pages shall be prepared. It shall include the most important findings, conclusions, lessons learned and recommendations. It shall be written in an accessible language, possibly including clarifying examples, and be evidence based. The specific format for the communication brief may be agreed in more detail later.

All reports shall be written in a non-technical and accessible language, with the use of acronyms kept to a minimum. Findings and conclusions must refer to specific and well-documented sources and references and shall include an analysis that shows how and why the evidence presented supports the position taken. In general, all the reports shall be prepared in accordance to the “Guidelines for Reports under the call-off orders” (annex 5 in the tender document).

Deliverables and timeframe:

9-10th September: Start of the inception phase. Meetings with stakeholders in Oslo.

7th October: Submission of inception report

October: Comments on Inception report submitted to consultants

End of March: Submission of draft final report

April: Comments on the draft final report to consultants

May: Submission of final report

June: Final public seminar and internal workshop with stakeholders

¹² The evaluation framework (Appendix 2) already developed by LTS for this on-going real-time evaluation shall be used and revised when applicable.

5. Evaluation team

The evaluation will require a team with extensive knowledge of REDD, climate strategies and development work at international, national and local level, as well as knowledge of the countries and international initiatives under study. Preferably at least one member of each of the previous country/global/thematic evaluations should take part in the corresponding country teams of this evaluation.

The team leader shall have documented experience in managing complex, multi-disciplinary evaluations. The team leader shall ensure methodological and conceptual consistency throughout the evaluation.

LTS International shall suggest a composition of the team, taking into account the size of the evaluation and the expected distribution of personnel categories (see tender document).

6. Budget

LTS International shall propose a budget based on the personnel requirements and the expected travel and subsistence expenses.

7. Appendix 1 - NICFI Disbursements

Total Norwegian Aid (NICFI) disbursement 2009-2012 (million Norwegian kroner). Source: Statistical database, Statistical team, Norad.

Agreement partner	2009	2010	2011	2012	Totalt 2009-2012
BNDES - Brazilian Development Bank				363,0	363,0
BNDES - Brazilian Development Bank	27,0	169,3			196,2
	27,0	169,3	0,0	363,0	559,2
UNDP - UN Development Programme		6,3			6,3
UNDP - UN Development Programme				7,5	7,5
		6,3		7,5	13,8
Rainforest Alliance	3,5	1,4	3,7	1,5	10,2
	3,5	1,4	3,7	1,5	10,2
CI – Conservation International		1,7	6,0	2,3	9,9
IDA - International Development Association		175,0	213,0		388,0
		176,7	219,0	2,3	397,9
CCI - William J. Clinton Foundation - Clinton Climate Initiative		3,4	4,0	4,8	12,2
Persada Multi Cendekia			0,0		0,0
CCI - William J. Clinton Foundation - Clinton Climate Initiative	6,9		-1,1		5,8
UGM - Universitas Gadjah Mada			0,7		0,7
CIFOR - Center for International Forestry Research			0,6		0,6
UiO - Universitetet i Oslo			0,5		0,5
Pattiro Institute			0,6		0,6
GGGI - Global Green Growth Institute				11,5	11,5
ICEL - Indonesian Center for Environmental Law			0,3		0,3
CIFOR - Center for International Forestry Research		0,1			0,1
CIFOR - Center for International Forestry Research			0,1	0,0	0,1
The Samdhana Institute	3,0	-0,1		0,0	2,9
YPBB - Yayasan Pengembangan Biosains dan Bioteknologi untuk Pembangunan			0,7	0,5	1,2
LPDS - Dr. Soetomo Press Institute				0,7	0,7
McKinsey & Company	2,9				2,9
McKinsey & Company		4,7			4,7
WRI - World Resources Institute			0,3	0,0	0,3
Universitas Indonesia			0,1		0,1
RRI - Rights and Resources Initiative			0,5		0,5
The Samdhana Institute		1,8	1,8	6,9	10,4
UNDP - UN Development Programme		180,0			180,0
WRI - World Resources Institute				0,7	0,7
World Bank				4,0	4,0
	12,8	189,9	8,9	29,0	240,6

Agreement partner	2009	2010	2011	2012	Total 2009-2012
Fauna and Flora International	7,0				7,0
Fauna and Flora International		2,0	4,9	3,6	10,6
	7,0	2,0	4,9	3,6	17,6
ITTO - International Tropical Timber Organization		0,6			0,6
WWF Madagascar and West Indian Ocean Programme Office		4,0	3,8	3,3	11,1
		4,6	3,8	3,3	11,7
Transparency International - local office				1,2	1,2
Transparency International - local office			1,4		1,4
			1,4	1,2	2,6
UNDP - UN Development Programme			45,0		45,0
			45,0		45,0
RECOFTC - Regional Community Forestry Training Center for Asia and the Pacific				0,5	0,5
				0,5	0,5
ICIMOD - International Centre for Integrated Mountain Development	4,0	-0,2			3,8
ICIMOD - International Centre for Integrated Mountain Development		3,5	3,5	3,3	10,3
	4,0	3,3	3,5	3,3	14,1
FPCD - Foundation for People and Community Development	1,4				1,4
FPCD - Foundation for People and Community Development		1,0			1,0
	1,4	1,0			2,4
ACA - Amazon Conservation Association		3,5	3,5	2,9	9,9
ACA - Amazon Conservation Association	3,0				3,0
	3,0	3,5	3,5	2,9	12,9
University of Dar-es-Salaam		1,4			1,4
HTSPE Tanzania Limited	0,1				0,1
Development Associates Ltd		0,0			0,0
Tanzania Ministry of Finance	16,8	10,5	10,5	11,2	49,0
Simon Milledge	0,5				0,5
NCG - Nordic Consulting Group				0,2	0,2
Njukulu HCL			0,6	0,3	0,9
Njukulu HCL	0,2	0,6	0,0		0,8
Excellensia Consulting	0,1	0,1			0,1
IUCN - International Union for the Conservation of Nature		1,9	-0,3		1,6
University of Dar-es-Salaam	8,9	4,5	-0,2		13,2
University of Dar-es-Salaam			6,5	5,0	11,5
Baker Tilly DGP & Co	0,0	0,3	0,2	0,4	1,1
NCG - Nordic Consulting Group				0,1	0,1
Sokoine University of Agriculture			9,0	10,7	19,7
University of Dar-es-Salaam		0,7			0,7
Kilimanyika Limited	0,4	0,1			0,4
Undefined		0,5			0,5
AWF - African Wildlife Foundation	2,3	2,5	3,2	3,6	11,6
CARE International		6,2	8,0	5,7	19,8

Agreement partner	2009	2010	2011	2012	Totalt 2009-2012
JGI - Jane Goodall Institute	3,6		4,0	8,3	15,9
MCP - Mpingo Conservation Project	2,0	1,6	1,4	3,9	8,9
TaTEDO - Tanzania Traditional Energy and Environment Development Organization	1,7	1,4	2,8	0,2	6,2
WWF - World Wildlife Fund		2,8		0,2	2,9
UNDP - UN Development Programme				0,8	0,8
TFCG - Tanzania Forest Conservation Group	4,7	7,2	4,6	9,3	25,8
Tanzania Ministry of Finance				5,0	5,0
WCS - Wildlife Conservation Society		1,2	1,5	1,8	4,5
WCST - Wildlife Conservation Society of Tanzania		6,8	0,2	7,0	
Indufor Oy				2,1	2,1
	41,3	43,5	58,5	69,1	212,5
UNDP - UN Development Programme				50,0	50,0
				50,0	50,0
Jean-Marie Samyn	0,1				0,1
LTS International Ltd	0,1				0,1
Snøball Film A.S	1,2				1,2
	1,3				1,3
Utviklingsfondet		2,5			2,5
Utviklingsfondet			2,0		2,0
		2,5	2,0		4,5
RECOFTC - Regional Community Forestry Training Center for Asia and the Pacific	2,7	-0,2			2,5
RECOFTC - Regional Community Forestry Training Center for Asia and the Pacific		3,5	3,5	3,5	10,5
Transparency International		0,2			0,2
	2,7	3,5	3,5	3,5	13,2
Forest Trends	6,8				6,8
IBRD - International Bank for Reconstruction and Development				600,0	600,0
Jørn Stave	0,1	0,0			0,1
ICRAF - World Agroforestry Centre		9,0	9,0	9,0	27,0
Transparency International		4,0	4,0	2,0	10,0
IISD - International Institute for Sustainable Development	5,0				5,0
CCAP - Center for Clean Air Policy		1,5	1,5		3,0
CfRN - Coalition for Rainforest Nations	3,5				3,5
The Royal Institute of International Affairs (Chatham House)			0,4		0,4
CI - Conservation International	2,8	6,8	6,1	5,4	21,1
CIFOR - Center for International Forestry Research		20,0	20,0	20,0	60,0
CIP - Center for International Policy				3,5	3,5
CIP - Center for International Policy		4,0			4,0
LTS International Ltd		3,4	1,3		4,7
LTS International Ltd		0,3			0,3
LTS International Ltd		1,9			1,9
LTS International Ltd			0,1		0,1
LTS International Ltd			0,1		0,1
LTS International Ltd				0,3	0,3
The Nature Conservancy	5,0	-0,1			4,9
EIA - Environmental Investigation Agency	2,0				2,0
EIA - Environmental Investigation Agency		2,3	2,3	2,3	6,8

Agreement partner	2009	2010	2011	2012	Totalt 2009-2012
TEBTEBBA FOUNDATION	6,0				6,0
Undefined		0,0	0,4		0,5
LTS International Ltd			1,6	4,7	6,3
IBRD - International Bank for Reconstruction and Development	69,6			300,0	369,6
Norsk Romsenter	4,0	5,6	5,6	1,5	16,7
IBRD - International Bank for Reconstruction and Development		285,0			285,0
IBRD - International Bank for Reconstruction and Development			350,0		350,0
Forest Trends		1,5	1,5		3,0
Forest Trends			3,8	3,8	7,5
FN-sambandet		0,3	0,0		0,3
GCP - Global Canopy Programme		1,0	0,9	3,5	5,4
Norsk Romsenter				10,0	10,0
GLOBE International - The global legislators organisation			1,8	1,8	3,5
Global Witness	2,4				2,4
Global Witness		3,0	3,0		6,0
IDI - INTOSAI Development Initiative			3,7		3,7
IIED - International Institute for Environment and Development		2,5	5,0	3,5	11,0
IISD - International Institute for Sustainable Development			2,0		2,0
IISD - International Institute for Sustainable Development		4,0			4,0
FAO - Food and Agricultural Organization of the United Nations			-0,2		-0,2
Miljøverndepartementet	7,6				7,6
UNFF - United Nations Forum on Forest			2,5		2,5
ICPO - Interpol			2,3	3,2	5,5
IPAM - Amazon Environmental Research Institute		14,0	21,0	35,0	
IUCN - International Union for the Conservation of Nature		3,5	-0,2		3,3
IWGIA - International Work Group for Indigenous Affairs	4,0				4,0
IWGIA - International Work Group for Indigenous Affairs		5,1	4,9	5,1	15,1
Naturvernforbundet	1,1				1,1
ICRAF - World Agroforestry Centre	6,9				6,9
CIFOR - Center for International Forestry Research	20,0				20,0
Meridian Institute	10,0				10,0
Naturvernforbundet		1,1	1,2	1,2	3,5
CCAP - Center for Clean Air Policy	4,8				4,8
IIED - International Institute for Environment and Development	1,5	-0,2			1,3
FFP - Forest Peoples Programme		3,0	3,0	3,0	9,0
FFP - Forest Peoples Programme	3,0				3,0
IBRD - International Bank for Reconstruction and Development	99,1	55,9			155,0
CfRN - Coalition for Rainforest Nations		6,0	6,0	6,0	18,0
UNDP - UN Development Programme			2,3	2,3	4,5
CARE Norge				5,9	5,9
ITTO - International Tropical Timber Organization	25,0				25,0
ITTO - International Tropical Timber Organization			25,0		25,0

Agreement partner	2009	2010	2011	2012	Totalt 2009-2012
ODI - Overseas Development Institute	1,4	2,3	2,5	1,5	7,7
CIP - Center for International Policy	3,5				3,5
Regnskogfondet	9,7				9,7
Regnskogfondet		13,0	15,2	14,4	42,6
CCI - William J. Clinton Foundation - Clinton Climate Initiative				2,3	2,3
CCI - William J. Clinton Foundation - Clinton Climate Initiative				3,5	3,5
RRI - Rights and Resources Initiative	6,8				6,8
RRI - Rights and Resources Initiative		8,6	8,6	8,6	25,8
IUCN - International Union for the Conservation of Nature	6,9	-0,6			6,3
UiO - SUM - Senter for Utvikling og Miljø	0,7	0,7	0,7	0,7	2,8
CBD - Convention on Biological Diversity		0,3			0,3
CBD - Convention on Biological Diversity			0,2	0,5	0,6
TEBTEBBA FOUNDATION		6,8	6,2	6,3	19,2
The Nature Conservancy		4,0	4,0	4,0	12,0
WWF Norge			1,5	1,5	3,0
Norsk Romsenter	1,5				1,5
CMI - Chr Michelsen Institute			0,5	1,3	1,8
UNEP - UN Environment Programme		0,5			0,5
UNDP - UN Development Programme	163,9				163,9
UNDP - UN Development Programme	119,8				119,8
UNDP - UN Development Programme		200,0			200,0
UNDP - UN Development Programme			120,0		120,0
UNDP - UN Development Programme				197,0	197,0
IBRD - International Bank for Reconstruction and Development				7,5	7,5
WHRC - Woods Hole Research Center		6,0	-0,7		5,3
WHRC - Woods Hole Research Center	8,0	-1,2			6,8
WRI - World Resources Institute		5,1	5,1	5,1	15,3
WRI - World Resources Institute	4,5				4,5
WWF - World Wildlife Fund		11,0	11,0	11,0	33,0
WWF Norge	1,4				1,4
WWF - World Wildlife Fund	11,0				11,0
	629,2	687,0	659,4	1 283,8	3 259,3
AFDB - African Development Bank	105,0	160,0		155,0	420,0
	105,0	160,0		155,0	420,0
	838,2	1 454,5	1 017,1	1 979,6	5 289,4

	JUDGEMENT CRITERION	GLOBAL INDICATORS	NATIONAL INDICATORS	Data collection method
	Preparations for definition of components and mechanisms for VERs are clear and based on field experience	2. REDD+ regime includes clarity on components required to deliver verifiable emissions reductions; Verified emissions reductions through REDD+ (maintenance and enhancement of forest carbon stocks)	Evidence that national REDD+ processes are providing the information and lessons learned that are required for delivering verified emissions reductions	Evidence that national REDD+ processes are developing and testing components required to deliver verified emissions reductions, as appropriate for the phase that the country is in.
	Extent to which conservation of natural forests and enhancement of their carbon stocks is included in global REDD+ regime and national REDD+ plans	3. REDD+ regime requires sustaining, enhancement or extension of natural forest. In all countries there will be "allowable or acceptable deforestation", this should be within the margin of the baseline figure, be the result of appropriate planning and decision making and should not include primary forest or areas of high biodiversity.	National REDD+ processes strengthen natural forest maintenance, enhancement or extension	National forest statistics and reports, areas under protection, management plans, certification
	Extent to which Norwegian support for REDD+ is consistent with wider ODA guidelines	4 REDD+ regime consistent with ODA guidelines	National REDD+ processes, strategies and plans are aligned with ODA guidelines	Analysis of details of proposals and agreements on global REDD+ regime Advocacy by Norway and its partners to ensure best possible consistency in global negotiations Extent to which national REDD+ strategies and plans include actions to meet these goals

	KEY EVALUATION TOPICS and Evaluation sub-questions	Judgment criteria	Indicators	Data Collection Methods
	Relevance of NICFI Objectives			
	Balance of effort across the 3 core objectives	Has NICFI support for the three core objective been appropriately balanced Has all NICFI support met the general requirements for Norwegian ODA funding	Level of financial and other inputs related to the three core objectives Consistency of all financial support for general ODA requirements	Review of focus of NICFI supported activities Monitoring and evaluation reports Specific studies Discussions with key informants in Norway and partner countries
	General Support			
	Civil Society Support Scheme	Contribution of the programme overall to the core NICFI objectives particularly on developing an informed civil society to enhance the debate around REDD+ at international and national levels	Projects designed to contribute to wider objectives Effectiveness of project delivery Management and administration of the scheme	Evaluation of support scheme through sample of projects Desk-based study and field visits Targeted interviews in Norway and other countries
	Selection of partners	The number of partners has to be quite limited since each requires substantial funding. Do the partners as a group represent a coherent set of countries from which optimal results can be obtained on testing various approaches under different conditions of forest type, forest use and national structure and development plans	Range and diversity of partners Magnitude of funding to each partner	Documentation Discussion with decision makers in Norway

	KEY EVALUATION TOPICS and Evaluation sub-questions	Judgment criteria	Indicators	Data Collection Methods
	Catalysing political support and finance	<p>In terms of donor partners, has Norway been successful in securing support in international negotiations and is this complemented by significant funding</p> <p>In terms of developing country partners, has Norway secured support at international political level and is the delivery of national programmes supported by Norway coherent and complementary to this</p>	<p>Formal international negotiating positions of donor and developing country partners and interventions in the meetings</p> <p>Level of funding from other donors</p> <p>Coherence of overall national support programmes with main aims at global level</p>	<p>Discussion with key personnel from national delegations</p> <p>Analysis of documentation</p> <p>Review of meeting minutes</p>
	<p>Theme 1. Progress on an Overarching Climate Agreement</p> <p>1.1 Development of the climate change agreement negotiating text</p>	<p>Extent of political progress towards an agreed policy framework within which REDD+ can operate.</p> <p>Development of the overarching negotiating text of the post-2012 climate change agreement including REDD+</p> <p>In the absence of an overarching agreement REDD+ would effectively be an isolated funding mechanism.</p> <p>Extent to which Norway's direct interventions and support to other countries have contributed to the negotiating text</p>	<p>Progress of the text through main and subsidiary negotiations</p> <p>Extent to which agreed text includes (or is consistent with) those elements sought by Norway</p> <p>Analysis of different countries' negotiating positions</p>	<p>Discussion with key personnel from national delegations</p> <p>Analysis of documentation</p> <p>Review of meeting minutes</p>

	KEY EVALUATION TOPICS and Evaluation sub-questions	Judgment criteria	Indicators	Data Collection Methods
	1.2 Political agreement on overall limits to greenhouse gas emissions and on burden sharing between main emitters and timescale of reductions	Agreement reached on the overall target for constraining atmospheric concentrations of greenhouse gases in a post-2012 climate change framework Agreement on the formula or approach to be used to share the burden of emission reductions between the main emitters. Extent to which Norway's direct interventions and support to other countries have contributed to the agreement	Review of agreements reached on targets for constraining greenhouse gas emissions Comparison of outcome with Norway's position	Discussion with key personnel from national delegations Analysis of documentation Review of meeting minutes
	1.3 Political agreement on the binding nature of greenhouse gas commitments	Agreement on a mechanism for legal enforcement of the targets adopted by countries under the post-2012 climate change agreement for REDD+ to be able to function as a compliance mechanism, rather than a discretionary funding mechanism	Analysis of enforcement mechanism for post-2012 climate change agreement	Discussion with key personnel from national delegations Analysis of documentation Review of meeting minutes
Move to Theme 2?	1.4 Political agreement on the role of REDD+ within the overall agreement (extent of contribution to targets)	Agreement on the extent to which REDD+ activities may contribute to national emission reduction targets. Agreement on inclusion of REDD+ in emissions offsetting and trading	Analysis of the way in which REDD+ is dealt with in the Agreement in terms of its contribution to emissions reduction. Analysis of the way in which REDD+ is dealt with in the Agreement in terms of its potential use in offsetting and trading	Discussion with key personnel from national delegations Analysis of documentation Review of meeting minutes
	Theme 2: Progress on REDD+ Section of Climate Change Negotiating Text			

	KEY EVALUATION TOPICS and Evaluation sub-questions	Judgment criteria	Indicators	Data Collection Methods
	2.1 Overall development of the REDD+ negotiating text	Does the REDD+ negotiating text indicate agreement on overall shape of the REDD+ To what extent is there an emerging consensus on this shape	Clarity with which REDD+ is defined Degree of consensus and disagreement over REDD+	Discussion with key personnel from national delegations Analysis of documentation Review of meeting minutes and analyses
	2.2 Resolution of key issues under discussion	Key issues that are contentious tend to remain as 'bracketed text' until a consensus position can be found. Consensus may be achieved by generalising specific requirements to an extent that allows a wide range of operational interpretations.	Extent to which REDD+ issues continue as bracketed text Has consensus been reached by making requirements too general to be effective	Discussion with key personnel from national delegations Analysis of documentation Review of meeting minutes and analyses
	Theme 3. Progress in developing detailed REDD+ modalities and processes			
	3.1 Definition of scope of REDD+ activities	Detailed definitions of the activities considered under the REDD+ mechanism will be required for the mechanism to operate. This includes clarification on the definition of activities and the parameters by which they are judged including deforestation and forest degradation as well as related activities such as agro-forestry, forest restoration, reforestation, plantations in previously deforested areas and the treatment of open woodlands.	Definition of REDD+ Definitions of how REDD+ will be assessed Definitions of other forest-related land uses	Review of documentation, relevant reports and discussion papers Analysis of definitions contained in agreement Discussions with appropriate national representatives and advisers

	KEY EVALUATION TOPICS and Evaluation sub-questions	Judgment criteria	Indicators	Data Collection Methods
	3.2 Definition of reference levels	Detailed methods to be used to determine national (and possibly sub-national) reference levels of emissions associated with deforestation and degradation will be required. The treatment of issues such as transnational leakage, forest transition curves and assessment of forest carbon at risk will also be required.	Agreed and defined methodologies for establishing reference levels Agreement on role and scope of third-party verification Agreement on and cover of leakage and related issues	Review of documentation, relevant reports and discussion papers Analysis of definitions contained in agreement Discussions with appropriate national representatives and advisers
	3.3 Definition of role, scope and requirements of nationally appropriate mitigation actions or low carbon development plans	The extent to which REDD+ activities should be integrated within broader mitigation actions or low carbon development plans will need to be determined. The extent to which such plans or actions are required or recommended needs to be further determined and the procedures used to determine the adequacy of such actions must also be agreed.	Place of REDD+ in wider mitigation framework covered in Agreements Relevance and feasibility of proposals in wide range of country circumstances Clarity, coverage and feasibility of social standards	Review of documentation, relevant reports and discussion papers Analysis of definitions contained in agreement Discussions with appropriate national representatives and advisers
	3.4 Definition of social and biodiversity safeguards	The negotiating text will have to lay down clear procedures and standards for safeguards including detailed interpretation at international, national (and possibly sub-national) levels. Methods for assessing and accepting the equivalence various international and national safeguards will also need to be agreed.	Clarity, coverage and feasibility of environmental standards Parity between internationally agreed safeguards and national safeguards Processes for determining equivalence of different safeguard systems Level of agreement on safeguards Applicability of safeguards to all countries	Review of documentation, relevant reports and discussion papers Review of reports on field testing of safeguards Analysis of definitions contained in agreement Discussions with appropriate national representatives and advisers

	KEY EVALUATION TOPICS and Evaluation sub-questions	Judgment criteria	Indicators	Data Collection Methods
			Level of agreement on safeguards Applicability of safeguards to all countries	
	3.5 Definition of stages to phased approach	The definition of the phased approach and its application in respect of funding decisions, including whether it is mandatory or advisory. How clear is the definition of the application of the phased approach on an individual country basis	Clarity of definition of phased approach Clarity of agreement on application of phased approach Degree of relevance to all countries	Review of documentation, relevant reports and discussion papers Analysis of definitions contained in agreement Discussions with appropriate national representatives and advisers
	3.6 Definition of methods to be applied for monitoring, reporting and verification	The standards applied to monitoring, reporting and verification (including the extent to which REDD+ activities are subject to independent or third-party scrutiny) will require definition before REDD+ activities can make the transition to a formal mechanism.	Clarity of definitions for MRV systems Clarity of agreement on application of MRV systems Degree of relevance to all countries Plans for alternatives and nationally relevant systems	Review of documentation, relevant reports and discussion papers Review of reports on field testing of MRV systems Analysis of definitions contained in agreement Discussions with appropriate national representatives and advisers
Theme 4. Progress in developing an institutional framework for REDD+ implementation				

	KEY EVALUATION TOPICS and Evaluation sub-questions	Judgment criteria	Indicators	Data Collection Methods
	4.1 Progress with development of UN-REDD, FCPF, FIP GEF, CBFF and other initiatives	A wide variety of institutional models need to be developed and tested to determine the conditions under which specific models are more or less relevant. A range of institutional frameworks is being developed through interim funding mechanisms. It needs to be determined how effective different models are in various situations and the extent to which current models need to be refined and/or replaced.	Strengths, weaknesses and unique attributes of each Initiative Indications of particular countries and/or situations where each Initiative is particularly relevant or less relevant Overall effectiveness of each Initiative in contributing to wider knowledge of successful approaches	Review of studies and reports on each Initiative Review of comparative studies on each Initiative Specific reviews of each Initiative
	4.2 Progress with development of the REDD+ Partnership	The REDD+ Partnership was designed to provide a form for strategic discussion by partner countries, stakeholders and other interested parties. To what extent has the evolved and contributed to strategic discussion that has helped and assisted the wider debate, both internationally and nationally, within partner countries	Extent to which REDD+ Partnership has contributed to strategic discussion and debate Specific outcomes and recommendations made by REDD+ Partnership and how these have been used Membership of REDD+ partnership in terms of countries and other stakeholders. Costs of REDD+ Partnership and how these are borne	Review of REDD+ partnership studies Analysis of reports on REDD+ Partnership Review and analysis of REDD+ Partnership publications and other dissemination methods
	4.3 Support to Civil Society (NICFI/CSSS)	Support to civil society was designed to improve the breadth and richness of policy debate at national and international levels and to enhance the diversity and validity of demonstrations.	Progress with specific projects and sub-projects Progress with the programme as a whole	Evaluation studies of Support Scheme as a whole Review of monitoring and evaluation reports of specific projects Review of outcomes and publications from supported projects

KEY EVALUATION TOPICS and Evaluation sub-questions	Judgment criteria	Indicators	Data Collection Methods
<p>Theme 5. Political commitment and momentum regarding REDD+</p> <p>5.1 Funding commitments and political support</p>	<p>Political support within Norway should be accompanied by significant funding. Political support from donor partners needs to be judged through support for political activities as well as willingness to provide parallel or complementary funding</p> <p>Political support from developing country partners should be evident through cooperation in international arenas, commitment to policies and strategies that are coherent with those of Norway. Funding that moves the REDD+ agenda forward needs to be substantial, predictable and consistent.</p>	<p>Level of political support from donor partners</p> <p>Level of political support from developing country partners</p> <p>Level of funding from other donors</p> <p>Outcomes from national programmes supported by Norway</p>	<p>Discussion with key personnel in Norway in other partners</p> <p>Analysis of international meeting reports and reviews</p> <p>Analysis of donor funding patterns</p> <p>Reviews and evaluations of Norwegian supported national programmes</p>
<p>5.2 Civil society organisations' support for REDD+ agenda</p>	<p>Civil society participation and support has been an important feature of REDD+, particularly in the development of safeguards. From Norway's point of view, it is important that civil society engagement is balanced and encompasses the full range of views of all stakeholder groups. Civil society groups with social interests have been dominant so far, raising the question of whether the current engagement is adequately balanced. Is civil society support for REDD+ or is REDD+ seen as a mechanism for achieving other goals.</p>	<p>Level of engagement by various types of CSO - international, national and sub-national/Views expressed by different CSOs on REDD+ Degree to which CSOs are supportive of REDD+ Balance of CSO interests and engagement between social and environmental aspects Coverage of CSO engagement in terms of all interest groups</p>	<p>Review and analysis of CSO positions in publications and web-based material</p> <p>Analysis of types of CSOs and their representativeness of different stakeholder groups Analysis of specific stakeholders not represented at national and international levels</p>

	KEY EVALUATION TOPICS and Evaluation sub-questions	Judgment criteria	Indicators	Data Collection Methods
	5.3 Support from forest users, from community to international companies, and competitive users including agriculture and mining	Achieving REDD+ will have impacts, including costs, on many current forest users. If REDD+ is to succeed the needs of current users and constructive engagement with other land uses that affect forests will be vital. Consideration of how the interests and needs of both of these groups can be addressed needs to be considered and included in REDD+ discussion and agreements	Extent to which forest users have engaged in REDD+ Analysis of costs and benefits of REDD+ from perspective of different forest users	Analysis of reports and studies on REDD+ and forest users in different countries Discussion with representatives of forest users Monitoring and evaluation reports of national level REDD+ schemes
	5.4 Media and public support	Public support, which is substantially affected by media coverage, is vital for the continuation of political support for REDD+. Public support is required in Norway - for the continued investment of funds - and in partner countries Engagement with the media to deliver accurate information on the progress, challenges and benefits is a key strategy goal for achieving core objectives. Advocacy groups at all levels and in both developed and developing countries are necessary to complement government efforts	Degree of public support in Norway and in other key donor countries Degree of public support for REDD+ in developing partner countries Media reporting of REDD+ in Norway Media reporting of REDD+ in developing country partners Efficacy and coherence of advocacy supported by Norway	Review of media reporting in Norway Review of media reporting in developing country partners Monitoring and evaluation reports of Norwegian support for advocacy and for REDD+ generally Review of advocacy funded in Norway and other developed countries and in developing partner countries

KEY EVALUATION TOPICS and Evaluation sub-questions	Judgment criteria	Indicators	Data Collection Methods
<p>Theme 6. Consistency and Coherence of Interim Actions on REDD</p> <p>6.1 Consistency of agreements and modalities</p>	<p>Testing a range of alternative approaches is an important aim. The key questions are whether there are too many disparate approaches and whether those being tested and piloted are coherent and all contributing to development of an effective mechanism</p> <p>Details of modalities for reference levels, social and biodiversity safeguards, conditions of fund transfer, and monitoring methods applied to interim actions will be important elements for REDD+ to become a coherent mechanism or a category of activity. Country specific programmes and actions must be in conformity with higher order principles and criteria</p>	<p>Listing of different approaches piloted Extent to which different approaches and modalities have resulted in useful contribution to an effective mechanism</p> <p>Range of different modalities and approaches for reference levels Range of different modalities and approaches for safeguards Range of different modalities for fund transfer Degree of consistency between national level modalities and internationally agreed ones</p>	<p>Analysis of reviews and studies on outcomes from different pilot approaches</p> <p>Review of studies and reports on different modalities and approaches for reference levels. Review of studies and reports on different modalities and approaches for safeguards. Review of studies on national level systems for MRV and safeguards. Review of analyses of speed of fund transfer and transaction costs for different financing modalities. Specific studies as required to fill information gaps. Discussion with key informants in Norway and partner countries</p>
<p>6.2 Clarity over transition to fully functioning regime based on market or donor funding</p>	<p>Readiness and demonstration activities are important precursors in the development of a fully functioning REDD+ mechanism. Lack of clarity on the shape of the ultimate regime, and the extent to which it will be based on donor and/or market contributions makes the earlier phases more difficult to define and deliver</p>	<p>Clarity on the future shape of a REDD+ mechanism in international agreements Degree of consensus on balance between donor and market funding in different countries</p>	<p>Review of progress in international agreements Review of studies and debates on donor and market funding in various countries and national situations Review of differential specific requirements of donor and market funding</p>

Revised Indicators for National Studies

Comments ↓ The Four NICFI Objectives

1. To work towards the inclusion of emissions from deforestation and forest degradation in a new international climate regime
2. To take early action to achieve cost-effective and verifiable reductions in greenhouse gas emissions
3. To promote the conservation of natural forests to maintain their carbon storage capacity
4. Consistency with the general objectives of Norwegian development cooperation, such as those related to livelihoods, economic and social development and the environment

	JUDGEMENT CRITERION	GLOBAL INDICATORS	NATIONAL INDICATORS	Data collection method
Advocacy is a strategy, need wider statements relating separately to Norway and its partners	Extent to which Norway has influenced the global REDD+ regime Extent to which support to partners has led to increased support for the global REDD+ regime	1. evidence of a comprehensive emerging regime, with increasing consensus on its shape, including clear structures and processes	Evidence that NICFI supported national REDD+ processes are contributing to an emerging international REDD+ regime	Analysis of national interventions and use made of NICFI supported examples and lesson learning

	JUDGEMENT CRITERION	GLOBAL INDICATORS	NATIONAL INDICATORS	Data collection method
	<p>Preparations for definition of components and mechanisms for VERs are clear and based on field experience</p>	<p>2. REDD+ regime includes clarity on components required to deliver verifiable emissions reductions; Verified emissions reductions through REDD+ (maintenance and enhancement of forest carbon stocks)</p>	<p>Evidence that national REDD+ processes are providing the information and lessons learned that are required for delivering verified emissions reductions</p>	<p>Evidence that national REDD+ processes are developing and testing components required to deliver verified emissions reductions, as appropriate for the phase that the country is in.</p>
	<p>Extent to which conservation of natural forests and enhancement of their carbon stocks is included in global REDD+ regime and national REDD+ plans</p>	<p>3. REDD+ regime requires sustaining, enhancement or extension of natural forest. In all countries there will be "allowable or acceptable deforestation", this should be within the margin of the baseline figure, be the result of appropriate planning and decision making and should not include primary forest or areas of high biodiversity.</p>	<p>National REDD+ processes strengthen natural forest maintenance, enhancement or extension</p>	<p>National forest statistics and reports, areas under protection, management plans, certification</p>
	<p>Extent to which Norwegian support for REDD+ is consistent with wider ODA guidelines</p>	<p>4 REDD+ regime consistent with ODA guidelines</p>	<p>National REDD+ processes, strategies and plans are aligned with ODA guidelines</p>	<p>Analysis of details of proposals and agreements on global REDD+ regime Advocacy by Norway and its partners to ensure best possible consistency in global negotiations Extent to which national REDD+ strategies and plans include actions to meet these goals</p>

KEY EVALUATION TOPICS and Evaluation sub-questions		Judgment criteria	Indicators	Data Collection Methods
Selection of Partners				
Funding per partner needs to be substantial to have real impact, this limits the number of partners. Has the selection been optimal?	Is the selection of partners appropriate for achieving NICFI aims? Has it considered number, range and differences? How does each partner country contribute to this?	Do NICFI partners form a coherent suite covering the range of national types in terms of forest cover, deforestation rate, geographical balance, availability of wider political support and magnitude of financial inputs possible	Characteristics and distribution of partners Magnitude of funding for each Ability of partners to meet terms of agreement	Documentation on partner countries Discussion with decision makers in Norway Performance against MoU and financing agreement
National-level Ownership and Transformational Change				
Transformational change is vital for countries where REDD+ has not yet been mainstreamed. National ownership by other stakeholders is dealt with below	To what extent has the Initiative's financial and policy support contributed to building political commitment to and leadership on REDD+ at the national level?	Has NICFI support led directly or indirectly to widely based political support and ownership of national REDD+ policies, strategies and plans within the national government, and if so, how?	Is there bipartisan commitment to national REDD+ aims and processes Has support resulted in transformational change in respect of the level and basis of ownership of REDD+? Is REDD+ embedded cross-sectorally and included in key national development policies and plans?	Interviews, press and media reports Reports on structural changes with public agencies Comparative review of earlier and current policies Interviews with public officials Submissions to UNFCCC and other international bodies

KEY EVALUATION TOPICS and Evaluation sub-questions	Judgment criteria	Indicators	Data Collection Methods
Formulation of National REDD Strategies			
Strategy dependent on external funds must be attractive to funders	Are national REDD strategies feasible and fundable and is the planned rate of change adequate?	Is the agreed national REDD strategy feasible technically and physically, including capacity considerations, and does it include a feasible financing plan?	Reviews of plans and progress reports Review of donor and others' responses Discussion with key personnel in Norway and partner country
Sovereign democratic governments mostly work by majority opinion rather than consensus but with consideration of minority views	Has the national REDD+ strategy been developed taking into account all views through transparent discussion and negotiation where relevant.	Degree of consensus / majority agreement or acceptance obtained and included in the development of the national REDD+ strategy	Review and analysis of key submissions and iterations of the strategy Interviews with key stakeholder groups and key government personnel Outstanding issues of contention or disagreement
Move this up to top level?	Level of coherence between national REDD+ strategy and plans for forest sector, including NFP and with other related sectoral and national policies and plans	Is National REDD+ strategy consistent and coherent with all forest-related plans and processes and also with wider national policies and plans	Review and analysis of national level forest sector-related policies and plans, including changes over time Review and analysis of national development and climate change response policies and plans, including changes over time

KEY EVALUATION TOPICS and Evaluation sub-questions		Judgment criteria	Indicators	Data Collection Methods
Capacity Building				
Capacity and institutional capability need to be adequate in public sector and more widely	To what extent has the Initiative contributed to strengthening institutional capacities at the national level?	Are national capacity-building needs clearly identified with a feasible plan to bridge identified gaps and minimise constraints on progress?	HARD - staff numbers, skills levels. SOFT - do the institutions function well? How have institutional mandates developed? Are the institutions able to deliver their mandates?	Contributions to national discussions Presence in public debate HARD staff numbers and defined skills levels
	Does national capacity building include public sector, civil society and other key stakeholders?	How have capacity building targets been identified within each group and to what extent have these targets been successfully addressed?	Skills gap analysis and training needs assessment Capacity building strategy and plans	Review of studies and plans Progress reports on capacity building Institutional assessment reports
	To what extent do capacity limitations limit progress with national REDD strategies?	Comparison of progress on implementation against plans and determination of the importance of capacity limitations	Detail concerning capacity building incorporated into plans and progress made with capacity building over time	Analysis of reports on capacity building Interviews with capacity building delivery institutions Interviews with those receiving capacity building inputs
	Is the capacity of stakeholders adequate for them to engage meaningfully in debate, and to contribute to strategies and plans through presenting their perspectives?	Do stakeholders have adequate knowledge levels and do mechanisms exist for them to contribute to formulation and delivery of national REDD+ plans?	Level of awareness and knowledge of REDD related issues in each stakeholder group Existence of mechanisms to draw on this capacity	Review of reports including stakeholder comments and discussion Analysis of plans to identify inclusion of stakeholder views and ideas Discussion with stakeholder groups

KEY EVALUATION TOPICS and Evaluation sub-questions	Judgment criteria	Indicators	Data Collection Methods
<p>Stakeholder Engagement</p> <p>To what extent has the Initiative contributed to active involvement by civil society to enhance national ownership?</p>	<p>What is the level of engagement and participation by stakeholders in the development of strategies and plans? How representative of wider stakeholder views are the planning and design documentary design processes?</p>	<p>Breadth of civil society engaged. Responses by REDD leadership to civil society Freedom of civil society to express views. Civil society views incorporated into design and planning. Richness and diversity of respondents in active national debate?</p>	<p>Civil society focus groups Media analyses, frequency and quality of debate Responsiveness of REDD leadership to comments and media comment</p>
<p>Consultation process</p> <p>How thorough has been the identification of stakeholders and their representation?</p>	<p>Are the interests of all stakeholder groups properly represented? Do these representatives have a mandate and are they responsive to the needs and views of their group?</p>	<p>Clear and comprehensive methodology for mapping all stakeholder interests developed and applied. Was the process of identifying stakeholders and their representatives transparent and appropriate. Evidence of clear mandates for representatives</p>	<p>Review of stakeholder mapping reports and findings Interviews with government officials and stakeholders, including some ultimate beneficiaries</p>
<p>Have the REDD stakeholder consultations been inclusive and participatory?</p>	<p>Range of Stakeholder groups engaged and their level of engagement. Assessment of the level of knowledge of REDD and its impact on different stakeholder groups</p>	<p>Relevant stakeholders identified. Level of stakeholder knowledge and awareness of rights and obligations Relevant stakeholders consulted. All stakeholders views clearly considered. Degree of consensus in outcome reached</p>	<p>Process documentation Interviews with stakeholders Media reports Specific reports / reviews on consultation processes</p>

	KEY EVALUATION TOPICS and Evaluation sub-questions	Judgment criteria	Indicators	Data Collection Methods
Indigenous Peoples are not separately identified in some countries. FPIC can mean either consent or consultation depending on national laws and constitution	How and to what extent has the national REDD process involved indigenous peoples and local communities? (Note national differences in definition of FPIC and specific recognition of Indigenous Peoples)	Is the involvement of indigenous peoples and local communities appropriate and adequate in terms of national and international obligations of partner country and Norway? Are there adequate and effective grievance procedures available and applied as necessary to resolve conflicts	Level of direct engagement of indigenous peoples and local communities Process of selection of representatives of indigenous peoples and local communities Availability and value of grievance procedures	Analysis of meeting reports including submissions and final outcome Review of selection processes for representatives Analysis of submissions and discussions to identify differences Review of grievance procedures and their application
	Has the national private sector been identified as a stakeholder and included in consultation processes?	Have national private sector views and needs been determined and incorporated into national REDD plans and strategies	Evidence of meaningful engagement with national private sector, including forest users Existence of clearly expressed views and positions Degree to which these have been considered and incorporated into national REDD+ strategy	Discussion with national private sector representatives Review of submissions and similar documentation Analysis of meeting reports and iterations of national strategy
	How has the Initiative's support to civil society organisations and research institutions contributed to the formulation and delivery of the national REDD strategy?	Has use been made of the findings and outcomes from support to civil society and research in country and as relevant regionally and globally	Availability and accessibility in country of reports and results from initiatives funding to civil society and research Use made of results and lessons learned	Existence of reports and other materials from Initiative-supported research and activities Extent of availability, ease of access and use made

KEY EVALUATION TOPICS and Evaluation sub-questions	Judgment criteria	Indicators	Data Collection Methods
Safeguards and Co-benefits			
How is the REDD strategy likely to impact on livelihoods and social development?	What is the specific likely impact of the REDD+ strategy on each of the livelihood asset categories. How will it affect resilience to climate change and other risk elements? How will the direct and indirect benefits accruing be shared among different groups? What will be the sustainable impact on poverty?		Baseline studies covering all relevant factors. Regular updating of baseline studies. Commissioned studies where data is lacking
How is the REDD strategy likely to contribute to economic development?	Mapping and analysis of proposed and likely changes as both direct and indirect (such as through use of REDD+ generated funds), including related sectors such as agriculture and energy	Identification of support for clear and equitable land tenure and benefit sharing, and the consolidation of rights Improvement in household income and amelioration of livelihood risks. Enhancement of social inclusion of currently disadvantaged groups	Interviews with sample stakeholders Interviews and focus groups Socio-economic statistics Commissioned studies
What will be the likely impact of the REDD strategy on natural environment?	Degree of protection and enhancement of forest quality in protected areas, reserved lands and critical locations such as watersheds, level of reduction of loss of forest area and of reduced forest degradation, extent of forest resource under SFM	Use made of REDD+-generated funds. Direct economic benefits of REDD+ actions Analysis of changed practices, including e.g. forest use and mining. Specific studies on equity of access to benefits and compensation measures Degree of protection and control afforded by policies and their application Special protection afforded to high biodiversity areas Existence of and level of application of guidelines on use from strict conservation to SFM of various forest types	National forest reporting internally and internationally Review of national guidelines Areas under strict protection, management plans, SFM, certification Assessment of application effectiveness through discussions with key personnel, focus groups and observation

KEY EVALUATION TOPICS and Evaluation sub-questions	Judgment criteria	Indicators	Data Collection Methods
To what extent are social and environmental safeguards related to equity and co-benefits being enforced and implemented through national REDD+ policies and measures?	Have all relevant internationally agreed safeguards, plus national safeguards, been incorporated into REDD+ policies, strategies and plans - including adequate monitoring and reporting?	National agreement to observe all relevant safeguards Evidence of incorporation of safeguards in policies and plans.Evidence of safeguards being observed	Discussion with key government personnel and representatives of other stakeholders. Review and analysis of policies and plans. Review and analysis of safeguard monitoring reports Commissioned studies
Knowledge Transfer and Coordination			
How has the Initiative supported knowledge transfer, directly and indirectly?	What support has been given for knowledge transfer and has it been focused on identified needs and gaps?	Use made of a knowledge gap analysis Knowledge transfer mechanisms and events Relevance and comprehensiveness of transfers Target groups and directions of transfer	Review of knowledge gap studies and analyses Reports of knowledge transfer events Analysis of knowledge transfer events, participants and level of transfer
Has knowledge transfer been effective within the country and led to more informed discussion and actions?	Has knowledge transfer led to position where all stakeholders and actors have access to clear, up-to-date information sufficient for their needs?	Level of awareness of available knowledge and how to access it	Availability and accessibility of relevant information Discussion with stakeholder representatives
International to national coordination	Are there systems in place for timely and effective coordination from international to national levels?	Awareness of international REDD+ information and agreements in all relevant national agencies Existence of formal structures and systems for coordination among all agencies	Interviews with key personnel in relevant agencies Review of formal coordination mechanisms

	KEY EVALUATION TOPICS and Evaluation sub-questions	Judgment criteria	Indicators	Data Collection Methods
	National to subnational coordination	Is effective and appropriate national coordination in place including all relevant agencies and stakeholders. Does this include coordination between national and subnational levels	Coherence between national and subnational level REDD+ plans and activities Existence of an up-to-date database or similar information source	Interviews with key personnel at national and subnational levels Review of database and similar resources
	To what extent has the Initiative contributed to cross-sectoral coordination within the government in the target countries	Mainstreaming of issues across sectors	REDD reflected realistically in and aligned with national planning, conflicting positions / laws reviewed and improved, media discussion of REDD	Draft and current policy and planning document reviews, review of media, stakeholder discussion
	To what extent have the Initiative's REDD payments contributed to cost-effective and verifiable reductions in greenhouse gas emissions	How have funds received been used to reduce greenhouse gas emissions through direct and indirect actions	Deforestation rates in each assessment period Degradation data	MRV reports compared with baseline Analysis of use of payments made
	To what extent is the implementation of the REDD strategy addressing the underlying drivers of deforestation and forest degradation in the country?	Does the national REDD+ strategy include direct and indirect actions that address the drivers of deforestation and degradation	Direct effects on the drivers of deforestation and degradation Indirect effects on the drivers	Review and analysis of national REDD+ strategy National MRV statistics

	KEY EVALUATION TOPICS and Evaluation sub-questions	Judgment criteria	Indicators	Data Collection Methods
	MRV			
	What is the quality of greenhouse gas emissions data on which the payments are based?	Accuracy and reliability of the MRV data on which payments are based and the extent to which this can be provided by in-country expertise	Quality and clarity and scope of MRV reports. Sampling basis and monitoring systems in place, including basis for recurrent measurements	Validation of MRV reports Review of sampling and monitoring systems, including recurrent measurement plots
	Contribution of the Initiative to improving the MRV system?	Have contributions supported MRV capacity building leading towards full national MRV competence	Level and scope of MRV systems. Skills gap analysis and capacity building plans for MRV National self-sufficiency in MRV	Expert review of national MRV system and outputs Review of capacity building plans Level of reliance on external MRV expertise
	Financial Flows			
	To what extent is the Initiative's funding mechanism additional, contradictory or supplementary to other REDD-related policies and measures of the government?	Detailed assessment of the size, scope and application of funding from Norway within the overall REDD+ financing package including external and national funds	Detailed assessment of sources and applications of all REDD+ funds. Extent to which overall funding package meets all elements of the national REDD+ plan	Documentation and analysis of relevant finance information from all sources
	Is the basis of the finance and its flow from Norway to the country and to specific beneficiaries clear and as rapid as possible and without unnecessary restrictions and complications?	Speed of funding flows, determination of transaction costs, and availability of clear information on progression of funds	Magnitude and timing of financial flows at each step from Norway to partner country. Assessment of flow processes, including criteria to be met and time taken at each stage	Financial records from each institution involved in the flow of finance Review and analysis of the restrictions on the release of funds at each stage

Annex 4 Norwegian Policy Context

1. Background

Norway's climate policy, as outlined in the 2006-2007 report to the Norwegian Parliament (Storting),¹ lays out two overarching goals: the first is to reduce its 1990 level emissions by 30% by 2020 and the second is for Norway to be carbon neutral by 2050. The policy states aims for Norway to "serve as a driving force in the efforts to develop a new, more ambitious and comprehensive international agreement on climate change after the first Kyoto commitment period" and to "limit the average rise in global temperature to no more than 2°celsius above the pre-industrial level". While recognising the need to limit its own emissions, Norway also makes commitments in this policy to supporting continued development of a global climate policy framework including mitigation policies and measures for reducing emissions in developing countries.

This paper also emphasises the importance of adaptation for poorer countries, even if the rise in global temperature can be limited to no more than 2°celsius. It also makes substantial mention of Norway's interest in supporting Indonesia to control illegal logging forest conversion, noting a proposed environmental cooperation programme starting in 2007, to build up forest management capacity and work on improving governance, as well as cooperating with developing countries having major emissions including Brazil. This cooperation is seen as including work on renewable and efficient energy systems, carbon capture and storage and political cooperation on negotiations.

The commitment to increase Norway's support to "prevent deforestation in developing countries" was made by then Prime Minister of Norway, Jens Stoltenberg, at the UNFCCC Conference of Parties (COP) in Bali, December 2007.² This commitment of three billion Norwegian Kroner (500 million United States dollars) annually, became Norway's International Climate and Forest Initiative. Stoltenberg stated the intention to pursue this commitment "together with the United Nations, the World Bank and partner countries". The goals of the initiative, as outlined in the 2008-2009 Ministry of Environment Budget Proposal to the Storting,³ are as follows:

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- ¹ Norwegian Climate Policy. Report no. 34 (2006-2007) to the Storting.
<http://www.regjeringen.no/en/dep/kld/documents-and-publications/government-propositions-and-reports-reports-to-the-storting-white-papers-2/2006-2007/report-no-34-2006-2007-to-the-storting.html?id=507152>
 - ² Tale til FNs klimakonferanse på BaliStatsminister Jens Stoltenberg
<http://www.regjeringen.no/nb/dokumentarkiv/stoltenberg-ii/smk/taler-og-artikler/2007/Tale-til-FNs-klimakonferanse-pa-Bali.html?id=493899>
 - ³ Ministry of Environment, St.prp.number 1, 2008-2009
<http://www.regjeringen.no/nn/dep/kld/dokument/proposisjonar-og-meldingar/stortingsproposisjonar/2008-2009/stprp-nr-1-2008-2009-.html?id=530799>

The primary objective of the Norwegian Government's climate policy is to play a part in establishing a global, binding, long-term post-2012 regime that will ensure deep enough cuts in global greenhouse gas emissions. Norway's goal is for the average rise in global temperature to be limited to no more than 2° celsius above the pre-industrial level with the help of such a regime. The Climate and Forest Initiative must give the greatest possible support to efforts to achieve this goal.

It is further stated: *Promoting sustainable development and poverty reduction is an overriding objective of Norwegian foreign and development policy and thus an inherent but also overriding goal of the Climate and Forest Initiative, in addition to the climate-related goals listed below.* These climate related goals are:

- For improving the prospects of the inclusion of a REDD mechanism in a post-2012 climate regime;
- For the preparation of mechanisms and implementation of activities to attain verifiable reductions in greenhouse gas emissions;
- For the conservation of natural forests to maintain their carbon storage capacity.

The updated Norwegian Climate Policy white paper of 2012⁴ re-emphasises the climate policy objectives contained in the 2007 Climate Policy report and outlines key results of NICFI towards achievement of that policy. The report indicates that NICFI continues to be a policy priority: *"Within an overall increase in development aid, the Government will: Following an evaluation, consider expanding the climate and forest initiative beyond Norwegian Kroner (NOK) three billion annually, as part of a multi-national payment mechanism for verified emission reductions, if other countries also increase their contributions."*

In addition to the central position of NICFI in relation to delivery of Norwegian climate policy, NICFI is also strongly linked to Norwegian development policy. The links between climate and development policy were hinted at in the 2006-2007 Norwegian Climate Policy prior to establishment of NICFI, which identifies the potential for "other 'benefits'", such as contributions to sustainable development and technology transfer, in addition to climate benefits of emissions reductions activities in 'other countries' through achievement of climate policy objectives.⁵

The first specific reference to the establishment of NICFI in relation to Norwegian development policy is contained in the Ministry of Foreign Affairs report, 'Coherent for development?', of September 2008.⁶ The report states that *"it is important that the financing of the conservation of the rain forest is additional to increased efforts to reduce world poverty. Financing of the conservation of the rain forest must be undertaken in ways that*

⁴ Ministry of Environment Report No. 21 to the Storting (2011–2012).

⁵ Norwegian Climate Policy. Report no. 34 (2006-2007) to the Storting.
<http://www.regjeringen.no/en/dep/kld/documents-and-publications/government-propositions-and-reports-/reports-to-the-storting-white-papers-2/2006-2007/report-no-34-2006-2007-to-the-storting.html?id=507152>

⁶ Ministry of Foreign Affairs. NOU Report Coherent for Development? 2008:14
http://www.regjeringen.no/nn/dep/ud/dokument/Rapportar-og-planar/Rapportar/2008/nou_coherent.html?id=528066

does not legitimise the financing of purely emission reducing measures over the aid budget. Any financing of the conservation of rain forest over the aid budget needs to be in line with Organisation for Economic Co-operation and Development Advisory Committee overseas development assistance rules". These points outline a set of development related considerations and guidelines to underpin NICFI activities.

The 2008-2009 Ministry of Environment Budget Proposal to the Storting of October 2008 ⁷ states that as contribution to sustainable development and the fight against poverty is an overriding goal of Norwegian foreign and development policy, sustainable development is therefore an important part of efforts to combat deforestation and degradation of forests in developing countries. The report goes on to state that development-orientated efforts will be, in many cases, a central prerequisite for reducing emissions of greenhouse gases from deforestation and forest degradation, so NICFI should work systematically to ensure that sustainable development and the fight against poverty are included as key policy instruments for REDD+. It also asserts that all NICFI activities meet the formal requirements for development assistance.

The February 2009 Ministry of Foreign Affairs White Paper Climate, Conflict and Capital ⁸ goes further, containing the clearly stated intention that climate policy and development policy should be mutually supportive: *The Government will strive to ensure that its climate policy and development policy reinforce one another. This means that climate policy must contribute to the achievement of development policy goals and that development policy must increase capacity to achieve climate policy goals. The alternative to an integrated policy to combat poverty and climate change is failure on both fronts.*

The 2011 Ministry of Foreign Affairs White Paper 'Towards greener development' contains further elucidation of the way in which NICFI is anticipated to contribute towards Norwegian development policy: 'It also contributes to the fight against poverty and the efforts to achieve the Millennium Development Goal of ensuring environmental sustainability⁹.

Climate, Conflict and Capital and 'Towards greener development' also incorporate the same goals in relation to reducing emissions from deforestation and forest degradation as those included in the Ministry of Environment budget proposal to the Storting of 2008.

The 'Rules for the Climate and Forest Initiative' developed by the Ministry of Environment, Ministry of Foreign Affairs and Norad during 2013, while primarily providing the basis on which finance can be disbursed include a detailed presentation of the policy framework and reiterate that the climate and development goals must be mutually supportive. At the same time as noting examples of support for activities directly related to the three phases of REDD+, these rules emphasise that funding can also be used to support activities that

⁷ St prop 1 2008-9

⁸ Ministry of Foreign Affairs (2009). Climate, Conflict and Capital . Report No. 13 (2008–2009) to the Storting. http://www.regjeringen.no/pages/2171591/PDFS/STM200820090013000EN_PDFS.pdf

⁹ Ministry of Foreign Affairs 2011. Meld. St. 14 (2010–2011) Report to the Storting (white paper) Towards greener development: On a coherent environmental and development policy http://www.regjeringen.no/en/dep/ud/documents/Reports-programmes-of-action-and-plans/Reports/2011/towards_greener_development.html?id=639930

address wider aspects such as the drivers of deforestation and the promotion of green growth and can also support a wide range of actors outside the public sector.

2. Synopsis of Comments from Interviews

2.1. Political consensus

The concept of NICFI was very much developed by Minister Solheim and Prime Minister Stoltenberg, with influence also from two civil society organisations, Friends of the Earth and Rainforest Foundation Norway. Although since its inception there have been two general elections in Norway, the second leading to a change of government, there has been general political consensus supporting the initiative despite differences of interest and focus among the political parties.

These differences have included questioning of the balance between climate and development goals, especially as the new government does not include a minister for development, the use of development funds and the lack of detailed reporting of plans and results.

While initially there being a single minister for environment and development was helpful politically, the two ministers sharing responsibility for NICFI from 2012, when Minister Solheim moved on, did not experience major problems of political coordination and cooperation in respect of NICFI matters.

2.2. The Scope of NICFI

The original aim of NICFI as presented to parliament was as an opportunistic programme to focus on climate goals. Great effort was expended on being fully transparent in parliament and in the 2009 budget proposal. It was also designed to create new openings for bilateral engagement to facilitate and support progress in like-minded countries that were already committed to tackling deforestation (notably Brazil and Indonesia) and to act as a bridge for a global scheme.

2.3. The Imperative for Rapid Start-up

At the outset, NICFI was driven by the expectation that progress would be made at the Copenhagen COP in late November 2009, only two years after the announcement at Bali. Setting up NICFI within three months was seen as an exceptional response and, despite the speed, the risks of the whole initiative – which was entering uncharted territory - were clearly appreciated. It was recognised that rapidity would initially require short-cuts and compromise over established administrative practices.

The compromises made in terms of process at the outset of NICFI were viewed as fully acceptable given the initial ethos of the Initiative but, while it was recognised that changes to tighten up processes after the failure to reach agreement in Copenhagen would have been justified, there was no real explanation offered by any interviewees on why this had not been done. The criticisms from the Office of the Auditor General were apparently unexpected and caused strong reverberations in the various ministries and agencies, particularly within MFA, which has overall responsibility for the use of development funds.

2.4. The Source of Finance for NICFI

Initially, NICFI was seen as supporting a system of payments for environmental services and responding to a major matter of global concern. Because climate change has such a major influence on development, tackling it using development funds was viewed as not being incongruous, although the rules on use of development funds require linkages to more specific parameters that encompass Norway's development goals.

There was fairly limited discussion on alternatives to use of the development budget but the need for rapid action, and the difficulties expected from competition from other agencies if there had been a general request for additional funding, led to the decision to use the development budget; There was fair consensus that it was the "least bad" option, but this also enabled Norway to meet the 1% gross national income aid target, although there is a range of views on whether the importance of this target was over-stated.

The idea of having separate funds for readiness and results-based payments was briefly discussed, but this was overtaken by the decision to use development funding so that the 1% target could be achieved. There are examples of results-based funding being used, as in health programmes for immunisation projects, but these are much simpler to monitor and reward than REDD+.

While direct budgetary support seems superficially attractive in many ways, such as ease of transaction and the focus on wide economic development conditionalities, Norway's experience has been of limited success in countries with weak institutions, especially where there is a poor human rights record. Although considered briefly, this modality was not considered appropriate or viable when it was discussed at the start.

The use of the development budget brought the need to address development goals into more prominent focus and, as it is hard to spend development funds quickly, this has meant continued conflict between the need to spend quickly and the requirements to meet development goals. Views were also expressed, however, that the difficulty of meeting both climate and development goals had become overstated given the diversity of activities contained in development white papers and that, to some degree at least, the perspectives were coloured by the point from which the view was seen.

While the size of the NICFI financial commitment has sent a powerful message of its support for REDD+, and since it accounts for roughly 10% of the aid budget, it has immense importance in that, in terms of Norway's economy, it is just 0.1% and the opportunity cost for Norway and the cost of failure is not significant. Economically, Norway is well able to take on a high risk programme of this nature.

2.5. Safeguards

The NICFI model is based on payments for carbon subject to safeguards being met. It was noted by several interviewees that one of the reasons that the announcement of NICFI at Bali in 2007 generated such powerful interest was its simple message and that it was not hedged with too many conditionalities.

The results-based payment approach was seen as vital for securing real commitment and interest from partners, unlike more traditional aid. In this regard, the over-packing of requirements from safeguards, especially those that have to be met at the outset, was considered to be in danger of suppressing this.

Concern was expressed that, notwithstanding their vital importance, the safeguards have become overly complex and are slowing payments and caused high transaction costs, especially in finance delivered through multilaterals, which has been unhelpful.

2.6. Internal Views of NICFI Success with REDD+

The progress made with demonstrating the potential viability of REDD+, which was the primary purpose behind NICFI, was generally viewed as very positive because of it being a major carbon sink. NICFI-supported work on MRV was seen as a particularly important contribution to wider global progress with climate change. While the rapid progress has not been universal, it is still seen as providing an encouraging general model for the wider UNFCCC negotiations, despite the fragility of progress in many countries.

Annex 5 Operational and Management Processes - Oslo

1. Summary

NICFI has been afforded high political importance from the outset, with then Prime Minister Stoltenberg taking a leading role along with former Minister Erik Solheim, joint Minister of Environment and International Development. Operationally, NICFI was managed jointly between the three ministries / institutions led by Minister Solheim: the Ministry of Environment, Ministry of Foreign Affairs and Norad (which is within the Ministry of Foreign Affairs).

The lead body was (and still is) the NICFI Secretariat, established in the then Ministry of Environment. The Secretariat reported directly to the Minister, rather than to the directorship of the Ministry of Environment. The Ministry of Foreign Affairs was responsible for financial compliance and upholding development policy, while Norad provided an advisory role related to partnership selection and implementation, technical and legal matters, in addition to management of civil society support.

From September 2012 when Minister Solheim stepped down, the two ministerial portfolios were separated, with the two individual ministers, the Minister of Development (Heikki Holmas) and the Minister of Environment (Bård Vegar Solhjell), having joint responsibility for NICFI. The separation of roles and responsibilities between the Minister of Environment, Minister of Foreign Affairs and Norad from this period is described in the Ministry of Environment Budget Proposal to the Storting 2013-2014.

The Environment Minister had the overall responsibility for the political and strategic direction of NICFI, including development and implementation of strategy and approach, choice of partners and design of country strategies and initiatives, Norwegian positions on REDD +, cooperation and communication on REDD + in other countries, and environmental policy goal achievement. The Minister of Development was responsible for development policy, including overall responsibility for the dialogue with the multilateral cooperation partners, and the last word in decisions about the disbursement of funds and administrative responsibility for the funding.

At the same time as this change in ministerial responsibility for NICFI, a number of operational changes were also made. Firstly, two Ministry of Foreign Affairs officials were seconded to the NICFI Secretariat at the Ministry of Environment, one of whom was to take on joint leadership of NICFI alongside the leader of the NICFI Secretariat from the Ministry of Environment. Secondly, it was agreed that Norad would take on the management of a large portion of the NICFI portfolio. During the summer of 2013 the three managing institutions of NICFI outlined new rules and responsibilities for NICFI operations.

With the change of government following the 2013 election this arrangement has changed again. Currently, the new Minister of Climate and Environment has sole responsibility for NICFI, and there is a new line of reporting from NICFI to the Director General of the Department of Climate Change, within the Ministry of Climate and Environment, rather than directly to the Minister. At the same time Norad has been given formal responsibility for making payments requested by NICFI with the Director General of Norad having ultimate responsibility for the use of funds.

2. Synopsis of Comments from Interviews

2.1. Institutional Issues

The original tripartite structure of NICFI, with the main responsibility centred in the Ministry of Environment, was viewed as creating instabilities and potential conflicts. The use of development funds, which were and remain the overall responsibility of MFA, raised concerns in respect of the lack of control over the way funds had been used.

Even under the latest structure, potential conflicts remain not least because of the separation between NICFI and Norway's wider diplomatic policy and the fact that embassies have ultimate responsibility for all Norwegian actions in the countries to which they are appointed as representatives. MFA also retains ultimate responsibility for meeting requirements laid down by OECD, the Office of the Auditor General and the government.

Although the use of development funds was promoted as the "least bad" option, because it relied on established aid management structures and experience, neither Ministry of Environment nor NICFI secretariat had substantial experience of handling aid funds and several interviewees suggested that NICFI expectations were initially unrealistic in respect of the level of difficulty that would be encountered. It was also, however, observed that divergent views and the resulting tension were good for encouraging new thinking but an alternative view that too much use was made of waivers and exceptions was also encountered in several interviews.

Staff turnover, especially within MFA, was seen as particularly unhelpful to building good cooperation and coordination with the NICFI Secretariat. The widely differing experience, priorities and cultures of the various agencies engaged in NICFI were commented on by many of those interviewed, directly and indirectly.

2.2. Risk Management

While there was supposed to be risk assessment as part of decision-making, decisions were often required to be made too quickly for this to be thorough. Gender and fiduciary risk are supposed to be cross-cutting in all development funded activities and at times were regarded as specific casualties of the rapid decision-making.

Although the question of risk was widely noted, there was a strong feeling among several informants that risks around NICFI are not vastly different from development assistance more generally in this respect. NICFI, however, had no previous models from which to learn, which created administrative challenges for those charged with delivery.

The new approach piloted by NICFI led to an interesting range of ideas being expressed around the system of funding REDD+ including delinking results-based payments from ODA rules although still being DAC compliant.

Overall, there was a substantial body of opinion that REDD+ had pushed the envelope in terms of administrative requirements within current bounds and that OECD and indeed Norway's own rules, needed to be reviewed for the new paradigm.

2.3. Results-based framework

While the need for this was widely agreed, it was also observed that, particularly early on, a detailed framework could have had negative impact in the negotiations by suggesting a more fixed position than Norway held and thereby undermining the desire to have a facilitating and supportive approach.

2.4. Bilateral Partnerships

Brazil and Indonesia were widely accepted as being logically important partners for any programme focused on reducing deforestation, given the size of their forest resources. While Guyana was of interest as a partner, being a high forest cover / low deforestation country, there was great concern in Oslo at the prospect of engaging at a such a big scale (in terms of the finance) in a country where Norway had no experience, no representation and where other donors had experienced difficulties in the past. Views varied between different ministries and ultimately a political decision was made to enter the partnership with Guyana.

The partnership with Tanzania and the shape of the programme there predates the creation of NICFI and consequently does not fit readily into the NICFI portfolio. Informants expressed considerable concern that deforestation, driven primarily by need for land, may be beyond the government's control, making REDD+ an unsuitable modality for Tanzania. There is an ongoing case with one of the key line-ministries, requiring the partnership to work largely outside Tanzanian government institutions.

It was observed that long term sustainability of bilateral engagement requires that this is done country to country and not government to government, as the latter increases vulnerability to changes of government.

2.5. Multilateral Partnerships

The multilateral funding route was generally seen as valuable not only to enable the disbursement of large amounts of finance but also because of the strength of their anti-corruption measures, which are of great importance for Norway. On the downside, there is considerable frustration with the slow and complex processes of FCPF and FIP in particular;

UN-REDD being viewed as much better in terms of speed. The slow progress with GRIF was also noted as being particularly frustrating by all the agencies in Oslo and in part this was seen as due to excessive caution in response to the very complex procedures now in place.

In the light of the need for progress with REDD+ towards results-based payments, concern was also expressed at the number of countries now engaged in REDD+ leading to a view that this number should be reduced to raise the amount available for each country and assist in securing progress to results-based payments.

The Global Environmental Facility (GEF) was set up to provide a modality within the World Bank to support countries in their efforts to meet obligations under the Rio Conventions (CBD, UNCCD and UNFCCC). The GEF REDD+ and Sustainable Forest Management (SFM) programme is relevant but works more with aspirations rather than obligations, requires less detailed measurement and reporting than REDD+ itself and is mainly engaged with dry forest countries linking SFM with wider land uses. No specific reason could be elucidated for the lack of Norway's engagement with GEF, which is viewed by Norway as a flexible and valuable partner.

Although NICFI has utilised multilateral agencies for disbursement (UN, World Bank) there is also major non-NICFI funding from Norway through these channels, responsibility for which lies within MFA. This division remains a potential point of divergence without close coordination.

2.6. Partnerships with Other Donors

There were views expressed that, initially, NICFI worked largely independently of other donors, not least because none was able to match the rapidity of decision-making possible, and achieved, in Norway. The limited capacity in NICFI compared with that applied by other donors meant that planning lacked detail, as would be expected given the pressure for rapid action, and other donors proved reluctant to engage at that time. In recent years, partnerships with other donors have proved more fruitful and recent agreements with Germany and UK for co-funding were cited as evidence of the change.

The funding commitments by UK and Germany made in Warsaw in 2013 combined with pledges to the Biocarbon Fund by UK and US and increased support for Rapid Early Movers from Germany have meant that Norway, and NICFI in particular, now feels less isolated than it did at the start.

Norway is now increasingly focused on the Green Climate Fund while being aware of the importance of the financing gap compared with earlier indications given by the donor community. There is a strong feeling, particularly among technical people, that the progress made on REDD+ with NICFI support has been helpful in generating a results-based model of wide applicability.

Annex 6 Financial Processes

This assessment is based on information gathered from the Norad archives, data provided by NICFI and its partners, and from interviews with key informants.

1. Introduction

There are multiple financial modalities associated with Norway's International Climate and Forest Initiative (NICFI) covering a large number of partner agencies and countries. As NICFI is funded by the Norwegian government, its modes of operating are subject to the government's financial regulations. These regulations were designed long before novel modalities employed by NICFI, such as results-based payments came into existence, and for quite different purposes.

In this annex the Norwegian government financial regulations that govern the use and disbursement of NICFI funds are briefly described. As NICFI is funded through Norway's official development assistance (ODA) budget, the relevant international guidelines for ODA are also described. The financial modalities, mechanisms and processes employed under NICFI are outlined. The novel and defining features of NICFI are compared with other government or international funding schemes available at the time NICFI was established.

2. Regulations and guidelines that govern the use of NICFI funds

2.1. Norwegian government regulations

The NICFI financial operations are required to be consistent with the Norwegian 'Regulations on Financial Management in Central Government' and the government's 'Grant Management Manual'. Regulation 6.3.5 (Chapter 6, Section 3, Clause 5) requires that all disbursements must be based on documented financial needs within a specified upcoming time period of, typically, three or six months. "Financial need" in this context means the expected costs to implement the supported programme in the specified time period.

Norwegian government expenditure classed as ODA is subject to the rules in the Ministry of Foreign Affairs' 'Grant Management Manual', which also emphasises the requirement of demonstration of 'financial need' in order for disbursements to be made.

What this means is that disbursements should be made only after financial need for the funds has been demonstrated and for use on a specific, stated developmental purpose within programme areas agreed with Norway. This would for instance be documented in the form of an implementation plan and budget for the next specified time period. This form of ODA has been described as “receipt-based aid”.¹⁰

Note that subsequent to the data collection for this evaluation, the Norwegian Ministry of Finance has submitted a proposal to the Norwegian Parliament to adjust the disbursement criteria for some components of the NICFI portfolio¹¹.

2.2. International Guidelines for Development Assistance

For government expenditure to be classified as official development assistance (ODA) it needs to meet the definitional requirements and guidelines of the Organisation for Economic Co-operation and Development’s Development Assistance Committee (DAC)¹². One key requirement is that ownership of the funds must have changed hands from the donor government to a recipient country or intermediary fund manager (such as a multilateral development institution).

2.2.1. General Practice

There are also some limitations on the type of partner organisation to which NICFI can disburse funds. Although there is no explicit rule or regulation associated with the selection of partners, it is the practice of the Norwegian authorities to select potential partner organisations following an assessment based on criteria including:

- Risks associated with using the particular organisation;
- Competence and capability to manage the funds;
- Whether the organisation is subject to limitations that could be problematic (for instance, according to its statutes or regulations the Inter-American Development Bank can only undertake procurements from member countries);
- Whether the organisation has a strong/active presence in the recipient country;
- Whether relations between the organisation and the authorities in the recipient country are good; and
- An overall assessment of whether “the use of the particular organisation is an effective and appropriate way of achieving the purpose”.

¹⁰ There are some exceptions to the general rule: budget support, Trust Fund and other contributions to multilateral organisations such as the United Nations and the World Bank

¹¹ <http://www.regjeringen.no/nn/dep/fin/Dokument/proposisjonar-og-meldingar/prop/2013-2014/Prop-93-S-2013-2014.html?id=759710>

¹² These are described in the document accessible at: <http://www.oecd.org/dac/stats/officialdevelopmentassistancedefinitionandcoverage.htm#Definition>

In practice, the chosen partners are typically “internationally recognised financial institutions”, according to a Norwegian civil service informant, such as the World Bank and other multilateral development banks and United Nations organisations.

3. NICFI Funding

3.1. Financing of NICFI

NICFI was established through a Norwegian government public commitment of up to NOK 3 billion per year, starting in 2008 with an initial budget allocation of NOK 400 million. As there was agreement in Parliament at the outset that funding for NICFI should be in addition to existing Norwegian aid commitments, the source of NICFI funding originates from an increase in the aid budget from 0.9% Gross National Income in 2008. The new government has confirmed its continued support for NICFI and also that it will maintain the current level of funding (NOK three billion per year) until at least 2020.¹³

3.2. NICFI Disbursements

The Government of Norway allocated NOK 12.9 billion to NICFI from the annual government budgets between 2008 and 2013 (Table 1). This is about 15% less funds than the commitment of NOK 3 billion a year. Cumulative NICFI disbursements amounted to NOK 10.6 billion between 2008 and 2013, and so fell short of the budget allocation by 18%. A large proportion (47%) of the total funds disbursed was disbursed during 2013, primarily as a result of some substantial payments to Brazil.

Brazil has received the largest share of the disbursements to date: NOK 4.6 billion – 43% of all funds disbursed. The recipients of the next largest amounts disbursed are UN-REDD (11%), the Forest Carbon Partnership Facility Carbon Fund (9%) and the Norad-managed civil society funding (9%)¹⁴. The main financing modalities are described below.

Of the funds disbursed, 47% are results-based payments for reduced deforestation (Brazil) and avoided deforestation (Guyana); 9% have been used to capitalise the FCPF Carbon Fund that will be used as results based payments for emission reductions when country participants progress to REDD+ Phase 3; and the remaining 44% of the disbursed funds are for readiness activities.

¹³ Statement by Minister Sundtoft, High level ministerial dialogue, UNFCCC COP 19, Warsaw, 20 November 2013 - <http://www.iisd.ca/vol12/enb12592e.html>

¹⁴ Note that these funds have been disbursed from the civil society support fund to civil society grant recipients

Table 1 Norwegian ODA - planned and actual disbursements to Chapter Post 166.73 - Climate and Forest Initiative (2009-2013)

NICFI Funding Overview														
Funding in million NOK, unless otherwise stated														
Partner	Timescale	Total Funding Allocated	2008	2009		2010		2011		2012		2013		2008 - 2013
			Actual ^a	Est. ^b	Actual ^a	Est. ^b	Actual ^a	Est. ^b	Actual ^a	Est. ^b	Actual ^a	Est. ^b	Actual ^a	Total Disbursed ^a
Brazil (BNDES – Amazon Fund)	2008-2015	6 billion		0	123		169				363		3,895	4,551
Guyana REDD+ Investment fund	2010-2015	Up to 250 million US \$		0	0	20-40 million US \$	177	20-50 million US \$	219	0-250	2	0-500	0	398 ^c
Indonesia	2010-2016	Up to 6 billion		0-20	3	0	185	0-300	6	0-450	19	0-450	54	267
Tanzania	2009-2013	Up to 500 million		42	42	44	44	59	59	70	69	42	41	255
Congo Basin Forest Fund	2008-2010	Up to 500 million	80	0-200	105	0-200	160	0-200	0	0-200	155		0	500
Forest Carbon Partnership Facility-Readiness Fund	2008-2010	Priority area, no numerical assumption	32	0-30 million US \$	99	0-30 million US \$	56		0		0	0-600	0	187 ^c
Forest Carbon Partnership Facility-Carbon Fund	2009-2020	Priority area, no numerical assumption		10 million US \$	70	0-50 million US \$	0	0-900	350	0-900	900		0	970 ^c
Forest Investment Program	2010-2012	150 million US \$		0-150 million US \$	0	0-150 million US \$	285	0-150 million US \$	120	120-240	0	0-150 million US \$	220	855 ^c
UN-REDD Programme	2008 onwards	120-300 per year	65	120-300	284	120-300	200	120-240		60-90	197	180-300	258	1,124 ^d
Vietnam	2012 onwards	180 million						60-90			50			50
Mexico	2010 onwards	90 million							45					45

Ethiopia	2011-2020	20-30 million US \$ per year									0-100	85	85	
Civil Society Scheme (Norad)	2009-2013	Up to 300 million per year		150-200	173	150-200	163	150-200	181	150-200	183	250-300	260	960
Others	2008 onwards		103	0-50	8	0-50	19	0-50	38	0-50	31	0-50	153	352
Total spending sum of above line items			280		907		1,458		1,018		1,969		4,966	10,599
Total Financial envelope for NICFI Announced by Government				3,000		3,000		3,000		3,000		3,000		18,000
Total Allocation in Approved government budgets, 2008-2013			400^e		1,797		2,423		2,875		2,933		2,993	12,916

Notes

^a The sum of actual disbursements should be consistent with the overall budget outcome for Chapter Post 166.73 for that year.

^b The sum of planned disbursements, including residual category, should be consistent with the overall / total budget for Chapter Post 166.73 for that year.

^c Source: World Bank. Data show flow during World Bank's financial year, which is from July 1st to June 30th, e.g. the 2009 column shows data for the period 1st July 2008 to 30th June 2009.

^d Source: UNDP MPTF Gateway

^e Budget allocation in financial year 2008

Note: The figure shown for cumulative disbursements to Tanzania in Table 1 above does not include NOK 25 million disbursed through UN-REDD; when added together this makes the total disbursed to Tanzania NOK 280 million

3.3. NICFI Financial modalities

The NICFI portfolio incorporates a range of different funding channels. There are bilateral funding agreements between Norway and recipient countries including Brazil, Guyana, Indonesia and Tanzania (which are the focus of this evaluation), and there are multilateral funding agreements with multilateral development finance institutions (such as the World Bank, the African Development Bank, United Nations organisations) where Norway is one of a number of contributing countries.

3.3.1. Bilateral agreements and financial modalities

Norway has bilateral REDD+ agreements under NICFI with Brazil, Guyana, Indonesia and Tanzania. The agreements with the first three include payment for emission reductions or avoided deforestation; however, actual disbursements for that purpose have so far only taken place for Brazil and Guyana as Indonesia is currently working on readiness activities.

The common processes with respect of the Brazil, Guyana and Indonesia agreements are as follows: In the case of Brazil and Guyana, NICFI allocates funds to the country proportional to verified results achieved in terms of emission reductions / avoided emissions. Grants based on this allocation are paid either directly to a recipient government institution (The Brazilian Development Bank (BNDES) in the case of the agreement with Brazil) or a mutually agreed partner institution (the World Bank (Guyana) and the United Nations Development Programme (Indonesia)) that manages the funds and whose operating procedures and disbursement criteria have been accepted by NICFI. The size of the actual disbursement from Norway to the partner institution depends on the partner institution's pipeline of forecast funding requests on projects. As Indonesia is still undergoing a period of 'readiness', the allocations are based on anticipated needs for readiness activities at this stage of the partnership, but the process is the same.

The partner institution is responsible for making decisions about disbursements to the country recipient for specific activities and applies conditions, such as safeguards, on the use of the funds. In the case of Brazil, Indonesia and Tanzania, NICFI-related financial management on the Norwegian side is handled by the relevant country embassy.

Brazil – Norway Bilateral Agreement

The Brazil-Norway bilateral agreement allocates grants to Brazil commensurate with independently verified results on emissions reductions achieved¹⁵ that are targeted for the Amazon Fund, managed by Brazil's National Development Bank (BNDES).¹⁶

When the need for new funds arises as spending on existing Amazon Fund projects progresses and new projects are prepared, BNDES requests to draw down funds from the balance of 'results-based payments' allocated to Brazil. Having met the 'demonstration of

¹⁵ The emission reduction results are independently verified by the Brazilian Space Agency – i.e., national verification of emission reductions. This differs from the principle in UNFCCC negotiations of international third party verification of emission reductions.

¹⁶ While nominally the fund is a multi-contributor fund with contributions also from Germany and Petrobras, Norway accounts for 96% of the payments into the fund.

need' requirement for 'receipt-based' aid, Norway then disburses the funds requested to BNDES. As a result, the financial modality is a mixture between 'results-based' aid and 'receipt-based' aid. Table 2 illustrates the central challenge of combining the two modalities within the Brazil-Norway bilateral agreement, which is that the pipeline funding needs of the Amazon Fund have been far less than the payments allocated. Hence, by the end of 2013 there was a cumulative build-up of about NOK 2.63 billion of "surplus" funds allocated to Brazil by Norway, but not yet disbursed.

Table 2 - Financial commitments and flows from NICFI to BNDES and from the Amazon Fund to fund recipients

Amazon Fund		2009	2010	2011	2012	2013	TOTAL 2009-2013
million NOK							
i.	Norwegian commitment (including promissory notes)	700	850	1,000	1,000	1,000	4,550
ii.	Committed by BNDES to Amazon Fund Projects	204	348	521	521	673	1,950
iii.	"Surplus" commitment from Norway	496	502	479	479	328	2,600
iv.	BNDES disbursement to projects	-	32	206	206	152	563
v.	Norwegian transfers to BNDES	123	169	363	363	3,894	4,550

Sources: Royal Norwegian Embassy, Brasilia. BNDES Portfolio reports for Amazon Fund

The Norwegian authorities issued the balance of undisbursed funds as 'Promissory notes' with the objective of adhering to the government financial regulations.

The undisbursed allocation (promissory notes plus the payment allocated for 2013) had accumulated to about NOK 3.9 billion by the autumn of 2013. The Norwegian government, sought from Parliament, and was granted, exemption to the central government financial regulations¹⁷. This enabled it to disburse the accumulated funds to BNDES in December 2013 and January 2014.

As of early 2014, BNDES has committed a relatively high share of the Amazon Fund to projects as the portfolio has built. The 12-month pipeline for this year requires a large share of the Norwegian funding. In that sense, the issues of mismatched 'result-based' and 'receipt-based' aid to Brazil have now been reduced.

The Guyana – Norway bilateral agreement

¹⁷ Authorization XIII, p.373 in the proposed and approved government budget for 2013-14 (Prop 1S).

Norway and Guyana signed a REDD+ financing agreement under NICFI in 2009 that stated Guyana could receive up to US\$250 million from Norway until 2015. The purpose of the fund is to finance projects within Guyana’s Low Carbon Development Strategy. It is a performance-based contract, both for avoided emissions and for results on indicators of ‘Enabling Activities’, where Enabling Activities include, *inter alia*, safeguards to protect rights of Indigenous People.

As with the agreement with Brazil, the disbursement of funds is receipt-based. Norway transfers funds to the Guyana REDD+ Investment Fund (GRIF), a trust fund financed by Norway and managed by the World Bank. As Trustee, the World Bank has been delegated the authority for disbursement to projects within the framework of Guyana’s Low Carbon Development Strategy.

The Fund is governed by a Steering Committee with representatives from the governments of Guyana (as Chair) and Norway. The World Bank, UNDP, the Inter-American Development Bank (IDB) and representatives from civil society are official observers to the fund. A secretariat provides administrative support to the Steering Committee for the operation of the GRIF. This Secretariat was previously run by the Governments of Norway and Guyana but is now contracted out to the Meridian Institute. As Trustee, the World Bank administers the trust fund, provides financial intermediary services and proposes the transfers to partner entities for disbursements on their projects on the approval of the Steering Committee. The Trustee requests the replenishment of funds by demonstrating funding a need in the form of projected disbursements on the pipeline of funding requests for new projects. The income from interest on the funds held in the trust fund is retained in the trust fund for additional use on projects.

The projects supported through the GRIF are administered by Partner Entities, which include the IDB, the World Bank, and any programme or specialised agency of the United Nations that is a member of the United Nations Development Group. A Partner Entity contracts an Implementing Entity to undertake the actual work of implementing a project on the ground. Implementing Entities can be an organisational entity within the Government of Guyana or other organisations.

Norway made its first disbursement to the GRIF in 2010 (Table 3). The development of a pipeline of approved projects has been slow and the bulk of the funds remain unused. As of June 2013, only 20 percent of the funds had been committed to a pipeline of REDD+ projects, against contributions from Norway of about US\$ 71 million.

Despite there being unused funds in the GRIF and in a divergence from the general grant management regulations, a second disbursement to the GRIF was made in 2011 (Table 3).

Table 3 – Norwegian contribution to Guyana REDD-Plus Investment Fund, as well as cumulative funding decisions by GRIF Trustee and “unused” contribution

Guyana REDD+ Investment Fund (GRIF)

	Nov 2010	Dec 2011	Dec 2012	Jun 2013
	US \$ million			
i. Norwegian contribution to GRIF ^a	30	70	71	71
ii. Cumulative funding decisions (by GRIF Trustee to projects)	-	7	14	14
iii. "Unused" contribution (not yet committed to projects)	30	63	56	56

Notes

^a Includes cumulative investment income (interest earnings) of US \$ 0.2 million end-2011, US \$ 0.6 million in December 2012, US \$ 0.7 million June 2013

Source: Financial reports from the Trustee of the Guyana REDD-Plus Investment Fund Trust Fund

According to informants interviewed by this evaluation, the Norwegian government was under pressure to disburse more funds as the Guyanese authorities were rather vocal in conveying their expectation of a more rapid disbursement pace given that the allocations are for results already achieved. The Norwegian government conceded to this in spite of large unused funds and NICFI made a second payment to the Guyana REDD+ Investment Fund in 2011. The evaluation team has found no evidence of a parliamentary exemption for this and we presume it was approved by the minister.

Making an exception to the rules in this way was strongly opposed by staff from the Ministry of Foreign Affairs, according to informants, and caused dissent between the then Ministry of Environment and the Ministry of Foreign Affairs. This case demonstrates the inherent challenges of NICFI's current combination of results-based aid allocations and receipt-based aid disbursements.

The Indonesia – Norway bilateral agreement

The Indonesia – Norway bilateral agreement provides up to a total amount of US \$ 1 billion (NOK 6 billion) in financial support until 2020 for Indonesia's REDD+ efforts. The agreement covers two readiness phases and culminates in payments for emissions reductions during a third phase. The bulk of the financial commitment is for Phase 3 verified emissions reductions results. The partnership is currently in an 'interim' readiness phase between Phases 1 and 2. A key component of the partnership is the requirement for Indonesia to develop, establish and operationalise a national REDD+ financial mechanism (The Indonesia REDD+ Fund, FREDDI). Once FREDDI is established, the payments from Norway will be disbursed to it. The current financial management of this partnership is handled from the Norwegian side by the Royal Norwegian Embassy in Jakarta, in close liaison with the interim fund manager (the UNDP Country Office in Indonesia) until FREDDI is established, and the Government of Indonesia. On independent verification of results achieved, Norway transfers funds to UNDP, which then makes disbursement decisions on projects.

On signing the bilateral agreement in 2010, Norway made an initial, upfront disbursement of NOK 180 million. Since then, annual disbursements from Norway have been smaller amounts, reflecting slower than envisaged progress on deliverables. As a result, only 4.5 %

(NOK 266 million) of the allocated funds have been disbursed to date, leading to the agreement period being extended to 2020.

The bilateral agreement with Tanzania

In April 2008, The Government of Norway and the United Republic of Tanzania signed a Letter of Intent that sets the framework for a Climate Change Partnership with a focus on reduced emissions from deforestation and forest degradation. This was the first of the NICFI bilateral partnerships.

The funding modality is one-off grants administered by the Royal Norwegian Embassy in Dar-es-Salaam. The embassy has received a dedicated NICFI budget allocation from the Ministry of Foreign Affairs as part of the Norwegian bilateral development cooperation budget for Tanzania.

Table 4 - NICFI financing to Tanzania¹⁸

NICFI financing to Tanzania						
	2009	2010	2011	2012	2013	Total (2009- 2013)
	million NOK					
Budget Allocation ^{a b}	75	80	100	100	115	470
Contractual commitments, cumulative ^b						415
Disbursement as of 31.12.2013	41	44	59	69	41	254
Disbursement in % of Budget Allocation	55%	54%	59%	69%	36%	54%
Notes						
^a Tildelingsbrev 1 ("Allocation Letter"), annually issued by the Norwegian Ministry of Foreign Affairs.						
^b This excludes the Norwegian support to the UN-REDD Programme in Tanzania as it was not administered by the Royal Norwegian Embassy in Tanzania (NOK 25 million disbursed in 2009).						

The embassy follows the standard Norwegian government fund management regulations. In some cases funds are disbursed directly from the Norwegian embassy to an implementing agency or civil society organisation (as with the nine REDD+ pilot projects). This bilateral agreement does not include any results-based mechanisms.

The total funding from Norway originally planned was NOK 500 million over five years, of which NOK 470 to 475 million would be channelled directly through the Norwegian Embassy

¹⁸ In addition to the sums noted NOK 25 million was also disbursed through UN-REDD

in Tanzania. Table 4 shows that the Embassy's cumulative budget allocations for NICFI to Tanzania amounted to NOK 470 million from 2008 to 2013. Cumulative actual disbursements of NOK 254 million over the same time period were approximately half of planned disbursements.

Several factors explain the relatively low disbursement rate. The diverse nature of the portfolio, including the nine REDD+ pilots implemented by civil society organisations, have been demanding in terms of the Embassy staff's management capacity. Problems with some of the projects have delayed disbursements and reduced the overall disbursement rate at the same time as requiring follow-up time from Embassy staff. The need to provide no-cost extensions to projects and programmes that were not able to finish when planned, has impacted the Embassy's capacity to initiate new programmes and projects.

Financial Process Management Issues associated with the bilateral agreements

The mixture of performance-based allocation of funding and the receipt-based disbursements caused inherent conflict. It has hampered the disbursement of results based payments and created pressures in the Norwegian administration to overcome this. According to informants, this has been exacerbated by the different institutional cultures of the NICFI managing institutions. The then Ministry of Environment staff have pushed for faster processing of cases, while Ministry of Foreign Affairs staff were more cautious. This led to conflicts between staff. In addition, the civil service was at times under pressure from the high political levels to expedite matters; hence the need to devise exemptions to regulations and normal practices. These issues placed the civil servants in the Ministry of Foreign Affairs under stress and the rate of turnover in the NICFI related positions in Ministry was unusually high.

While there were cases of devising exemptions to regulations and normal practices, these exemptions were subsequently approved by the appropriate level in the political system (either the Minister or Parliament). The mis-match in the system between results-based allocation of payments and needs based disbursement of funds has required divergences from normal practice and caused resentment.

These problems may have been addressed subsequently to the data collection and analysis period of this evaluation: in May 2014 the Norwegian Ministry of Finance submitted a proposal to the Norwegian Parliament (Storting) that seeks to address the problems described in the previous paragraphs. It proposes criteria for full disbursement of results based payments without the need to request an exemption from Parliament.¹⁹

3.3.2. Multilateral agreements and financial modalities

NICFI supports a range of multilateral financial modalities, with the largest in terms of financial size being the Forest Carbon Partnership Facility (FCPF) Readiness Fund, the FCPF Carbon Fund, the Forest Investment Program, the Congo Basin Forest Fund and the UN-REDD Programme. With the exception of the FCPF Carbon Fund, all of the REDD+

¹⁹ <http://www.regjeringen.no/nn/dep/fin/Dokument/proposisjonar-og-meldingar/prop/2013-2014/Prop-93-S-2013-2014.html?id=759710>

finance through multilateral financial modalities is directed towards REDD+ Readiness activities.

There are some commonalities in the financial processes of the multilateral modalities. For example, when a multilateral financial modality is set up (typically as a Multi-Partner Trust Fund), Norway and other donor countries inject capital to the multilateral institution's Trust Fund. The donor countries transfer the funds to the multilateral institution, which, as Trustee, manages the funds in trust for those countries. The donor countries have delegated the decision making regarding disbursements on projects to the Trustee and therefore have fully accepted that institution's fiduciary safeguards for handling the funds and for making judgements regarding funding requests for specific projects.

The payments from Norway (and other donor countries) are therefore periodic one-off grants without conditions tied to results. In the case of replenishing the Multi-Partner Trust Fund with additional capital injections, the multilateral institution demonstrates the need for additional funds by showing projected disbursements on the pipeline of projected funding requests, and it requests replenishment of funds from Norway and other donor countries. In the case of Norway, the decision to inject additional capital has generally been taken by the Minister for Development.

Forest Carbon Partnership Facility

The Forest Carbon Partnership Facility was set up in 2008 and consists of two multi-donor Trust Funds: the FCPF Readiness Fund and the FCPF Carbon Fund. The FCPF and its two Trust Funds are all administered by the World Bank. In Phase 1 of the REDD+ readiness process, eligible countries receive support in the form of grants from the FCPF Readiness Fund for the design and implementation of their Readiness Preparation Proposals (R-PP). In Phase 3, the FCPF Carbon Fund provides payments for verified emissions reductions from eligible REDD+ countries, however no country has yet received payments from the FCPF Carbon Fund. The FCPF has received financial contributions from 14 countries in total, with pledged contributions of about US \$ 650 million and received actual payments from contributing donor countries of about US \$ 580 million (not including promissory notes that point to future receipts).

The FCPF Readiness Fund

The main purpose of the FCPF Readiness Fund is to “support participating countries as they prepare for REDD+ by developing the necessary policies and systems, including adopting national REDD+ strategies; developing reference emission levels (RELs); designing measurement, reporting, and verification (MRV) systems; and setting up REDD+ national management arrangements, including proper environmental and social safeguards”²⁰. In 2013, the FCPF had a total of 36 Country Participants: 13 in Africa, 15 in Latin America and the Caribbean and 8 in the Asia-Pacific region.

²⁰ FCPF website (Accessed 13 May 2014) <https://www.forestcarbonpartnership.org/readiness-fund>

Table 5 - Forest Carbon Partnership Facility Readiness Fund financial breakdown

Forest Carbon Partnership Facility (FCPF) Readiness Fund							
		2009	2010	2011	2012	2013	2013
		Q2	Q2	Q2	Q2	Q2	Q4
US \$ million							
i.	Cumulative Receipts of Trust Fund (since inception, sum of all donors)	54	86	181	213	243	258
ii.	Cumulative Receipts (since inception, from Norway only)	5	21	30	30	30	30
iii.	Cumulative total expenditure of Trust Fund (since inception)	4	9	15	21	30	34
iv.	Trust Fund Cash Balance (stock at end of period)	51	78	166	190	196	192
v.	Cumulative funds committed (at end of period)	41	41	41	208	199	236
vi.	Cumulative funds uncommitted (at end of period)	-	-	-	27	60	22
vii.	Norway share of total contributions	9%	25%	17%	14%	12%	12%
viii.	Rate of cumulative expenditure in % of cumulative funds (receipts to trust fund)	6%	10%	8%	10%	12%	13%
ix.	Share cumulative funds not committed				13%	25%	9%
x.	Cash Balance in % of cumulative Receipts of Trust Fund	95%	90%	92%	89%	81%	74%
Notes							
The Trust Fund reports on the fiscal year basis of the World Bank (July 1-June 30)							
i.	Receipts are only those funds from Donors. Cumulative equals the sum up to the specified date.						
ii.	Contributions made as promissory Notes were not included in the Cumulative Receipts. Only Cash in hand was included.						
iii.	Grant Disbursements were NOT included in Expenditure						
iv.	Investment income is not broken out but included in the Trust Fund Cash Balance						
v.	Historical data on Cumulative Funds Committed is from Sources and Uses FMT Notes: 2009-4rev, 2011-10, 2012-9rev, and 2013-5.						
vi.	defined in the case as reserve in the FMT Notes: 2009-4rev, 2011-10, 2012-9rev, and 2013-5						

By the end of 2013, the FCPF Readiness Fund had received US\$ 258 million from 15 public donors in actual payments ²¹, 12% (US\$ 30 million) of which came from Norway through NICFI. In other words, Norwegian funding has been leveraged eight-fold in this Fund; a result that contributes towards the goal that Norway's funding under NICFI could leverage additional funding from other donors.

Expenditures from the FCPF Readiness Fund have been relatively slow: by the end of 2013, cumulative expenditures amounted to only 13% of the Fund's cumulative receipts. Since the Readiness Fund was established there has been a steady build-up of undisbursed funds.

In the last few years the balance of uncommitted funds has dropped to 9% of total cumulative receipts, which is a relatively low level. The preparation and approval of projects

²¹ Promissory notes pointing to future receipts are not included.

accelerated after the FCPF expanded the number of delivery partners from one (World Bank) to four (Inter-American Development Bank, United Nations Development Programme and the United Nations Food and Agriculture Organisation) in 2011, and a large volume of project financing has since been approved. However, the cash reserve is still high. At the end of 2013 this stood at 74% of the total funds received.

FCPF Carbon Fund

The FCPF Carbon Fund will provide payments for verified emission reductions from REDD+ programmes. By the end of 2013, the Carbon Fund had received US \$ 322 million in actual payments. Total pledges were US \$ 391 million from 11 public and private donors. Costa Rica is close to becoming the first country to access large-scale emission reduction performance-based payments under the FCPF²².

As shown in Table 6, over 98% of the funds in the Carbon Fund are not yet committed. As is the case with its bilateral agreements, Norway has taken the lead in providing funding to the Carbon Fund by engaging early on and providing a high share of the capital (49% in 2009). Over time other donor countries have contributed funds and by 2012 Norway's capital injection had been leveraged approximately 12 times. Since then it has provided another major capital injection, which has more than doubled the size of the Fund. Norway has so far contributed more than 50% of the Carbon Fund's total capitalisation.

Whilst it might be expected that a similar issue would arise in relation to the use of aid funds for results-based payments in the Carbon Fund of the FCPF, no specific procedures have been implemented to mitigate this²³. The fund's Methodological Framework articulates the process by which emissions reductions are rewarded, but there is very limited provision for imposing conditions or tracking how the payments for emissions reductions are spent. The focus is on having an appropriate benefit-sharing mechanism and on ensuring appropriate measurement of emissions reductions in ways that avoid leakage and double-counting.

²² In September 2013 Costa Rica signed a Letter of Intent with the FCPF Carbon Fund to negotiate an Emission Reductions Payment Agreement worth up to US\$63 million.

²³ This has subsequently been addressed through the May 2014 Norwegian Ministry of Finance proposal to the Norwegian Parliament (Storting) that proposes criteria for ex-ante disbursement to multilateral organisations for future payments for verified emissions reductions (e.g. The FCPF Carbon Fund and the BioCarbon Fund) . <http://www.regjeringen.no/nn/dep/fin/Dokument/proposisjonar-og-meldingar/prop/2013-2014/Prop-93-S-2013-2014.html?id=759710>

Table 6- Forest Carbon Partnership Facility Carbon Fund financial breakdown

Forest Carbon Partnership Facility (FCPF) Carbon Fund							
	2009	2010	2011	2012	2013	2013	
	Q2	Q2	Q2	Q2	Q2	Q4	
US \$ million							
i.	Cumulative Receipts of Trust Fund (since inception, sum of all donors)	20	25	86	123	295	322
ii.	Cumulative Receipts (since inception, from Norway only)	10	10	10	10	171	171
iii.	Cumulative total expenditure of Trust Fund (since inception)	-	0.2	0.5	2.1	4.2	5.0
iv.	Trust Fund Cash Balance (stock at end of period)	20	25	86	122	293	321
v.	Cumulative funds committed (at end of period)	-	-	-	-	-	3
vi.	Cumulative funds uncommitted (at end of period)	20	25	86	122	293	317
vii.	Norway share of total contributions	49%	41%	12%	8%	58%	53%
viii.	Rate of cumulative expenditure in % of cumulative funds (receipts to trust fund)	0.0%	0.7%	0.6%	1.7%	1.4%	1.6%
ix.	Share cumulative funds not committed				99%	100%	98%
x.	Cash Balance in % of cumulative Receipts of Trust Fund	100%	100.7%	100.1%	99.2%	99.5%	99.5%
Notes							
The Trust Fund reports on the fiscal year basis of the World Bank (July 1-June 30)							
i Receipts are only those funds from Donors. Cumulative equals the sum up to the specified date.							
ii Contributions made as promissory Notes were not included in the Cumulative Receipts. Only cash in hand was included.							
iii Investment income is not broken down but included in the Trust Fund Cash Balance							
iv Unable to get data on historical funds committed. Only the current year FY14 is available. This is the operating budget for FY14							
v Defined in this case as the balance of funds uncommitted under Trust Fund Policy							

Forest Investment Program

The Forest Investment Program (FIP) is a part of the Strategic Climate Fund within the Climate Investment Funds. Expenditures from the FIP have been relatively slow between 2009 and 2014, with cumulative expenditures amounting to only 15% of the FIP's cumulative receipts (Table 7), resulting in a steady build-up of cash reserves. By the end of 2013 42% of cumulative receipts had been committed to projects.

Table 7 - Forest Investment Program financial breakdown

Forest Investment Program (FIP)		2009-Q4	2010-Q4	2011-Q4	2012-Q4	2013-Q4
US \$ million						
i.	Cumulative Receipts of Trust Fund (since inception, sum of all donors) ^a	18	117	297	335	410
ii.	Cumulative Receipts (since inception, from Norway only)	0	48	106	106	142
iii.	Cumulative total expenditure of Trust Fund (since inception) ^b	0	0	5	14	60
iv.	Trust Fund Cash Balance (stock at end of period)	18	117	292	321	349
v.	Cumulative funds committed (at end of period)	0	0	48	73	173
vi.	Cumulative Funds uncommitted (at end of period)	18	117	249	262	236
vii.	Norway share of total	0%	41%	36%	32%	35%
viii.	contributions					
ix.	Rate of cumulative expenditure in % of cumulative funds (receipts to trust fund)	0%	0%	2%	4%	15%
x.	Share cumulative funds not committed	100%	100%	84%	78%	58%
xi.	Cash Balance in % of cumulative Receipts of Trust Fund	100%	100%	98%	96%	85%
Notes						
Adjustments to the last quarter for resources received as promissory notes, (figures in US\$ million)						
xii.	Promissory Note balances					120
xiii.	Funds Held In Trust ^c					469
xiv.	Financial Reserve					31
xv.	Funds Held In Trust adjusted for Financial Reserve					439
^a This line represents cash payments only and does not include balances of promissory notes						
^b This line represents transfers from FIP to MDBs. Does not represent disbursements to beneficiaries.						
^c Includes cash balances of promissory notes.						

Congo Basin Forest Fund

The Congo Basin Forest Fund (CBFF) is a multi-donor fund established in 2008 and administered by the African Development Bank (AfDB) as Trustee. The key financial contributors have been Norway (NOK 500 million), the UK (£ 50 million) (each approximately US \$ 85 million) and more recently, Canada (US \$ 20 million).

As is shown in Table 8, the pace of committing funds, and disbursing to projects was slow in the first few years – a trend also seen in other multilateral REDD+ institutions. By the end of 2011, the CBFF’s third year of operations, cumulative expenditures amounted to only 13% of the fund’s cumulative receipts and there had been a steady build-up of cash reserves. The commitment rate was also low in the first few years, only reaching 27% by the end of 2010.

Table 8- Congo Basin Forest Fund financial breakdown

Congo Basin Forest Fund						
		2009-Q4	2010-Q4	2011-Q4	2012-Q4	Feb27 2014
US \$ million						
i.	Cumulative Receipts of Trust Fund (since inception, sum of all donors) ^a	37.2	57.5	78.9	99.6	118.5
ii.	Cumulative Receipts (since inception, from Norway only)	20.3	32.0	32.0	61.3	61.3
iii.	Cumulative total expenditure of Trust Fund (since inception) ^b	1.4	4.0	10.0	24.6	42.2 ^c
	o/w Disbursements to projects	0.9	2.2	6.5	19.5	35.5
	Administrative expenses	0.5	1.8	3.5	5.1	6.7 ^c
iv.	Trust Fund Cash Balance (stock at end of period)	35.8	53.5	68.9	75.0	76.3
v.	Cumulative funds committed (at end of period)	9.6	15.3	49.8	80.9	104.9
vi.	Cumulative funds uncommitted	27.6	42.2	29.1	18.7	13.6
vii.	Norway share of total contributions	55%	56%	41%	62%	52%
viii.	Rate of cumulative expenditure in % of cumulative funds (receipts to trust fund)	4%	7%	13%	25%	36%
ix.	Share cumulative funds committed	26%	27%	63%	81%	89%
x.	Share cumulative funds not committed	74%	73%	37%	19%	11%
xi.	Cash Balance in % of Cumulative Receipts of Trust Fund	96%	93%	87%	75%	64%

^a This line represents cash payments only and does not include balances of promissory notes

^b Includes administrative expenses

^c Author’s estimate of administrative expenses in 2013, prorated

In recent years the pace of commitment of funds has increased. From 2011 onwards the commitment rate more than tripled, reaching 89% of total funds by early 2014. Actual expenditures also picked up, albeit from a very low level, tripling to 36% of the total fund value by early 2014. Nonetheless, this is quite a low use of funds; however, whilst the CBFF holds considerable cash reserves, the majority of these are now tied up in future project financing commitments.

Norway's payments into the CBFF were envisaged to be yearly instalments at the time of signing the partnership agreement. However, Norway withheld the planned payment for 2011 given the operational delays and low utilisation of funds. Norway approved the final disbursement in June 2012, paying off the remainder of its pledge of NOK 500 million. This third tranche was contested within the Norwegian state administration as the 'demonstrated need' for the funds criterion was not met. The Norwegian Accountant General also criticised this final payment in light of the large reserve of unused funds in the CBFF at the time.

UN-REDD Programme

The UN-REDD Programme is a Multi-Partner Trust Fund established in June 2008. Total donor contributions are US \$ 170 million (Table 9). Norway, Denmark, Spain, Japan, European Commission and Luxembourg have all contributed to the fund.

Norway was instrumental in capitalising this fund. It made the initial capital injection in 2008, and has made additional contributions since, maintaining a share of between 96 and 85% of all donor contributions to the Fund.

The UN-REDD Multi-Partner Trust Fund has disbursed its funds more rapidly than the other multilateral financing modalities under NICFI. The rate of commitments in percent of total funds received by donors has risen steadily by an average of 12% each year, reaching a relatively robust level of 47% by end-2012. While donor contributions to the Fund tripled in this period, cumulative expenditures by participating UN agencies grew tenfold and annual spending quadrupled between 2009 and 2012. Given the modest increase in cash balances in 2013 against a backdrop of a very rapid increase in fund transfers from the central Trust Fund to participating agencies that year, one can conclude that project expenditures have grown at a more rapid pace in 2013.

Table 9 - UN-REDD Programme financial breakdown

Forest Investment Program (FIP)						
	2009	2010	2011	2012	2013	
	US \$ million					
i.	Cumulative Receipts of Trust Fund (since inception, sum of all donors)	54,131,128	93,798,576	118,256,080	154,279,124	217,290,738
ii.	Cumulative Receipts (since inception, from Norway only)	52,213,730	84,406,889	105,818,255	141,192,649	185,523,229
iii.	Cumulative transfers from Trust Fund to participating UN organizations/agencies	15,829,961	51,347,041	90,895,763	103,480,933	155,664,484
iv.	Cumulative total expenditure of trust fund (including expenditure by participating UN agencies) ^a	7,476,492	20,852,175	40,675,863	67,265,945	b
v.	Trust Fund Cash Balance (stock at end of year), US \$ million (excludes holdings by implementing UN agencies)	38,538,350	42,927,380	28,093,080	51,655,288	60,452,654
vi.	Cash balance at participating UN agencies (stock at end of year)	8,894,780	31,432,851	51,404,739	37,627,855	b
vii.	Cash balance held by Trust Fund and implementing UN agencies	47,433,130	74,360,231	79,497,819	89,283,143	b
viii.	Cumulative funds committed (incl. disbursed) by participating UN agencies (at end of year) ^a	6,935,181	19,914,190	39,491,819	89,283,143	b
ix.	Cumulative funds transferred to participating UN agencies and still un committed (at end of year) (=line iii – line viii)	8,894,780	31,432,851	51,404,739	37,760,956	b
x.	Cumulative funds received by trust fund donor countries and still uncommitted (at end of year) (=line i – line iv)	46,654,636	72,946,401	77,580,217	87,013,179	b
xi.	Commitment rate of participating UN agencies in % of their budgets	44%	39%	43%	64%	b
xii.	Commitment rate of participating UN agencies in % of all funds received from donors (=line viii /i)	13%	24%	37%	47%	b
xiii.	Share of cumulative receipts to Trust Fund not committed (=line x/i)	86%	78%	66%	56%	b
xiv.	Cash balance held by Trust Fund and implementing UN agencies in % of cumulative receipts of the Trust Fund	88%	79%	67%	58%	b
xv.	Norways share of the total cumulative contributions to the UN-REDD = Programme- Multi Partner Trust Fund	96%	90%	89%	92%	85%

Notes

^a All funding items committed to since inception of the fund, including those for which funds have been disbursed. Includes Trust Fund administrative agent fees, bank charges and all expenditures by participating UN agencies

^b Final figures will be available from participating ~UN agencies by the end of May 2014

3.3.3. NICFI Civil Society Fund

The NICFI Civil Society Fund is a grant scheme managed by Norad's Civil Society Department. The Civil Society Department receives an annual funding allocation under the State Budget line for NICFI. Until 2013 this came through the Ministry of Foreign Affairs (which had financial responsibility for NICFI until then); from 2014 onwards this comes through the Ministry of Climate and Environment. The Civil Society Department decides which proposals to support and disburses the funds. The scheme's rules and financial operations follow central government regulations and provisions on financial management.

Table 10 - NICFI Civil Society Support Scheme financial breakdown

NICFI Civil Society Scheme (Norad)						
	2009	2010	2011	2012	2013	Total 2009- 2013
million NOK						
Prognosis for disbursements	150-200	150-200	150-200	150-200	250-300	850- 1,100
Actual disbursements	173	163	181	183	260	960

Notes

Source: NICFI Secretariat, Ministry of Climate and Environment

Over the period of 2008 to 2013, the Civil Society Fund has been one of NICFI's four largest funding mechanisms with an overall resource envelope of about NOK 1 billion. Unlike other funding modalities with a slow start and low utilisation of funds, disbursements to target groups have consistently been close to the amounts budgeted.

3.4. Management of Financial Risk

This section considers how well NICFI has taken into account the risk of financial irregularities, mismanagement and corruption associated with its portfolio. The partnership agreements for each component of the NICFI portfolio specify that the fund manager commits to apply its standard financial management practices to the NICFI funds. The institutions contracted as fund manager are as follows:

- Brazil/Amazon Fund BNDES
- Guyana/GRIF: World Bank
- Indonesia: UNDP

- Tanzania: Royal Norwegian Embassy, Tanzania ²⁴
- FCPF Readiness Fund: World Bank
- FCPF Carbon Fund: World Bank
- Forest Investment Program: World Bank
- CBFF: African Development Bank
- UN-REDD: UNDP
- Civil Society Fund: Norad

The multilateral institutions - the World Bank, UNDP and the African Development Bank – have very stringent financial management systems. The choice of BNDES in the case of Brazil was also prudent as the institution also has stringent financial management practices, which it enforces tightly. The two remaining financial modalities – for Tanzania’s REDD+ program and the Civil Society Fund – are both subject to Norway’s Central Government Financial Management Regulations as they are managed by the Norwegian Embassy and Norad, respectively. The arrangements for all financing modalities are found to be satisfactory at the preparatory stage.

All operations funded by NICFI have been subjected to the same financial management and anti-corruption standards that the trustees would apply to their other activities and no financial irregularities have been found in the reporting of the multilateral institutions and BNDES. The annual audit reports are clean and without qualifications. In that sense NICFI’s precautions have been adequate. However, it is less clear from Trust Fund level reporting what specific anti-corruption rules apply downstream at the individual project level.²⁵ Downstream accountability in the multi-donor trust funds needs to be better demonstrated.

The Norwegian Embassy is the fund manager of the NICFI portfolio in Tanzania and has applied robust anti-corruption practices. Records in Oslo show there have been four cases of serious mismanagement (failure to meet contractual obligations) among the supported pilot projects. In two of these mentioned cases an investigation was conducted, and misused funds were reimbursed to the Norwegian Embassy; after a due diligence process, the projects were allowed to continue with implementation. In two other cases, even though the investigation is not yet concluded, the contracts have already been terminated and the cases are expected to be closed shortly. In all cases, the Embassy staff took appropriate action in accordance with the rules laid out in Ministry of Foreign Affairs’ note on “Zero tolerance for corruption” as soon as mismanagement was suspected..

There have been a small number of cases of financial irregularity among the NICFI supported civil society projects. Given the very large number of recipients and disbursements in this Funding Scheme, this is a very minor incidence. The amounts involved are relatively small and Norad is reclaiming the funds from the respective organisations. The

²⁴ The Embassy and Norad, being entities within the Norwegian government, have of course not been “contracted” in the sense of the other institutions but they take on the same role in this context of managing NICFI funds.

²⁵ This is also a finding in Transparency International’s report “Protecting Climate Finance – An Anti-Corruption Assessment of the Climate Investment Funds”, 2014.

evaluation team's assessment is that Norad has dealt with these cases fully in line with government regulations and the zero tolerance policy on corruption.

4. Other government funding schemes with results-based payments

Given the challenges that NICFI has encountered in using a results-based payment modality, in this section we seek to identify other results-based aid schemes that may offer lessons to address these challenges.

Some international initiatives that Norway is co-funding, particularly in the health sector, incorporate elements of results based payments. A prominent example is the Global Alliance for Vaccination and Immunisation (GAVI). GAVI provides results-based aid to recipient countries through one of its financing facilities, the Immunisation Support Service. Through this scheme, recipient countries receive US \$ 20 for each additional child vaccinated beyond a baseline number of vaccinations. The recipient country receives advance funding for the first two years based on anticipated results, and then subsequently receives payments for actual results achieved. There are no restrictions on how the funds are used; however GAVI requires reporting of this spending.

The Global Fund for Aids, Tuberculosis and Malaria – also known simply as the Global Fund – also consists of a type of results-based aid. In general the recipient country and the Global Fund agree on which target variables to set, their target values, when they should be achieved, and a baseline. In the first two years the country receives funds in advance. After this, payments are made on demonstration of results and the volume of the financing depends on the results. The funds received by the Global Fund are tied to use on specific purposes agreed in advance.

Another example is the World Bank Health Results Innovation Trust Fund that Norway initiated in 2007 and has since financed together with the UK. This Trust Fund focuses on results-based financing which differs to some extent from results-based aid. In the case of results-based financing, the recipient country has an incentive system in which one level (e.g. national level) funds another level (e.g. district level). The amount of funds received is based on the results achieved. A hospital, for example, receives a bonus from the Ministry of Health to have treated a certain number of patients. However, the volume of the overall assistance to the country is not dependent on these results, which differentiates this form of financing from results-based aid.

The above examples show that there were several new initiatives focusing on results-based payments in development aid in the years leading up to the genesis of NICFI. The thinking in the Ministry of Environment was at that time well advanced with regard to environmental economics applied to systems for Payment for Environmental Services (PES) with principal-

agent incentive structures (payments). This is the core element of the NICFI incentive structure. Ministry of Environment staff and management were familiar with the design and experience of PES programmes in Costa Rica and Mexico, and they envisaged REDD+ as a multilevel PES system. Hence applying this to the then Minister of Environment's REDD+ ambition was a small leap.

This suggests that there was a confluence of two strands of thought – both from the environmental economics side in the Ministry of Environment and the new developments in international aid thinking. The latter gained prominence as the easiest, if not only, way for the Norwegian government to pay for NICFI was through the desired increase in the ODA budget to one percent of gross domestic product.

5. Conclusions

NICFI support is a combination of two aid systems: '**results-based aid**' in the sense that the size of aid commitments (to Brazil, Guyana and in the future, Indonesia) is determined by achieved results (such as emission reductions); and forward-looking '**receipt-based aid**', which consists of payment in relation to demonstrable need.

The 'receipt-based aid' modality reflects Norway's central government regulations for financial management of grants, and these are not readily compatible with results-based aid. There is an intrinsic conflict between the results-based and receipt-based conditions for aid payment in the NICFI financial processes. In the processing of specific funding cases this has at times been dealt with through *ad hoc* measures, some of which needed approval from Parliament. Overall, the mix of receipt-based approach and results-based approach has decreased the financial processes by slowing them down.

In order to improve efficiency in NICFI as well as to adapt its practices better to the current trend of increasing results-orientation in ODA, Norway should find ways of better harmonising principles of results-based aid and government regulations. This would streamline the process for approving results-based aid payments and avoid *ad hoc* exemptions that require Parliamentary approval.

The utilisation of allocated funds (actual disbursements from Trustee to project implementers) has been delayed and disbursement slow in most of the Trust Funds or programmes with the World Bank as Trustee (the FCPF Readiness Fund, the FCPF Carbon Fund and the FIP) as well as the CBFF (African Development Bank).²⁶

Leveraging of Norwegian funds has been relatively successful in several cases. It has been most successful in the cases of the World Bank MDTFs for which more financial resources

²⁶ By way of clarification, FIP commented that it "... promotes a programmatic approach as agreed in its design document. Before any project can be fully developed, countries need to develop an investment plan as a vision statement for the use of allocated resources. In the REDD+ arena, the argument of speed should be carefully reconsidered because the trade-off may be that people feel not sufficiently consulted and hence, there is no ownership for proposed action." The question of balancing conflicting demands is indeed a challenging one.

have been mobilised from other donors than for the UN-REDD Programme Fund (mainly funded by Norway). Norway's leveraging of financial aid has been much more successful where focused on readiness activities. Much less financing has been mobilised from other donors for emission reduction incentive payment schemes such as the FCPF Carbon Fund. The former activities can more easily be financed through official aid budgets. Paradoxically, the areas with substantial mobilisation of funds from other donors are those with low utilisation of funds so far, and vice versa, the areas with relatively low mobilisation are those with good utilisation of funds.

Overall, anti-corruption measures have been adequate and fully in line with government regulations and the zero tolerance policy on corruption. Fiduciary risk in the various NICFI financing modalities was taken adequately into consideration at the preparatory stage. However, in the case of the multilateral institutions it is less clear from the reporting at the Trust Fund level what specific anti-corruption rules apply at the downstream level for the actors on the ground at the individual project level.²⁷ Downstream accountability needs to be better demonstrated. With regard to the NICFI portfolio in cases where Norwegian government entities (Norad, embassies in recipient countries) are the "fund manager", good anti-corruption practices have been followed but there have still been a few cases of financial irregularities in supported projects. Staff have dealt with these cases fully in line with government regulations and the zero tolerance policy on corruption.

²⁷ This is also a finding in Transparency International's report "Protecting Climate Finance – An Anti-Corruption Assessment of the Climate Investment Funds", 2014.

Annex 7 Brazil

1. Introduction

1.1. Overview of the unit of analysis: NICFI Support to the Amazon Fund

The main objective of this evaluation was to assess the results of NICFI's support in Brazil against the overall NICFI objectives during the period from 2007-2013. There are four 'pillars of cooperation' mentioned in the Brazil-Norway memorandum of understanding (Governments of Norway and Brazil, 2008). One of these is donations to the Amazon Fund. Since support to the Amazon Fund is the largest element of NICFI support to Brazil, it was agreed that the evaluation team would focus on this in the country report.

Whilst, the Amazon Fund is the mechanism through which the country is rewarded for its efforts to reduce deforestation, it is not the only mechanism through which Brazil reduces deforestation. The Amazon Fund is one element of a nation-wide strategy, which includes a range of national and state policies and regulations (Amazon Fund, 2008). This makes attributing results achieved through the Amazon Fund and in Brazil to NICFI challenging. There are two levels at which impact can be assessed. Firstly, in relation to the extent to which the projects funded with NICFI support via the Amazon Fund contribute to NICFI objectives and secondly, in relation to whether NICFI's support creates incentives for the Brazilian Government to maintain its wider efforts to combat deforestation.

Table 11 NICFI Support to the Amazon Fund

Overview of the Amazon Fund and NICFI's support	
Purpose	The purpose of the Amazon Fund is to provide an incentive for Brazil and other tropical-forested developing countries to continue and increase voluntary reductions of greenhouse gas emission from forest deforestation and degradation. It exists to raise funds from voluntary donations earmarked for the non-reimbursable financing of efforts to prevent and monitor deforestation and promote conservation and sustainable use in the Amazon Biome.
Timescale of NICFI's support	1st donation agreement signed on March 2009, for the period 2009-2015 2nd donation agreement signed on December 2013 for the period 2013-2020
Key outputs	By October 2013 the Amazon Fund had approved 43 projects (38 contracted) with a total value of about NOK 1.7 bn. The Amazon Fund does not report on aggregate outputs, only project by project.

NICFI, Brazil and the Amazon Fund: Commitments and Financial Flows 2009-2013

	2009	2010	2011	2012	2013	Total
	<i>Figures in million NOK</i>					
Norwegian commitment (incl. promissory notes)	700	850	1,000	1,000	1,000	4,550
Committed by BNDES to Amazon Fund Projects	204	348	204	521	673	1,950
BNDES disbursements to projects	-	32	173	206	152	563
Norwegian transfers to BNDES	123	169	-	363	3,894	4,550

Source: Royal Norwegian Embassy, Brasilia; BNDES Portfolio reports for the Amazon Fund

Donors to the Amazon Fund

	Committed Amount	% of total committed
<i>Figures in million NOK (Exchange rate of 1 Brazilian Real to 2.66 NOK , 1 Euro to 8.15 NOK)</i>		
NICFI	4,550	98%
Government of Germany	56	1.2%
Petrobras	21	0.45%
Total	4,627	

Source: Royal Norwegian Embassy, Brasilia, BNDES Portfolio Reports for the Amazon Fund

Amazon Fund Project Commitments by components of the logical framework

	Within the Amazon Biome	Outside the Amazon Biome
<i>Figures in millions NOK using exchange rate of 1 Brazilian Real to 2.66 NOK</i>		
Sustainable Production	471	
Institutional Development	524	
Land Use Planning	161	
Scientific & Technological Development	307	19
Monitoring and control	-	102
Total	1,463	121

% of Amazon Fund Commitments by organisation type

State Governments	53%
National Civil Society Organisations	30%
Federal Government	10%
International Organisations	3%
Municipalities	2%
Universities	2%
	100%

Source: Amazon Fund (2013e). The two tables above refer to the Amazon Fund Position at 10.07.2013.

1.2. Country context: REDD+ in Brazil

In 2010, the NICFI real-time evaluation noted Brazil's national initiatives for reducing deforestation, cutting emissions and the development of its position in international REDD debates²⁸. This report highlighted the role of Federal laws and initiatives such as the Forest Code (1965), the Plan of Action for the Prevention and Control of Deforestation in the Legal Amazon (2004) and Public Forest Management Law (2006), as well as State level policies and programmes, in laying the foundation for Brazil's ongoing efforts to tackle deforestation. The report also documents the Presidential Decree which created the Amazon Fund in August 2008 and the country's declining deforestation rates since 2004 (McNeish *et al.*, 2011).

Since 2010, there has been some progress at national level towards defining a legal framework to address forest and climate change issues. However, due to lack of internal political support, the national REDD strategy has not yet been agreed. Some national stakeholders argue that the delay was due to the lack of international agreement on climate, while others blame the lack of priority for the climate agenda within Brazil.

A revised version of the Forest Code was approved in 2012, which inspired a lot of debate in the country. Some stakeholders interviewed argued that these reforms have reduced environmental protection, and contributed to the slight increase in deforestation in 2013. Conversely, others argue that the changes – led by the agribusiness sector – have come to ensure that rules become more enforceable, which should encourage more compliance in the country. Government interviewees commented that the slight increase in deforestation in 2013 is a result of expected volatility²⁹.

1.3. Description of operational and management processes in NICFI support to Brazil

The Amazon Fund was established by Presidential Decree on August 2008 (11.828/2008) and is managed by the Brazilian Development Bank (BNDES), and guided by a steering committee (COFA)³⁰, which is composed of representatives of the Amazonian local authorities, ministries of the federal government, BNDES, and civil society members. A Technical Committee (CTFA) works to certify carbon emissions from deforestation

²⁸ Over the last 7-8 years the Brazilian position on forests and climate changed from veto to proposition (Carvalho, 2010).

²⁹ According to Government respondents, one cannot expect that the rates of deforestation will go down every year. Because it noticeably went down the previous year, meaning that the baseline became relatively high, it was no surprise that it went up a bit the following year.

³⁰ BNDES makes decisions based on COFA guidelines.

calculated by the National Institute for Space Research (INPE) and these are formally approved by the Ministry of Environment (Amazon Fund, 2008).

The Presidential Decree that established the Amazon Fund states that the Fund is entitled to receive donations once the country successfully reduces emissions against a previously set baseline. The goal of this results-based payment scheme is to provide an economic incentive for reducing deforestation. The payments are then used for non-reimbursable investments in preventing, monitoring and combatting deforestation and in efforts to foster the conservation and sustainable use of the Amazon Biome. The decree also provides for the use of up to 20% of the funds to support the development of deforestation monitoring and control systems in other Brazilian biomes and other tropical countries. Donors to the Fund receive a diploma recognising their contribution, but there are no tradable credits.

In February 2008, Erik Solheim, the then Norwegian Minister for Development and Environment announced plans to support the establishment and development of the Amazon Fund. A short time after its official establishment by Brazilian governmental decree, the Norwegian Prime Minister, Jens Stoltenberg, visited Brasilia and committed his government to contribute up to one billion dollars to the fund (McNeish *et al.* (2011). On September 2008, the Government of Norway signed a memorandum of understanding with the Government of Brazil to cooperate on climate change issues (Government of Norway/Brazil, 2008). This was followed with the Donation Agreement (RNE, 2009a). Under the agreement, Norway commits to allocate grants to Brazil when it demonstrates achieved and measured results in relation to reduced deforestation and emissions reductions. The committed annual grant amounts are commensurate with the amount of emission reductions and are set according to technical criteria specified in the agreement. Several amendments have since been made to the Donation agreement and the period for REDD+ financing agreement has been extended to 2020 (RNE 2009b; RNE 2013a; RNE 2013b).

The Government of Norway was the first donor to the Amazon Fund when it made its first transfer in 2009. Since then, the fund has also received around NOK 55.86 million from the Government of Germany in relation to emissions reductions achieved between 2008 and 2010 and NOK 20.63m from the Brazilian energy company, Petrobras in 2011 (Amazon Fund, 2012). However, these donations are small, in comparison to the funds received from Norway, which still make up over 98% of the total contributions to the fund.

1.4. Description of financial processes involved in NICFI support to Brazil

Each year, depending on verified results³¹ in carbon dioxide emission reductions through reduced deforestation, the Amazon Fund is entitled to receive future payments from the Government of Norway.

³¹ The emission reduction results are verified by the Brazilian Space Agency (INPE) i.e., national verification of emission reductions.

The use of Norwegian aid funds is governed by Norwegian Regulations on Financial Management and by the government guidelines for grant management. These state that disbursements must be based on financial needs.³² According to the agreement signed between the parties in 2009, disbursements to BNDES from Norway are made on demonstration of financial need of the Amazon Fund for the funds, subject to the funding ceiling set by the allocation, which is consistent with the achieved emission reduction results³³.

Norway's disbursements to BNDES between 2009 and 2012 were therefore relatively small as it took time for BNDES to establish a portfolio of projects and to start disbursing. This meant that, by the end of 2012 large amounts of committed Norwegian ODA funds had not been transferred to BNDES or reported as expenditure. Norwegian authorities issued the balance of funds as "Promissory notes" in order to comply with the Norwegian government financial regulations.³⁴

In 2013, the Norwegian Parliament granted exemption from the central government financial regulations, and based on a revised Donation Agreement, NICFI was then able to disburse the full amount of committed funds by the end of 2013 (see Financial Processes Annex).

Initially, Brazilian law required tax to be paid on donations to the Amazon Fund, which would have amounted to approximately 3.65% of contributions to the Fund. The Brazilian Government was able to approve a new law, and amend a 2008 decree³⁵ in order to exempt donations to the fund from taxation.

2. Methodology

A literature review was undertaken to examine all relevant documentation. This included the previous country report of the real-time evaluation team (2010), annual reports of the Amazon Fund, the Memorandum of Understanding between Norway and BNDES, Donation Agreement and amendments, the Amazon Fund Project Documents, and written correspondence between Norway and BNDES.

To triangulate the information and to explore the NICFI evaluation questions, interviews were carried out with more than 30 stakeholders in Rio de Janeiro and Brasilia between 9th and 13th December 2013, and January 2014.

³² Regulation 6.3.5, "Regulations on Financial Management in Central Government, Provisions on Financial Management in Central Government", Norwegian Ministry of Finance, Adopted December 12th 2003 with adjustments latest on June 8th 2010. b. "Grant Management Manual, Management of Grants by the Ministry of Foreign Affairs and Norad", Norwegian Ministry of Foreign Affairs, o5/2013.

³³ The 2013 document 'Amended and Restated Donation Agreement' signed on September, has changed the rules concerning disbursement. Refer to Article IV.

³⁴ However, the Promissory Notes were deemed as not having a binding legal value and since the actual money had not changed ownership from Norway to Brazil, in 2013 the OECD-DAC judged the promissory note amounts as not constituting ODA.

³⁵ Article 1 of the Law 11.828 of November 20, 2008, altered by Law 12.810 of May 15, 2013

3. Findings in relation to Operational and Financial Processes

3.1. Findings on operational and management issues

NICFI's agreement with Brazil is results-based and imposes limited further conditions in relation to how funds should be spent and results reported. Future evaluation exercises may focus more explicitly on the *political* impact of the finance and the extent to which these funds incentivize national policy change.

The 2009 donation agreement specifies that Norwegian support to Brazil is based on payment for performance and the indicator used to determine future disbursements is “the results achieved in reducing greenhouse gas emissions from deforestation.”³⁶ Within this agreement, there are a small number of additional NICFI requirements relating to the functioning and reporting of the fund but the NICFI donation agreement does not explicitly require the reporting of aggregate results³⁷, the implementation of safeguards or the achievement of development results. This evaluation accessed available information available to draw conclusions in relation to the contribution which Amazon Fund has made to these areas. However, given the results-based focus for NICFI support to the Amazon Fund, future evaluation exercises may warrant a more explicit focus on the domestic political incentives created by the results-based payments.

Although the Fund does not produce aggregate reports, an analysis of available project documents indicates that NICFI goals and strategies are reflected in projects financed.

The process used to finance and monitor portfolio projects aims to guarantee that disbursements are based on particular outcomes. In order to evaluate if all projects under the portfolio are relevant and aligned with NICFI strategies a more in depth analysis would be needed. However, in the time available, the team compiled the table below which

³⁶ Article IV, paragraph 1 of Donation Agreement BNDES 25.03.2009

³⁷ Article VIII, item 1 in the donation agreement requires BNDES to assess the Fund's contribution to reducing emissions from deforestation and forest degradation, which implies assessing results on the level of the Amazon Fund and not on the project level. Project level reporting is the responsibility of the different proponents, and although BNDES makes elements of the project reports available to the public through its annual reports, BNDES' main responsibility in this respect is to aggregate these results and report, document and assess the contribution on an overall level. BNDES' use of the LFA methodology, both as a requirement towards project proponents, and internally on the Amazon Fund level is intended to make this aggregation of results possible.

summarises NICFI strategies and the main expected results of Amazon Fund portfolio projects.³⁸

Table 12 Amazon Fund Performance against NICFI Focal Themes

NICFI Goals and Strategies	Amazon Fund Performance
Capacity Building	20,171 people from 149 different institution (public and civil sectors);
Indigenous People	7, 000 indigenous people benefitting
Monitor Forest Cover and Biomass	41 million hectares
Ecosystem Services	12,569 families receiving payments
Improved Forest Governance	66.07 million hectares
Credible System for MRV	Investments in MRV is one of the criteria for project selection and several important projects with MRV components are being financed

Source: Analysis of 36 projects described in 2012 annual report

The Norwegian donation agreement specifies that BNDES should report on the Fund’s contribution to reducing emissions. Whilst BNDES and Norway are working to improve reporting, this should be done in ways which minimise transactions costs

Article VIII, item 1 of the donation agreement, states that BNDES shall “publish on the web the reports and documentation assessing the contribution of the Fund in reducing emissions from deforestation and forest degradation” (RNE, 2009a).

Current documents made available on the Amazon Fund website do not contain this information, Norwegian staff have identified this non-compliance with the donation agreement and although it is not seen as a major concern by either party, BNDES is working to improve this reporting structure. However, a decision to make accurate reporting of project-level emissions reductions mandatory may require grantees to incur unnecessary costs to produce information which may not be needed for decision-making or to secure national payments for results. The level of reporting required should be determined with potential transaction costs and information needs in mind.

Emissions reductions are, however, reported for the legal Amazon, using data from the National Institute for Space Research (INPE). It has also been an issue between Norway and Brazil that the monitoring system should be extended to cover the entire country – enabling a monitoring of possible leakage of deforestation to other biomes in Brazil.

³⁸ Based on 36 portfolio projects described on the 2012 Annual Report

The Norwegian donation agreement specifies that the Amazon Fund should only finance projects which are additional to existing Government commitments to reductions in deforestation. Concerns were expressed by some stakeholders that the Amazon Fund is financing activities which should be covered by the Government budget, but evidence is inconclusive

According to the donation agreement, projects financed by the Fund should be “additional to budgetary contributions by the Brazilian Federal Government in deforestation-reducing activities” (RNE, 2013a)³⁹ The Amazon Fund representatives noted that project proponents are required to explain how their activities are additional, but the evaluation team did not have access to documents that would enable an assessment of this. Some respondents questioned whether the \$29m to fire-fighting departments could be considered additional, but government stakeholders comment that the domestic budget alone is insufficient to effectively finance these departments.

The Brazilian Government committed US \$ 661 million of its own budget to contribute to implementation of the Plan of Action for Protection and Control of Deforestation in the Legal Amazon between 2012-2015 (MMA, 2013), but further analysis would be needed to identify if Brazil has reduced its own commitments on receipt of the additional funds from NICFI.

The application processes for the Amazon Fund remain demanding, which limits the type of organisations which can access the Fund. However, complementary capacity building support from independent foundations may increase the ability of NGOs and Amazonian States to access the Amazon Fund

Project proponents mentioned that the Amazon Fund project approval process is demanding, which limits the ability of smaller organisations to access the fund. Several organisations, including the Moore Foundation and Packard Foundation are investing in improving the governance and management systems of NGOs to enable them to access the fund. The Ministry of Environment is also working with Amazonian States to assist them in preparing proposals for the fund (interview responses).

The controversial ‘payback clause’ which requires grantees to return all the project funds to BNDES (with penalties) if the project does not deliver the results described in its proposal has attracted a number of complaints. Although this clause has never been used, BNDES is now revising the clause (interview responses).

³⁹ Item “d” of the Amended and Restated Donation Agreement signed September 2013

Government and civil society stakeholders noted that the Amazon Fund Steering Committee (COFA) had not been prioritized by Ministry of Environment and BNDES but had recently improved

According to both government officials and NGOs, the Steering Committee (COFA) had performed poorly in developing guidance and criteria for investments, and had not given sufficient oversight to ensure strategic alignment with the Ministry of Environment priorities. For example, a period of one year passed without a meeting being convened. However, stakeholders commented that this had recently improved. The evaluation team observed the most recent steering committee meeting and noted a high level of engagement from all COFA committee members.

Whilst historically concerns were raised that BNDES' other operations contributed to deforestation, during this evaluation stakeholders from within BNDES noted that managing the Amazon Fund had raised the profile of environmental issues within the bank

In 2010, interviewees critiqued BNDES operations for financing large infrastructure projects that lead to deforestation (McNeish *et al.*, 2010). However, during this evaluation, stakeholders representing BNDES, Government and Civil Society had begun to acknowledge that there has been some improvement in the understanding of environmental issues amongst BNDES staff and a greater reflection on the potential environmental risks of some projects financed.

BNDES is the most important economic development bank in Brazil, with total disbursements in excess of U\$68 billion in 2013 (BNDES, 2014). Representatives from BNDES noted that managing the Amazon Fund had increased the profile of environmental issues in the bank. It had also resulted in the strengthening of the bank's environmental department, which had previously only one person on its staff and now was an organised department with around 16 staff (interview responses).

Whilst it could be assumed that this may improve the environmental performance of the Bank's ongoing investment portfolio, it was not within the scope of this evaluation to assess this.

The BNDES communications materials provide a reasonable level of transparency in relation to the operations of the Amazon Fund, although some representatives noted reporting could be improved

In BNDES's view, the Amazon Fund team invests heavily in producing material and updating the website, which they note has become an example of good practice in transparency of fund management for other areas of the Bank.

However, for some civil society representatives, they feel that the Amazon Fund does not fully disclose the specific reasons why projects are refused.

A number of stakeholders also emphasize that Amazon Fund Annual report could be improved to include: (i) More detailed information on the projects; (ii) A more detailed description of the logic behind the Logical Framework; (iii) Report on aggregated results at a higher result level than the outputs provided by the individual projects.

3.2. Findings on financial modalities and processes

The model of results-based aid used in supporting the Amazon Fund is recognized by the Organisation for Economic Cooperation and Development (OECD) and the Amazon Fund activities are also eligible for overseas development assistance. However, results-based payments limit the donor's ability to influence the implementation process (i.e. *how* emissions reductions are achieved).

NICFI's support to Brazil is in line with the OECD definition (OECD, 2003) that defines overseas development assistance (ODA) as "flows of official financing administered with the promotion of the economic development and welfare of developing countries as the main objective, and which are concessional in character with a grant element of at least 25 percent."⁴⁰

Brazil is eligible for overseas development assistance, according to the OECD's list of eligible countries. In addition, the Amazon Fund's guiding criteria for project proponents describes three themes for projects, which are aligned with the definition of ODA. They are: 1. Activities to create economic value for standing forest (development); 2. Activities to promote regional territorial planning and land titling (development and welfare) and 3. Actions to structure and integrate the systems for monitoring, control and environmental monitoring in the Amazon (welfare)).

The OECD notes that "the key feature of results-based aid is the link between the aid intervention and strong incentives to encourage results" (Klingebiel, 2012). This is reflected in the NICFI donation agreement that requires results to be demonstrated in relation to reductions in emissions from deforestation. However, it was noted by the evaluation team that this limits the donors' ability to influence the implementation process, i.e. how emission reduction activities are being implemented or which safeguards are in place.

⁴⁰ Eligible projects must fall in at least one of the following categories: i) management of public forests and protected areas; ii) environment control, monitoring and inspection; iii) sustainable forest management; iv) economic activities from the sustainable use of forests; v) economic and ecological zoning, territorial planning and land ownership regulation; vi) conservation and sustainable use of biodiversity; and vii) recovery of deforested areas.

NICFI financial procedures required the demonstration of projected financial need over a six-month period, which meant disbursements to Brazil were delayed and required parliamentary exemptions

The 2009 Donation Agreement signed with BNDES, stated that disbursements would be made based on projected expenditures for activities to be financed by the fund in the coming six months. Since it took time to develop a project portfolio, and projects are financed in stages (in some cases over a period of up to five years), the Amazon Fund has been slow to disburse, resulting in large amounts of “unspent” funds in Norwegian accounts, which were budgeted and committed (Financial Processes Annex of this report).

At the same time, the Amazon Fund will only approve a project if it has funds committed to finance its entire implementation. This approach aims to prevent projects being unable to complete implementation due to shortfalls in funds. The Fund also does not issue calls for proposals unless it has funds available. This is designed to avoid raising false expectations amongst project proponents (interview responses).

Whilst the Amazon Fund had approved projects that matched NICFI commitments, it had only disbursed a small percentage of the total commitments. It therefore could not present six-month expenditure projections which would warrant the full transfer of the NICFI committed funds. Stakeholders noted that this had created misunderstandings about the need for resources.

In 2013 a parliamentary exception was agreed in Norway and the donation agreement was amended and restated allowing all the committed amounts to be disbursed to BNDES (2013 Donation agreement, article IV 2).

The new version of the agreement (2013) also opens the possibility, subject to Parliamentary approval⁴¹, for Norway to disburse additional (non-committed) funds. This will take place upon written request from BNDES, based on fulfilment of the reporting requirements, audits and emission reductions as attested by the Technical Committee.

A proposal for a solution has been tabled to the Parliament in the Proposed Revised State Budget 2014 (Meld St 2 2013-2014).

Whilst disbursements from BNDES to projects were initially slow, stakeholders recognise that BNDES procedures have improved and the pipeline of projects is increasing. Technical assistance from the German development agency, GIZ contributed to this improvement.

During the interviews carried under this evaluation in 2010, there was a widespread complaint that BNDES was too bureaucratic, had too many requirements, and was taking too long to approve projects (Norad, 2010). Interviewees in 2013, acknowledged that the

⁴¹ The 2013 Donation agreement also has specific provisions in case the Norwegian Parliament approval is not obtained.

processes have improved over time as BNDES has gained experience in managing the fund. For example, in 2012 the Fund implemented new guidelines for project proponents, internalizing suggestions and lessons learned.

In addition, it was noted that the Amazon Fund project approval process is similar to those financed by international development banks which typically take between 18 to 24 months to begin disbursements.

As of November 30th 2013, the total capital disbursed was US \$ 97.2million on 32 projects – or only 16 %⁴² of total donations. Concerns about the slow disbursement rates were raised by both the Norwegian Embassy in Brazil and the German development agency, GIZ. This resulted in a change of approach and the Fund made a recent call for larger projects that can incorporate multiple activities under one contract. Staff believe this will result in a substantially higher disbursement rate in the coming years.

In 2014, GIZ renewed a three-year agreement on technical cooperation with the Amazon Fund, where the main objectives are to improve results monitoring, provide support to management and improve the quality of projects submitted.

The evaluation found no concerns in relation to fiduciary risk in the Amazon Fund

Stakeholders interviewed on this topic acknowledged that the administrator of the Amazon Fund, the Brazilian Development Bank (BNDES) has a solid reputation and no claims of corruption or illegality have been raised against the institution or the Amazon Fund. Strict procedures, often seen as an excess of bureaucracy, appear to have been successful in ensuring that funds are well managed. In some cases, civil society interview respondents noted that the procedures had been responsible for raising the management standards of grantees.

Amazon Fund projects leverage additional funding and the Fund has attracted other donors but NICFI remains responsible for 98% of committed funds. BNDES is now developing a fundraising strategy to attract resources from other sources.

Current projects leverage additional funds at a rate of approximately \$1:1.54 (for each US\$1 it leverages US\$0.54 from other sources (Amazon Fund, 2013a).

Contributions from Germany and Petrobras remain less than 2% of total commitments. BNDES staff commented that they had focused efforts to date on establishing the fund and improving disbursement procedures. However, now that there are more projects in the pipeline, BNDES is preparing a fundraising strategy in partnership with the Ministry of Environment (MMA) and GIZ. Stakeholders from these three agencies commented that NICFI could further help the Amazon Fund communicate its achievements internationally in order to attract more donors to the Fund.

⁴² Portfolio bulletin (*Informe da carteira*) November 30th 2013

4. Results of progress towards NICFI objectives

4.1. Objective 1: To work towards the inclusion of emissions from deforestation and forest degradation in a new international climate regime

NICFI's contribution to the Amazon Fund has demonstrated the feasibility of a performance-based payment mechanism to the world, which sustained momentum for REDD+ both internationally and in Brazil

There was a consensus across interview respondents from civil society, academic institutions and government that NICFI support had positively influenced the development of the international climate regime by demonstrating how a national-level payment for performance system can work.

Over the last 7-8 years the Brazilian position on forests and climate changed from veto to proposition (Carvalho, 2010).⁴³ It is acknowledged by civil society, academic and Government interviewees that the creation of the Amazon Fund influenced this decision. Brazil has therefore become a major player in the international REDD+ negotiations.

This momentum has been particularly important in the absence of a binding agreement within the United Nations Framework Convention on Climate Change.

The scale of the NICFI commitment has a flagship effect that has the potential to leverage political support for actions to reduce deforestation nationally and internationally

Brazil had initiated the development of the Amazon Fund before any funds were pledged, but it was Norway who made the first and most high profile commitment and it was this commitment which made the Fund operational.

⁴³ From 1997 to 2005 the Brazilian position on forests and climate change can be described as a "veto" to mitigation actions regarding reduction of deforestation in the UNFCCC. From 2005 onwards there has been a slight change which can be framed as a "proposition" approach: strategic internal developments such as the reduction of deforestation and the Amazon Fund put Brazil in a favourable stance in UNFCCC negotiations regarding forests although the Brazilian proposal of an international fund did not become the leading view in REDD+ discussions (Carvalho, 2010)

Media reports on the Norwegian pledge to the Fund highlight the ‘one billion’ commitment and stress both the domestic and global implications of the pledge which include increased pressure on both Brazil and the global REDD+ process to deliver results (eg Reuters, 2008).

Interviews with Brazilian stakeholders also highlighted the local and global importance of the Fund, noting that it provided the first example of how national payments for emissions reductions could be managed at a large scale. It also cemented Brazil’s role as a major player in the international REDD+ negotiations.

The Amazon Fund has contributed to the development of national REDD+ readiness and stimulated debate amongst stakeholders

The design of the Fund, through a comprehensive debate with civil society, has been a positive experience at the country level. Most interviewees acknowledge that participation in the REDD+ debate has become a priority for policy-makers and NGOs involved in climate and forests issues.

According to the Amazon Fund annual report and the presentation in the 2013 donor meeting (Amazon Fund 2013a; 2013b), most projects supported by the Amazon Fund are aimed at fostering sustainable forest management, strengthening institutions, enforcing forest legislation and establishing systems for measurement, reporting and verification of emissions reductions, such as the Rural Environmental Registry (*Cadastro Ambiental Rural*) (Amazon Fund, 2013a).

It was therefore a consensus among interviewees that the Amazon Fund has played a key role in building readiness in the country.

Although Brazil is still designing a national strategy for REDD+, interview respondents from NGOs and Government representatives consider the Amazon Fund to be an important component in such strategy.

Most NGO and Government respondents acknowledged the importance of Amazon Fund projects that support state-level initiatives to reduce, control and monitor deforestation. Those projects can be seen as a step towards a REDD+ nested approach, which provides the framework for integrating subnational performance within a national strategy.

The design of the Amazon Fund has been presented internationally, but stakeholders commented that lessons learned from both fund and project implementation could be more widely shared

The Amazon Fund has been in place since 2008 and has been presented and discussed in COPs and other international events both by Government bodies (Ministry of Environment and BNDES) and CSOs, which are project grantees (e.g. The Nature Conservancy and the Amazon Environmental Research Institute (IPAM)).

NGO interviewees, Ministry of Environment and BNDES staff that follow UNFCCC negotiations have confirmed that Brazilian negotiators in UNFCCC meetings constantly cite

the Amazon Fund as an example of a simplified solution to capture REDD+ finance flows to compensate for national performance.

BNDES and the Ministry of Environment have presented the Amazon Fund in at least three side-events at United Nations Framework Convention on Climate Change conference of parties. They have also presented in international events such as the REDD+ Oslo Exchange. The Nature Conservancy (Doha, 2012) and IPAM have also promoted side events at conferences of parties to showcase Amazon Fund project results. IPAM has also shared information at meetings in Tanzania and Indonesia.

However, respondents from both BNDES and civil society acknowledged that communication and dissemination of lessons learned both from the Amazon Fund operations and from individual projects should be improved.

The Amazon Fund has created new opportunities for south-south cooperation with other countries in the Amazon Basin.

The Amazon Cooperation Treaty Organisation project was the first international project approved by the Fund after five years of its operation. It is regarded as a relevant south-south technical cooperation activity for Brazil and other Amazon Basin countries. According to representatives from the Ministry of Environment, it improves Brazilian diplomacy in the regional forest context and demonstrates responsibility towards addressing climate issues outside country borders, including preventing leakage.

Conclusions

NICFI support in Brazil has positively influenced the development of the international climate change regime, by demonstrating a functional national level payment for performance system.

The scale of the Norwegian commitment creates a 'flagship' effect that has political leverage, both nationally and internationally.

The design of the Fund, through a comprehensive debate with civil society, has been a positive experience at the country level that has contributed to national readiness and has generated lessons learned that, to some extent, have been shared nationally and internationally.

4.3. Objective 2: To take early action to achieve cost-effective and verifiable reductions in greenhouse gas emissions

Brazil reports reductions in emissions as a result of avoided deforestation but these cannot be directly attributed to Amazon Fund activities

Brazil avoided deforestation of 6.19 million hectares from 2007 to 2013, averting 3 billion tons of CO₂ emissions⁴⁴. However, the reduction cannot be directly attributed to the Amazon Fund project activities. Emissions were decreasing as a result of national policy changes and other national activities prior to 2007, and there is no counterfactual that can illustrate the likely trajectory of change in the absence of the NICFI support, which is channelled through the Amazon Fund.

The Amazon Fund's Project Document states that reduction of national deforestation will come from an integrated effort between the Amazon Fund and other public policies. Therefore, the Amazon Fund is part of an integrated strategy to reduce deforestation and not the only mechanism being used.

The donation between Norway-Brazil considers all emissions reductions achieved in the country and not just emissions reductions achieved directly by Amazon Fund funded projects or activities (RNE, 2009).

According to the donation agreement, Norwegian support to Brazil is based on payment for performance and the indicator used to determine future disbursements is "the results achieved in reducing greenhouse gas emissions from deforestation"⁴⁵. The payments are directed to the Amazon Fund, which identifies eligible projects to be funded.

Although it is not a requirement of the project approval process, 17% of the projects financed by the Amazon Fund have "emission reductions" among their stated expected results⁴⁶.

According to the methodology described in the Amazon Fund Project Document⁴⁷ (Amazon Fund, 2008) and agreed in the donation agreement, the annual climate impact achieved by the Brazilian government has been substantial, as depicted in Table 13.

⁴⁴ INPE website: <http://www.inpe.br>

⁴⁵ Article IV, paragraph 1 of Donation Agreement BNDES 25.03.2009 (Amazon Fund, 2009a)

⁴⁶ The projects are: 1. Bombeiros Florestais Mato Grosso, 2. Proteção Florestal Tocantins, 3. Rondonia mais Verde, 4. Pará Combatendo os Incêndios Florestais e Queimadas não Autorizadas, 5. Florestas de Mangue and 6. Assentamentos Sustentáveis na Amazônia,

⁴⁷ The annual deforestation rates (DR) to be used in emission reduction computation shall be annually compared with the average deforestation rate for the past ten years (pg 13).

Table 13 Reduced Deforestation in Brazil

Year	Reduced Deforestation (hectares)	Carbon Emission (metric ton)	Tonne CO ₂ (equivalent)	US \$ Value '000	Norway Commit. '000 (US\$)
2007	412,560	54,540,496	200,000	1,000,000	0
2008	62,029	82,628,852	303,000	1,515,000	0
2009	919,841	121,238,506	445,918	2,229,590	113,820
2010	954,905	126,238,506	462,917	2,314,583	138,210
2011	1,011,208	133,681,702	490,211	2,451,054	162,600
2012	1,196,796	158,216,417	580,179	2,900,898	162,600
2013	1,068,800	141,295,360	518,130,085	2,590,650	n/a

Source: Amazon Fund documents (2013e) and evaluators' calculations

NICFI's support to the Amazon Fund has supported activities which are likely to contribute to reduction in deforestation through tackling the drivers of deforestation at national and sub-national level

The Amazon Fund is financing projects that, once completed, will have trained 20,171 people from 149 different institutions through courses, workshops and knowledge transfer events. Among the courses are relevant topics, such as: using monitoring technologies to fight illegal deforestation, training fire brigades, sustainable forest management practices (Amazon Fund, 2012).

The fund is contributing to the implementation of programmes at sub-national level. States, such as Amapa, Mato Grosso and Para, have launched programmes to reduce deforestation, which are under implementation partially funded by the Amazon Fund (Amazon Fund, 2012).

The Fund has also supported legislative innovation. For example, finance from the Amazon Fund enabled piloting of the Rural Environmental *Registry (CAR)* which registers the ownership of land in geo-referenced databases. This has since become national policy and is highlighted as a key tool in enforcing the Forest Code and other environmental laws (Amazon Fund, 2012).

The Amazon Fund could improve the way it documents lessons learned and communicates its contribution to reductions in deforestation

Whilst Brazil has a national approach to reducing deforestation and therefore there is no expectation that the Amazon Fund would develop the capacity for standalone REDD+ projects such as ones supported through the voluntary carbon markets, several stakeholders

did comment that there is limited information available in relation to the Amazon Fund's contribution to emissions reductions.

There is only one publication about REDD+ on the Fund's website.

Although minutes from the Technical Committee demonstrate that the committee called for the creation of reports that would enable the evaluation of the Amazon Fund's contribution to reductions in deforestation, the Amazon Fund has not yet done this.

Whilst the Amazon Fund has an informative website, it does not release detailed information on the different projects it is supporting. This means it is not possible to assess the results of these projects or their contributions to reducing emissions. The Norwegian Embassy in Brazil has raised this issue in emails and discussions with BNDES, which in turn mentioned that the Amazon Fund is currently improving its reporting format.

Dialogue on REDD+ and the profile of the Amazon Fund's operations has created incentives for further development of national climate policy

The financial support provided by NICFI can be seen to have produced a significant stimulus to policy debates on deforestation and emission reductions in Brazil (McNeish *et al.*, 2011).

Most stakeholders interviewed in late 2013 also acknowledged that participation in the REDD+ debate has become a priority for policy-makers and civil society organisations involved in climate and forests issues and much of this is down to the prominence of the Amazon Fund.

Stakeholders in Brazil identify the Amazon Fund (to which NICFI was the first and is the largest donor) as having been influential on the development of other elements of Brazil's national low carbon framework: the National Policy on Climate Change; voluntary commitments to reduce emissions; and the Climate Change Fund.

Brazil's system for measurement, reporting and verification of results is well regarded. NICFI is financing its implementation in Brazil and its expansion to other Amazonian countries

The National Institute for Space Research (INPE) documents and measures emissions reductions. The 2010 real-time evaluation report (McNeish *et al.*, 2011) found that INPE's monitoring and reporting programmes are in accordance with IPCC standards and the guidelines of the GOFC-GOLD sourcebook for REDD (GOFC-GOLD, 2008). Although NICFI did not directly contribute to INPE's achievements or to the creation of monitoring and reporting (MR) programmes in Brazil, via the Amazon Fund, it is financing the implementation of this system in Brazil and its expansion to other Amazonian countries. The emission reduction results are verified by the Brazilian Space Agency.

According to Amazon Fund Annual Reports, the Fund has made relevant financial commitments that are expected to improve monitoring and reporting covering an area of more than 66.07 million hectares. The Fund also approved a satellite imagery project that

aims to strengthen monitoring in the entire Amazon region (including all seven border countries). This includes support to 17 courses on monitoring technologies that will be delivered in neighbouring Amazonian countries (Amazon Fund, 2012).

A comprehensive set of social and environment safeguards are applicable to the Amazon Fund, but there is no clear information available on how compliance with these safeguards is monitored during project execution

The operation of the Amazon Fund is coherent with the Brazilian position that payments for emissions reductions should be connected to safeguards on Indigenous Peoples rights and biodiversity conservation.

In selecting projects, the Amazon Fund uses criteria aligned with the eight principles developed in 2010 by the Brazilian civil society (IMAFLOA, 2010). This participatory process was facilitated by the Brazilian Institute of Forest and Agricultural Management and Certification, together with the Amazon Working Group (*Grupo de Trabalho Amazônico*) and Coordination of the Indigenous Organizations of the Brazilian Amazon. These are more far-reaching than UNFCCC safeguards in addressing benefit-sharing and economic sustainability. The table below demonstrates how these principles have been directly reflected in the Amazon Fund criteria. Respondents from the Amazon Fund noted that risk management was given high priority during project selection.

Whilst these safeguards are displayed in the website and Amazon Fund staff report specific provisions are incorporated to contracts on a case-to-case basis, there is no clear information available to describe how BNDES monitors compliance with such safeguards during project execution.

Indigenous people are represented in the Amazon Fund steering committee, and their consent is required for projects that involve them, but some stakeholders feel these provisions are not strong enough.

The Coordination of Indigenous Organisations of The Amazon Basin, an indigenous rights organisation composed of 75 member organisations from all nine states of the Brazilian Amazon is one of the civil society representatives in the fund's steering committee.

Interview respondents highlighted that this steering committee and the BNDES were interested to ensure that safeguards are implemented.

Free, prior and informed consent (FPIC) is considered, to some extent, within the Amazon Fund project document, as follows:

"Projects involving traditional communities and indigenous people will necessarily present a document that proves previous consent from communities or from their representative institutions. The involved communities should be mentioned in the project. Projects related to the duties of public institutions, or to the establishment of public policies do not necessarily require consent from beneficiaries" (Amazon Fund 2008).

Table 14 REDD+ Safeguards versus the Amazon Fund Criteria

REDD+ Social and Environmental Safeguards	Amazon Fund Criteria
Legal Compliance	Environmental licencing and no involvement in illegal labour practices.
Recognition of rights to lands, territories and natural resources	Priority to the creation of protected areas and designation of public forests, as well as supporting land tenure reform processes.
Fair, transparent and equitable benefit sharing	Priority to payment for ecosystem services connected to forest cover enhancement or recovery; fair distribution of resources among stakeholders
Economic sustainability, improvement in quality of life and poverty alleviation	Priority to projects that foster sustainable activities and scientific and technological development that contribute to a sustainable economic model for the Amazon region; priority to sustainable forest management; projects with benefits for local communities; rural settlements and small producers.
Environmental conservation and recovery	Enlargement of protected areas; management of public forests and protected areas; recovery of degraded areas, especially permanent protection areas and legal reserves.
Participation in actions and decision-making processes	Projects must include the consent of all partners; projects involving local communities and Indigenous Peoples must document prior consent from communities or representing entities.
Monitoring and transparency	Developing a mechanism for dissemination on the web; developing measurable indicators connected to the objectives of the Fund.
Fostering good governance and alignment with national, regional and local policies and guidelines	Coherence with Federal and State plans for the control and prevention of deforestation (PPCDAM); coherence with the Sustainable Amazon Plan (PAS); priority to state and municipal level institutional strengthening projects, as well as projects with shared governance of NGOs, private or public sector and local communities.

Source: IMAFLORA (2010) and www.fundoamazonia.gov.br

Civil society representatives expressed concern that the Indigenous Peoples Federal Agency, a Brazilian Government body could be considered as a representative institution of Indigenous Peoples for purposes of consultation and consent. Ultimately it was stressed that consultation should be conducted with indigenous people themselves since they are autonomous.

Conclusions

Brazil is reporting emissions reductions, but these cannot be directly attributed to NICFI's support.

NICFI funding has been instrumental in assisting Brazil in funding activities that addressed the drivers of deforestation at sub-national level, but communication around the contribution being made is weak.

NICFI support will contribute to the implementation of systems for measurement, reporting and verification.

Whilst appropriate safeguards are applied to decision-making within the Amazon Fund, further information is needed to assess their implementation and the extent to which indigenous communities are being appropriately consulted.

4.4. Objective 3: To promote the conservation of natural forests to maintain their carbon storage capacity

The Amazon Fund has been designed to support activities that conserve natural forests

Conservation is one of the most important focuses of the Amazon Fund. Key documents such as the Amazon Fund Project Document, and the Amazon Fund Decree, as well as internal documents such as BNDES' project guideline and evaluation criteria prioritise activities to conserve forests and increase the economic value of standing forests.

Activities financed by the Fund are expected to contribute to the conservation of millions of hectares of tropical forest

The Amazon Fund is widely acknowledged by the Ministry of Environment and other stakeholders as an important source of funding for the implementation of environmental policies and the creation of protected areas. A review of projects submitted by State Governments showed that eight of the nine projects submitted focused on this. These are considered "additional" to pre-existing Government commitments on protected areas since Government is not able to fully enforce the currently designated areas and is using resources from the Amazon Fund to create new areas. For example, the Amazon Fund

annual report (2013) highlights that the Fund is financing key studies and gathering necessary data for the creation of large public protected areas.

The importance of protected area creation as a national strategy for forest conservation is clearly specified in the Amazon Region Protected Areas Programme (ARPA) and Plan for the Control and Prevention of Deforestation of the Legal Amazon (PPCDAM). Interviewees also acknowledge the importance of this strategy.

The ARPA has received support from the Amazon Fund, which is continuing into ARPA's second phase. Through this support to the second phase of ARPA, the Amazon Fund is directly financing the studies and initial infrastructure to create 13.5 million hectares of protected public conservation areas at a cost of US\$ 0.68 per hectare.⁴⁸

The Fund is investing to strengthen environmental management and control on existing public protected areas totalling 56 million hectares.

The Fund approved a US\$ 31.8 million project that aims to “implement the forest inventory in the Amazon biome and organize information on forest resources, carbon stock and use of territory by the population in the region⁴⁹” on an area of 419.7 million hectares (40% of the Brazilian territory).

There are 6 projects in the portfolio, with a total value of R\$ 82.6 million (approx. NOK 221,972,550) that aim to expand knowledge on biodiversity and to develop new products and solutions using Amazon's biodiversity (creating sustainable economic alternatives to deforestation).

Stakeholders interviewed argue that the environmental registry of properties, which is being funded by the Amazon Fund, will supply State Environmental Agencies with detailed information about land use guidelines and the location of protected areas. This should also facilitate the enforcement of environmental regulation and enable natural forest conservation.

Conclusions

The Amazon Fund is an important source of funding for the implementation of environmental policies and the creation of protected areas.

NICFI's support to the Amazon Fund is directly contributing to financing both the establishment of 13.5 million hectares of new protected areas and the improvement of infrastructure to enforce conservation measures in pre-existing parks, covering at least 56 million hectares.

⁴⁸ Although the total project cost is US\$ 76 million the total financed by the Amazon Fund was US\$ 9.26 million.

⁴⁹ Project National Forest Inventory – Amazon

4.5. Objective 4: Contribute to the general objectives of Norwegian development cooperation

The objective to achieve development results is not mentioned in formal agreements between NICFI and the Brazilian Government, but the Amazon Fund project approval processes require coherence with development plans

There is no clear evidence that NICFI placed any requirements in relation to the achievement of development objectives on their financing. Although Norwegian representatives were involved in discussions regarding the design of the Fund, the memorandum of understanding and donation agreement do not have specific provisions regarding expected development results or safeguards, although sustainable development is mentioned.

All projects funded by the Amazon Fund are required to demonstrate their coherence with the Sustainable Amazon Plan (PAS) and PPCDAM (Action Plan to Prevent and Control Deforestation in the Brazilian Legal Amazon). These plans are intended to provide a roadmap to support sustainable development in the Amazon.

Both Amazon Fund Project Documents (2008 and 2013) state that ‘beyond the contribution to reduction in greenhouse gas emission, the projects supported by the Amazon Fund will also contribute to the implementation of public policies for deforestation prevention and fighting, and to the promotion of sustainable development in the region’. More specifically, the Fund is expected to contribute to economic activities from the sustainable use of forests; sustainable forest management; economic and ecological zoning, territorial planning and agrarian regulation and conservation and sustainable use of biodiversity.

32% of Amazon Fund finance has been allocated to projects which contribute to “economic activities from the sustainable use of forests”.

Many of Norway’s development regulations requiring respect for national policies, transparency and monitoring of results and legality of proponents and operations are embedded in Brazilian legislation, which is strictly followed by BNDES. Examples are the need for activities proposed to have an environmental licence, and to conduct consultations with stakeholders. Guidelines are also incorporated in the Amazon Fund contracts on a case-by-case approach.

The Amazon Fund criteria specifies the need for projects to develop results indicators on development issues, but more systematic monitoring would be needed to assess the aggregate impact of projects from a development perspective

When assessing projects, BNDES criteria states a requirement for results indicators but there is no systematic process to aggregate reporting against these indicators.

NICFI resources are contributing to improvements in land tenure and spatial planning. This has the scope to increase benefits to indigenous people from the fund's operations

The current Project portfolio presented at the 2013 Donor Meeting reflects BNDES view of development aspects and the role of the Amazon Fund. An amount of R \$ 550 million has been invested in the four components of the logical framework as follows: R \$ 177 million (32%) in sustainable production; R \$ 197 million (36%) in institutional development; R \$ 60.5 million (11%) in land use planning and R \$ 115.5 (21%) million in scientific and technological development. The projects approved under the institutional development component of the Fund, mostly proposed by States and municipalities, are especially relevant for forest sector transparency and governance. One example is the investment on environmental regularization and the rural registry.

At the time of writing this report⁵⁰ there were only a small number projects aimed at Indigenous Peoples and Local Communities (*Bolsa Floresta* - Forest Allowance Programme; Dema Fund and Kayapó Fund), but stakeholders commented that the Fund has a greater potential. For the period 2013/2014, the steering committee (COFA) specified that one of the focus areas for land-titling should be “preparing and implementing territorial and environmental management plans for indigenous land, in compliance with the National Policy of Territorial and Environmental Management of Indigenous Territory”.

There are no specific requirements for projects to tackle gender issues or to report on their contribution to gender equality

Gender is not mentioned in the project guidelines and most interviewees acknowledged that this issue has not been looked into. Whilst, BNDES staff pointed out that gender issues are observed in all Bank operations and the safeguard is non-discrimination, other Brazilian Government representatives acknowledge that ensuring Amazon Fund investments promote gender equality deserves further work.

Gender is indirectly addressed by the Fund in one project (*Bolsa Floresta* - Forest Assistance Programme), as women in protected areas in Amazonas State are the ones who

⁵⁰ A new fund for support to indigenous people was approved in 2014, after this assessment had taken place.

receive payments related to forest conservation. Other projects could be achieving similar results, but no information at that level of detail is presented in the annual report.

NICFI support to the Amazon Fund was seen as aligned with the principles of the Paris Declaration for Aid Effectiveness, and coordination with German cooperation is improving

NICFI support to Brazil meets the principles of ownership, alignment and mutual accountability as the Amazon Fund is a Brazilian construction in which Norway has participated since the beginning. Both countries and other donors keep participating in improvement initiatives through donor meetings, formal and informal exchanges and technical cooperation.

Some interviewees stated that harmonization with German cooperation could be strengthened. However, it appears that this is already in progress as respondents from the Royal Norwegian Embassy mentioned that they are considering cooperating with GIZ on setting up a mechanism to help stakeholders to prepare project proposals to the Fund. The two countries are also discussing the possibility of carrying a joint fundraising mission in Germany.

Conclusions

The Amazon Fund is designed to contribute to sustainable development and funds have been allocated to activities which have contributed to improving governance and resolving land tenure issues.

There is no formal reporting on development outcomes that would allow results to be aggregated and no attention has been given to ensuring that projects supported by the fund promote gender equality.

NICFI support to a nationally driven initiative is compliant with the Paris Declaration and coordination with German cooperation is improving.

Annex 8 Guyana

1. Introduction

1.1. Overview of the unit of analysis – NICFI Support to Guyana

The NICFI support to Guyana is provided through three main channels:

- A bilateral partnership on REDD+;
- Norad-managed Civil Society Support Scheme; and
- The Forest Carbon Partnership Facility (via the Inter-American Development Bank).

Guyana is a partner country in the UN-REDD programme, but does not have a UN-REDD National Programme and does not receive funding via this support modality.

The bilateral support is by far the largest support channel, with a total possible budget of \$ 250 million up to 2015. The total proposed budget (not yet disbursed) from the Forest Carbon Partnership Facility's readiness-fund is \$ 3.8 million.⁵¹

A summary of each channel of NICFI support to Guyana is provided at the end of this annex.

1.2. Country Context

President Bharrat Jagdeo, who was instrumental in brokering the Guyana-Norway partnership, stepped down as president in December 2011. His successor, Donald Ramotar, is from the same political party (the People's Progressive Party), and he has been similarly supportive of the bi-lateral agreement and Guyana's Low Carbon Development Strategy. At the time of the change in president the Ministry of Natural Resources and Environment was created, with overarching responsibility for, inter alia, both mining and forest/environmental protection. Questions have been raised about a possible conflict between these opposing remits for the new, relatively inexperienced ministry.

The real-time evaluation's 2010 Guyana Country Report noted the need for a stronger bi-partisan approach to minimise the politicisation of the Low Carbon Development Strategy, however, this does not appear to have been achieved yet. The combined opposition parties gained a one-seat majority (33 seats) in the National Assembly in the 2011 elections, and have been able to block government budget proposals relating to the strategy. Although

⁵¹ It is not possible to meaningfully disaggregate the Civil Society Support Scheme funding that was used in Guyana as the project budgets are disaggregated by activity rather than by country.

there has been widespread political support for the strategy in the past (and continues, at least in (underlying) principle), there appears to be growing opposition to the way specific 'projects'/activities of the Low Carbon Development Strategy's project portfolio, such as the Amaila Falls project, are being implemented. The politicisation of aspects of the Low Carbon Development Strategy seems likely to increase, due to opposition party and civil society concerns about the way government appears to be trying to 'control' the Multi-Stakeholder Steering Committee, and the use of the Strategy to favour the interests (and perceived supporters) of the government.

A further important occurrence has been the increase in the rate of deforestation in Guyana, mainly due to (gold) mining. The price of gold increased sharply since the 2010 Guyana Country Report, with prices rising from around \$37,500/kg in 2010 to peaks of over \$55,000/kg during 2011 and 2012, though prices are down to \$42,500/kg in 2014. As a result, the rate of deforestation in Guyana increased in 2012 to 0.079%, which means that the REDD+ payments from Norway were reduced by approximately \$20 million for year three (2012). This indicates the fragility of Guyana's low deforestation rate, and the lack of resilience to the drivers of deforestation. It also raises the question whether there should be reduction or mitigation projects/activities directly relating to (gold) mining added to the Low Carbon Development Strategy.

A final contextual issue to note is that there is increasing awareness among Guyanese stakeholders of the fact that Norway's payments under the bi-lateral agreement are classified as being Official Development Assistance (ODA). Previously the payments were viewed by most stakeholders as being 'earned income', and there is a sense of puzzlement and disillusionment with the funding modality and institutional/administrative arrangements. With the benefit of hindsight, communication on this issue could have been better from the start of the partnership, and clearer communication may still be needed to address any remaining confusion and frustrations.

1.3. Description of operational and management processes in NICFI support to Guyana

Guyana – Norway bilateral REDD+ support

Within the NICFI Secretariat, day-to-day management is the responsibility of a desk officer, and regular support on technical monitoring, reporting, and verification (MRV) is provided by another member of staff. There are periodic country visits to Guyana by the NICFI secretariat staff, with the most recent visit in March 2014.

Norway does not have a permanent representative in Guyana, and diplomatic oversight is provided by embassy staff outside the country. During the initial stages of the Guyana-Norway partnership diplomatic representation was provided by the Norwegian Ambassador

to the Caribbean, with the post based in Oslo. Latterly, diplomatic oversight has been provided by the Norwegian embassy in Brazil.

The activities undertaken through the Guyana-Norway partnership, and other details of the partnership, are set out in a Joint Concept Note, which is periodically updated to reflect changing circumstances and any lessons learned during the course of implementing the partnership activities. Monitoring the process on these activities is achieved through annual self-assessment reports, and independent third-party verification.

Guyana – Forest Carbon Partnership Facility

The Forest Carbon Partnership Facility is administered by the Inter-American Development Bank, on behalf of the World Bank, and the focal point for the Government of Guyana is the Guyana Forestry Commission.

Civil Society Support Scheme

At the Oslo end, this is managed by the Norad Civil Society Department. Supported projects in Guyana are managed by the lead organisation, usually an international non-governmental organisation, either through Guyana country offices or through Guyanese partners, such as the North Rupununi District Development Board.

1.4. Description of financial processes involved in NICFI support to Guyana

Norway's payments to Guyana are managed through the Guyana REDD+ Investment Fund (GRIF), with the World Bank as trustee. The current implementation partners are the Inter-American Development Bank and the United Nations Development Programme, and Conservation International is currently applying to become an additional implementation partner.

Norway makes payments into the Guyana REDD+ Development Fund (with three payments made to date), dependent on Guyana's fulfilment of the forest and 'enabling activity' indicators listed in the Joint Concept Note. The Government of Guyana can then access the funds by proposing projects, subject to the financial, environmental, and social safeguard processes of the designated implementation partners (Inter-American Development Bank and the United Nations Development Programme).

A Steering Committee for the Guyana REDD+ Development Fund is chaired by the Government of Guyana, with the Government of Norway as a member. Other members include the World Bank, the implementation partners, and civil society members as observers.

2. Methodology

The methodology used for undertaking the evaluation was a combination of a document review, and semi-structured interviews and focus groups with key stakeholders during a country visit to Guyana from 28 April to 2 May 2014. The individuals interviewed and documents reviewed are provided in Annex 1 and Annex 2 to the main report.

3. Results on Operational and Financial Processes

3.1. Findings on operational and management issues

There is a highly effective working relationship between the Guyana Forestry Commission and the NICFI secretariat staff on technical monitoring, reporting and verification issues

Members of staff from the Guyana Forestry Commission commented that they are able to communicate easily with NICFI staff, and are able to jointly find solutions to issues that arise. This also ensures that there are no surprises at the time of the verification reporting. Guyana's capacity for monitoring, reporting, and verification system has developed exceptionally quickly (it should be noted not all due to Norway's support, there was a year of other (non-Norwegian) bilateral funding prior to Norwegian funds being available to GFC), and the relationship with NICFI technical staff appears to be highly effective.

There is regular communication between the Government of Guyana and the NICFI secretariat, but a Norway bilateral support focal point/interlocutor based in Guyana, at least on a part-time basis, would be welcomed by almost all respondents.

The Guyana Office for Climate Change has monthly contact with the Ministry of Foreign Affairs in Oslo to discuss progress under the Joint Concept Note. However, there have been some perceived miscommunications between Norway and Guyana, for example on the availability of funds for communication activities, and, perhaps most notably, regarding the administrative burden (with fees paid to external 'fund-managing' entities) with regard to Norwegian payments. Almost all the stakeholders interviewed, including Guyanese

government representatives, would welcome a Norway bilateral support/NICFI focal point/interlocutor based in Guyana.

One potential advantage of having a representative in the country would be a greater awareness of any issues or miscommunications that arise, and having the ability to address and correct them. The presence of a representative may also help to mitigate some of the more partisan and non-transparent activities related to the Low Carbon Development Fund. The position could have a regional remit based part-time in Guyana and part-time in Brazil, with costs minimised through the use of either the EU or World Bank offices in Georgetown (with the possibility of the representative being an 'embedded' member of World Bank staff, as per the arrangement DFID had with the World Bank in Cameroon). There is also scope for (and potential transparency benefits to be gained from) engaging Norwegian/external media with a 'fly-on-the-wall' documentary-style remit re the representative's (and the Guyana stakeholders he/she engages with) activities.

There are limits to the effectiveness of the 'enabling activity' indicators in the Joint Concept Note for managing and monitoring the implementation of the activities

The indicators in the Joint Concept Note are reasonably specific, with specified time-periods for implementation, however, they are still open to overly wide interpretation and they also allow some divergence from the underlying intentions and spirit in which they were created. The most notable example is the case of the Multi-Stakeholder Steering Committee: although it includes a large number of relevant stakeholders, it also excludes representatives from opposition political parties, and, according to a range of government and non-government informants and Rainforest Alliance (2012), two members of the committee who were considered overly vocal in their criticisms of some of the projects (and hence, it was perceived, of the government) have been de-selected, one formally/transparently, the other informally with no paper-trail. Questions have also been raised about the genuine representativeness of some members of the committee; in particular those who claim to represent Amerindian communities.

The openness of the indicators to differing interpretations also partly explains the varying results in the verification reports for the enabling activities in 2012 and 2013, though there may also have been genuine progress on the indicators as the two reports relate to different time periods. The problem of interpretation can be partially mitigated by increasing the specificity of the indicators in future iterations of the Joint Concept Note, but ensuring adherence to the spirit of the partnership should also be addressed at a higher political level.

3.2. Results on financial modalities and processes

One of the greatest concerns raised about the Guyana-Norway partnership is the slow disbursement of funds from the Guyana REDD+ Investment Fund

Almost all the stakeholders expressed concern about the slow disbursement of payments from the Guyana REDD+ Investment Fund, and, tellingly, this was also raised as a concern four years earlier in the 2010 Guyana Country Report. Delay in disbursing funds is cited as one of the barriers to implementing the enabling actions agreed to in the Joint Concept Note (Government of Guyana 2013a), and has also threatened the political and public acceptance of the Guyana-Norway partnership (Rainforest Alliance 2012; Government of Guyana 2013b). One major reason for the delay appears to be the time required to work through the World Bank's (and/or Inter-American Development Bank's, and/or the United Nations Development Programme's) procedures, including their safeguard compliance processes; however, capacity of the Government of Guyana and the level of effectiveness of interaction between institutions are other factors.

Although there is serious concern about the impact of the delays, a number of stakeholders also commented that they believe the safeguard processes are important and necessary, particularly with regard to the financial safeguards. In addition, the use of intermediaries, such as the World Bank, may also have the benefit of ensuring the conditionality of a results-based payment approach, as they are not incentivised to disburse funds when the payment conditions are not met (Angelsen, 2013). On the other hand, the intermediary agency/ies *should* disburse funds as quickly and efficiently as possible when payment conditions *are* met, and at present the World Bank and other implementation partners are not incentivised to do so because their commission is not related to the efficiency or timeliness of disbursements.

In addition to the safeguard compliance process, respondents also suggested that some delays may be due to slow sign-off by the Guyana Ministry of Finance, and also the limited number of personnel available to develop (and a lack of a clear/transparent process for stakeholders to access – see below) the project pipeline in the Guyanese Project Management Office. There was also some confusion regarding the extent to which the expenditure approved by Guyana REDD+ Investment Fund Steering Committee would subsequently also go through a national parliamentary approval-by-voting process – apparently in an attempt to allow the Government of Guyana to report Norwegian funds as being part of their (published) national finances. This has given scope for opposition parties to 'block'/vote against expenditure for the Low Carbon Development Strategy activities they feel have been politicised by the government.

In addition to perceived politicisation, there are other concerns about which Norway should be aware, some with the potential for reputational risk to Norway/NICFI. Most of them relate

to the Low Carbon Development Strategy, it being a stand-alone more-or-less ad hoc collection of projects which are operating in a parallel policy environment, in which the Government of Guyana is still maintaining a high carbon development path/trajectory (e.g. new (non-green) construction projects, transport/motor vehicle import practices and incentives). The wisdom of constructing a single large hydroelectric power dam (as opposed to several smaller hydroelectric power schemes closer to centres of population) is challenged by many Guyanese stakeholders, and also the World Bank. As well as being challenged technically (water flow is not guaranteed for all 12 months) and ecologically, there is also apprehension about the need to acquire a lot of additional investment, most likely to be sourced from China. This chimed with other questions raised regarding the growing involvement and influence of China with regard to ('rare earths') mining, as well as (no-local-added-value/processing) logging operations. A high level (at minimum ministerial-level) visit by the Norwegian government to explore and discuss these and other issues, would be helpful in preparing Norway/NICFI for negotiating a second Memorandum of Understanding, and also to impress on the Government of Guyana that Norway, whilst fully respecting national sovereignty, is keen to see that all uses of Norwegian funds are unlikely to damage Norway's (and NICFI's) international reputation(s).

International non-governmental organisations could offer an alternative route for disbursing funding

The Guyana Forestry Commission had experienced delays in accessing funds via the Inter-American Development Bank, but had been able to source alternative funding via Conservation International in the interim. One reason that Conservation International was able to disburse funds more quickly was because it has a greater understanding of the technical details of the Guyana Forestry Commission's work, and therefore required less time to understand the nature of a funding request. It was commented that the United Nations Food and Agriculture Organisation or the International Tropical Timber Organization or the REDD+ Secretariat may also be suitable as alternative fund administrators, as they also understand the REDD+ context. However, it was also noted that the Inter-American Development Bank is also building its own capacity on REDD+, and so this situation may change.

Other stakeholders commented that international NGOs, such as Conservation International or WWF, might be a good alternative route for disbursing funds as they have experience in working with communities, and their overall organisational objectives are aligned with the objectives of the Guyana-Norway partnership. An alternative view was that using such NGOs would be a backward step in terms of sovereignty and accountability, and that there would be a risk of such NGOs being compromised, become financially dependent on managing such funds, and be(come) unprepared to be critical of the Government. However, it is unlikely that a highly critical NGO would be appropriate either, and political neutrality may be a necessary characteristic for ensuring the efficient disbursement of funding. Other alternatives suggested by stakeholders are a sovereign trust fund, direct bilateral disbursement from Norad and individual payments to all citizens/voters in Guyana (as per the Alaska Permanent Fund dividend scheme).

The development banks may be most appropriate fund managers for large capital projects, or projects where there is a high financial or fiduciary risk, and that other more flexible intermediaries, such as out-sourced disbursement agents (like the CBFF has) or international NGOs, could disburse/manage funding for smaller or less risky or NGO projects. Another possibility is to have a revolving fund that is able to disburse small amounts of funding more quickly.

Access to the project pipeline for the Guyana REDD+ Investment Fund appears to be tightly controlled

Most stakeholders did not know if or how they could propose projects for funding through the Guyana REDD+ Investment Fund. In some cases government agencies (such as the Environmental Protection Agency) had ideas for interventions to reduce deforestation, or had limited resources for forest protection activities, but did not consider the Guyana REDD+ Investment Fund as a possible source of funding. Other stakeholders commented that the first phase of projects was assumed to be restricted to government-nominated projects, and that the pipeline would be more open to proposals from other groups after that, *e.g.* with public calls for proposals. However, due to the slow disbursement of funding, five years after establishment this second phase has not yet been reached.

The restriction of access to the project pipeline may be justified by the fact that the amount of funding available is limited, and there are also high administrative costs associated with developing project proposals. However, opening access to the project-pipeline could help to de-politicise the Low Carbon Development Strategy, and avoid the current perception that it is being used to favour the Government's perceived electoral power base(s).

4. Results of progress towards NICFI objectives

4.1. Objective 1: To work towards the inclusion of emissions from deforestation and forest degradation in a new international climate regime

The Guyana-Norway partnership has demonstrated all the components of a results based payment system, and there has been active communication with international REDD+ stakeholders, though some questions remain about the representativeness of Guyana as a REDD+ country

The Guyana-Norway partnership was intended as a demonstration of a results-based payments system for REDD+, and the partnership has achieved the establishment of a financial mechanism; a monitoring, reporting and verification system; a reference level; independent verification; and the disbursement of payments for results.

Guyana has made submissions to the UNFCCC on monitoring, reporting and verification, and reference levels, and the Guyana Forestry Commission has presented at the REDD+ Exchange in Oslo in 2013. Guyana is also expected to be the first country to submit its proposed reference level to the UNFCCC later in 2014. However, as noted in previous evaluations, Guyana is not perceived as being representative of other REDD+ countries, and this may limit the influence of the lessons learned from the Guyana-Norway partnership.

4.3. Objective 2: To take early action to achieve cost-effective and verifiable reductions in greenhouse gas emissions

The Guyana-Norway partnership has been highly successful at developing a national-level monitoring, reporting and verification system, and reasonably successful at developing a financial mechanism for REDD+ payments

One of the clear successes of the Guyana-Norway partnership has been the development of a fully functioning national monitoring, reporting and verification system. This achievement is in large part due to the timely development of a road-map for developing the system, and also the quality of the staff at the Guyana Forestry Commission. The system has now successfully completed three rounds of reporting and independent verification, and three rounds of payments have been made to the Guyana REDD+ Investment Fund.

Guyana is also the first country to have a national REDD+ funding mechanism, however, there are on-going concerns with the speed of disbursement, and further reform and development of the mechanism is needed. At present it does not represent a functioning 'model'.

The Guyana-Norway partnership may have helped to reduce emissions, but the recent increase in the deforestation rate indicates that more needs to be done

The disbursement of funds from the Guyana REDD+ Investment Fund for low carbon development projects has been slow, which means that tangible measures for reducing deforestation have been limited. In addition, relatively few of the proposed projects in the Low Carbon Development Strategy pipeline directly mitigate or control the impact of mining, which is the main driver of deforestation in Guyana. The lack of tangible interventions that directly address the expansion of mining is also evidenced by the recent increase in deforestation, caused by an increase in gold prices.

Despite these issues, many stakeholders believe that the Guyana-Norway agreement has been a catalyst for some low carbon development, and that it has therefore helped to reduce emissions to some extent.

There are a number of actions that could be introduced or scaled up to limit the impact of mining, without greatly restricting the mining sector's contribution to the economy

A number of stakeholders commented that the level of REDD+ payments is insufficient to restrict mining activities, as mining is a key part of the national economy (revenue from

mining is in the region of \$700 million per year, while REDD+ payments are up to \$50 million per year). However, several stakeholders also identified actions that could reduce the deforestation impact of mining *without* limiting mining activities to any significant extent. These include:

1. Undertaking a national survey of gold deposits so that concessions are only granted for economically viable mines (and land is not cleared unnecessarily for non-viable mines);
2. Improved technology should be introduced to increase the extraction rate from existing mines – this would address the practice of returning to mined land which restricts land reclamation;
3. The Guyana Geology and Mines Commission’s current trial land reclamation projects should be rolled-out nationally (reportedly, there is an effective example of such a policy in French Guiana – including no new claim/licence approvals to be granted to an individual/entity until their previous claim areas are environmentally reclaimed); and
4. All mining operations should have trained staff in low-impact practices (e.g. via the newly established mining school).

Conclusions

The technical and institutional pre-requisites for verifying deforestation rates relative to a reference level have been achieved, but much more action is required to mitigate the impacts of mining as the main driver of deforestation.

4.4. Objective 3: To promote the conservation of natural forests to maintain their carbon storage capacity

The actions taken to reduce deforestation will also promote the conservation of natural forests.

Almost all of Guyana’s forest is natural forest, and so most actions to reduce deforestation will also fulfil the aim of conserving natural forests. One exception to this is land reclamation following mining activities, particularly where it is necessary to initially use non-native species such as acacia, which are able to grow in degraded soil, as pioneer species which will improve soils and in time help to create ecological conditions for native species to re-appear/re-colonise.

4.5. Objective 4: Contribute to the general objectives of Norwegian development cooperation

NICFI funding has helped support a number of sustainable livelihood development projects, but there are questions about the balance of the project portfolio.

NICFI funding has supported a number of sustainable livelihood projects, such as the Amerindian Development Fund, the Micro and Small Enterprise Development project, and also the community monitoring, reporting and verification activities supported through the Civil Society Support Scheme. Although progress with some of the projects has been slow (e.g. 27 communities now have Community Development Plans, but 179 are still waiting for the second phase of the Amerindian Development Fund to start), most stakeholders reported that the projects are having a positive impact.

Concerns have been raised about the inclusiveness of some of the projects, for example, the Amerindian Development Fund focuses exclusively on Amerindian communities, and does not provide support to other sections of the rural poor. Concerns have also been raised about the way in which the Amerindian Development Fund has been used to create an obligation on Amerindian communities, in order to encourage future political support, and also the way Community Support Officers (CSOs), who report to the Ministry of Amerindian Affairs, are being posted/imposed upon participating Amerindian communities (apparently with UNDP funds which may have a Norwegian source). It is worth noting that the Micro and Small Enterprise Development project is open to all sections of society, and particularly encourages the participation of vulnerable groups.

The implementation of land tenure reform is progressing slowly

The Amerindian Land Titling Project, administered by the United Nations Development Programme, is progressing, but at a slow pace (and reportedly at noticeably very high cost). A number of stakeholders were highly positive about the land titling project, as establishing ownership is essential for further activities such as accessing finance for community development, and applying for extensions to the titled area. One Amerindian group has raised a number of concerns with the project, such as the loss of lands through the demarcation process, overlapping titles, and the precedence given to logging and mining concessions despite land titling – but many other stakeholders emphasized that land titling is an important and progressive first step.

Conclusions

NICFI funding is supporting sustainable livelihoods and land tenure reform, but progress has been slower than expected due to a variety of factors, not least the slow disbursement of funding from the Guyana REDD+ Investment Fund.

5. High Level Questions

High Level Question 1: Is it possible to achieve climate objectives and payment for results with the existing financial set-up?

Findings

One of the reasons that deforestation rates have increased in Guyana is that very little has been implemented to mitigate the impacts of mining, which is the main driver of deforestation. In turn, one of the reasons very little has been done is because of the delay in disbursing funds from the Guyana REDD+ Investment Fund, and so the existing financial set-up is implicated in the limited success in achieving NICFI's climate objectives.

More should be done to incentivise the timely disbursement of funds, and alternative disbursement channels should also be developed.

High Level question 2: To what extent is it possible to integrate and deliver on both the climate and development objectives

Findings

Respondents suggested a number of measures that could integrate both climate and development objectives, these include the:

- The provision of mining technology/equipment which increases rates of recovery and reduces environmental damage (including deforestation).
- Undertaking a national survey of gold and mineral deposits so that concessions are only granted on land that is economically viable for mining.
- The provision of training in low-impact mining practices.

High Level question 4: How can NICFI help maintain momentum for REDD+ between 2015 and 2020?

Findings

The monitoring, reporting and verification system in Guyana has wider benefits which should aid its sustainability between 2015 and 2020. For instance, the system is also useful for monitoring mining and logging concessions, and for FLEGT. However, the Guyana Forestry Commission has expended significant resources to develop the system, and support is needed to sustain what has been developed, and to retain staff.

NICFI can help to maintain momentum for REDD+ between 2015 and 2020 by seeking to de-politicise the Low Carbon Development Strategy, and increase bi-partisan involvement in

the Multi-Stakeholder Steering Committee. At present the strategy is perceived as a mechanism for rewarding the government's power base, and buying support from Amerindian communities. There is also the danger that opposition parties will seek political advantage from the delayed disbursement of funds from the Guyana REDD+ Investment Strategy, and political support for the Low Carbon Development Strategy (although, at least in the case of the opposition parties, not for a low carbon economy in general) could diminish across the political spectrum.

NICFI can also help to maintain momentum by providing clear communication on issues and concerns as they arise, e.g. addressing the confusion over the Official Development Assistance (ODA) status of the funding, or the perception that REDD+ is an alternative to mining or logging, rather than being an incentive mechanism for undertaking low-impact mining and sustainable forest management. Providing clear communications on such issues would be greatly facilitated by having a NICFI representative/focal point in Guyana.

NICFI should also signal the continuation of the Guyana-Norway partnership as soon as possible in order to avoid a loss of momentum before the end of 2015, which would then need to be rebuilt during the following period.

5.1.1. Summary of each NICFI support channel activity in Guyana

Bilateral agreement between Government of Guyana and Government of Norway

Modality/project	The bi-lateral agreement was established by a Memorandum of Understanding, signed on 9 November 2009, under which Guyana could receive up to \$250 million between 2010 and 2015 for results based on deforestation indicators and 'enabling action' indicators. The details of the agreement are contained in a Joint Concept Note, which is periodically updated to reflect lessons learned and developments during the course of the agreement.
Purpose and objectives	<p>The objective of the bilateral agreement is 'to foster partnership between Guyana and Norway on issues of climate change, biodiversity and sustainable, low carbon development. Of particular importance is the establishment of a comprehensive political and policy dialogue on these issues, and close cooperation regarding Guyana's REDD+ efforts, including the establishment of a framework for result-based Norwegian financial support to Guyana's REDD+ efforts'.⁵²</p> <p>The overarching goal of the agreement is 'to contribute to the establishment of a new, global climate change regime and the further improvement of this regime over time',⁵³ and the partnership is intended to demonstrate of how REDD+ can be implemented in a high forest, low deforestation country.</p>
Timescale	2009 – 2015
Funding (budget)	\$250 million in results-based payments over 5 years to 2015.

⁵² Memorandum of Understanding

⁵³ Memorandum of Understanding

Key activities	Financial support is provided via the Guyana REDD+ Investment Fund (GRIF). Payments are made based on the fulfilment of two separate sets of indicators: 1. Forest-related indicators; 2. Enabling activity indicators (strategic framework; multi-stakeholder engagement; governance; protection of the rights of indigenous peoples; integrated land use planning and management).
Key outputs so far	<p>The key outputs so far include:</p> <ul style="list-style-type: none"> • The development of a fully functioning national monitoring, reporting and verification system. • The development of a national reference level for deforestation. • The completion of independent verification reports for both the forest and enabling activity indicators. • Establishment of the Guyana REDD+ Investment Fund (GRIF) - a financial mechanism for disbursing REDD+ payments (involving the World Bank, the Inter-American Development Bank, and the United Nations Development Programme). • The achievement of results-based payments for deforestation rates below the reference level. • Progress on a number of enabling activities. <p>The disbursement of funds via the GRIF to projects under Guyana's Low Carbon Development Strategy, including the Amerindian Development Fund, the Amerindian Land Titling project, and the Micro and Small Enterprise Development project.</p>

Modality/project	Civil Society Support Scheme, administered by the Norwegian Agency for Development Cooperation (Norad)
Purpose and objectives	The purpose is to support REDD+ pilot activities and development of methodologies by civil society organisations, in order to generate input to the climate change negotiations and experiences from REDD+ activities in the field. The assumption is that input and critical review from the civil society can contribute to the establishment of more robust strategies for REDD+.
Timescale	2010-2013; 2013-2015
Funding (budget)	Not possible to disaggregate from individual CSO grant funding.

Key activities	<p>Grant recipients with activities either in or relevant to Guyana include: Forest Peoples Programme; Global Witness; Global Canopy Programme; Rainforest Foundation Norway; World Resources Institute; World Wide Fund for Nature.</p> <p>The key activities include:</p> <ul style="list-style-type: none"> • Capacity building, support for forest peoples to participate in REDD+ processes, and national and international policy formation (Forest Peoples Programme, Rainforest Foundation Norway, Global Witness, World Resources Institute). <p>Sustainable management of high carbon forest, and community monitoring, reporting and verification (WWF, Global Canopy Programme).</p>
Key outputs so far	<p>The funded activities have been influential in a number of areas including capacity building for indigenous communities. One particularly well regarded output is the development of a community monitoring, reporting and verification programme in the north Rupununi, which has input from the Global Canopy Programme, the North Rupununi District Development Board, Conservation International, and the Iwokrama International Centre for Rainforest Conservation and Development. The programme outputs feed into the national monitoring, reporting and verification system managed by the Guyana Forestry Commission, and the programme is being replicated in other parts of Guyana by the World Wildlife Fund.</p>

Modality/project	Forest Carbon Partnership Facility
Purpose and objectives	To provide funding and planning support for REDD+ preparation activities.
Timescale	Guyana has participated in FCPF planning activities, such as the development of a Readiness Plan Idea Note and Readiness Preparation Proposals since 2008. Agreement on funding from the FCPF is accepted in 2014.
Funding (budget)	\$3.8 million from FCPF.
Key activities	The key activities that will be funded via the FCPF include: national readiness management arrangements; stakeholder consultation; development of REDD+ strategy; implementation of framework activities; social and environmental impact assessment; monitoring and reporting activities.
Key outputs so far	<p>Funding has not been released yet from the FCPF, but the Inter-American Development Bank, which is administering the FCPF for Guyana has been working with the Guyana Forestry Commission to discuss and agree the activities, timing, and budget for Readiness Preparation Proposal implementation.</p> <p>The main outputs from engagement with the FCPF process to date are the Readiness Plan Idea Note, Readiness Preparation Proposals, and a number of country progress sheets.</p>

Annex 9 Indonesia

1. Introduction

1.1 Overview of the unit of analysis – NICFI Support to Indonesia

The NICFI support to Indonesia is provided through three main channels:

- A bilateral partnership on REDD+;
- Three multilateral mechanisms: the UN-REDD Indonesia programme (started March 2010), World Bank's Forest Carbon Partnership Facility, and Forest Investment Program (both still in planning);
- Norad-managed Civil Society Support Scheme (since 2008).

The bilateral support is by far the largest support channel, accounting for 79% of the disbursed or programmed funds (see Table 15). Summary tables for each support channel are included at the end of this annex.

Table 15 Summary of funds disbursed or programmed by channel of support

Support Channel	Disbursed funds	% Disbursed funds
Indonesia – Norway Bilateral Agreement	\$30 million in start-up funds	58
	\$10.9 million Interim Phase	21
UN-REDD Indonesia country programme	\$5.6 million	11
FCPF Readiness Fund	\$3.6 million Readiness preparation grant)	7
FIP	\$225,000 for preparation of the FIP Plan ((\$1.3 million has been approved for preparation of three projects A total of \$70 million has been allocated to Indonesia through the FIP and additional \$ 6.5 million for the Dedicated Grant Mechanism for Indigenous Peoples)	3
Civil Society Support	(difficult to disaggregate meaningfully)	-
Total	\$51,825,000	

1.2 Country Context

Over the four years since the signing of the Letter of Intent, policy, institutional and political developments have been generally supportive in relation to REDD+ particularly with respect to governance aspects

Indonesia's relatively new democracy has substantially strengthened since 2010 and the general and presidential elections of 2014 are expected to meet international standards. In 2012 a new governor of Jakarta with a track record of high integrity and effectiveness in his previous role as the mayor of Solo City was selected despite mainstream political party opposition and is now the front runner for the upcoming Presidential election.⁵⁴ The mayor of Surabaya received popular vindication in the face of attempts to by-pass her decision-making by those promoting environmentally-questionable road-building in Surabaya⁵⁵. These examples are both part of a pattern of increasing democratisation In Indonesia. Selection of the governor of Jakarta to stand as a candidate for the 2014 Presidential election also suggests that Indonesia is a nation that increasingly reflects the will of the people⁵⁶ and a desire for reform, which is a necessary precursor for REDD+ success. The general election on 09 April 2014 met international standards and there is every expectation that the Presidential election to be held in July will be equally well implemented.

While not all political parties share the same set of priorities for interdependencies and trade-offs between environmental management and economic growth, a denial of the importance of environmental considerations that underpin REDD+ is unlikely to be espoused by any of the major parties lest they be internationally perceived as environmentally-irresponsible. Indonesian decision-makers and international observers are well aware that the country, given its present geo-political importance in East Asia, is not simply a “Nation in Waiting”⁵⁷, but a “Great Nation in Waiting”, by leading the South East Asian nations to greater prominence in a region otherwise dominated by China and India⁵⁸, a qualification that can be consolidated through the achievement of international standards of environmental stewardship. Such events bode well for enabling the governance changes on which the success of REDD+ will hinge.

⁵⁴ The Economist, 22nd March 2014, <http://www.economist.com/news/asia/21599377-path-presidency-opens-up-indonesias-most-popular-politician-chosen-one> .

⁵⁵ “Mega: Risma Wali Kota Cerewet yang Berhasil Ubah Surabaya”, <http://news.detik.com/read/2014/03/01/150358/2512362/10/mega-risma-wali-kota-cerewet-yang-berhasil-ubah-kota-surabaya>, 2014; <http://www.republika.co.id/berita/nasional/politik/14/03/01/n1qwz4-mega-larang-risma-mundur-sebagai-walikota-surabaya>, 2014

⁵⁶ The Economist, 22nd March 2014, <http://www.economist.com/news/asia/21599377-path-presidency-opens-up-indonesias-most-popular-politician-chosen-one> .

⁵⁷ Adam Schwarz, “A Nation in Waiting: Indonesia’s search for stability”, 1999, *Allen & Unwin*.

⁵⁸ Yves Tiberghien (2013 March) Institute for Asian Research, University of British Columbia, Asia Pacific Memo #274, “India and Indonesia - At the Frontier of the Middle Income Trap: Remarkable Parallels between India’s and Indonesia’s Elections.

One of the most encouraging democratic governance drives in recent years has been the establishment of the Anti-Corruption Commission (KPK). The KPK, with wide public support, has prosecuted high-placed officials from the police, political parties, and law courts. So far the KPK has proven robust in the face of continual challenges from entrenched vested interests that would rather return to the old and ineffective ways of doing corrupt business.⁵⁹

Fundamental re-alignments of policies that had previously disenfranchised indigenous peoples and local communities from participation in forestry resource management have gathered pace. Although the target of the Strategic Forestry Plan 2009-2014 to establish 2.5 million hectares under community forestry licences will not be met, the 2013 Constitutional Court 35 ruling recognising customary rights and mandating related amendments to Forestry Law 49 of 1999 promises further-reaching change. At the same time, the Partnership for Governance Reform (Kemitraan), the Indonesia Science Institute and the Indonesian press have taken up the cause of local communities seeking community forestry licences, which face relatively higher-cost regulatory and bureaucratic barriers than those faced by the corporate sector. The Ministry of Forestry has responded by acknowledging the need to reduce red tape.⁶⁰

The private sector is beginning to recognise community rights in so far as this may reduce the uncertainties associated with the Indonesia's high-cost licencing and reporting bureaucracy. One major company (P.T. Riau Andalan Pulp Paper – RAPP, a subsidiary of Asia Pacific Resources International Holdings (APRIL)) is inviting mapping of community areas even where these overlap with its licenced areas. This is because along with community land rights comes the likelihood of greater and predictable responsibilities over shared land use. The mutual interest of land management companies and local communities in recognition of each other's land boundaries provides equitable spatial certainty that reduces the potential for the high-cost land bureaucracy to extract unreasonable economic rents.⁶¹ Both Asia Pulp and Paper and APRIL pulp and paper group have made a policy commitment to implementing Free Prior Informed Consent with respect to establishing future plantations⁶². Both of these groups dominate the private sector landscape in Indonesia, with an 84% share of installed pulp production capacity⁶³.

While the Public Information Law 14 of 2008 is not yet fully-implemented, in recent years regional natural resource licencing transparency and efficiency initiatives have been pursued as a means of addressing a key driver of forest and peat land degradation. Examples include information clearing houses for plantation and mining licences and one-stop-shops for business licence approvals in Sekadau District, West

⁵⁹ Various local newspaper articles about the attempt to revive a draft criminal code from the Soeharto era. e.g., Jakarta Post 23 February 2014, SBY's anti-corruption commitment tested by bills, <http://www.thejakartapost.com/news/2014/02/23/sby-s-anti-corruption-commitment-tested-bills.html> .

⁶⁰ Jakarta Post, "Community forestry impeded by officials: Report, Sat, 02/26/2011.

⁶¹ C.P.A. Bennett, S. Feld & Martin H (2012) Equitable spatial certainty underpinning green prosperity: Reducing the risk of common failures of investments in renewable natural resources caused by inequitable spatial uncertainty." Strategic Spatial Assessment 02, Millenium Challenge Corporation, October 2012.

⁶² APP Forest Conservation Policy published February 5th,2012 and April Sustainable Forest Management Policy published January 28, 2014.

⁶³ Forthcoming report Sustainable Trade Initiative for Indonesia: Business Case (Ate Marie for IDH)

Kalimantan. Many of these initiatives preceded the Moratorium and gained support from it. Similarly, the One Map initiative also gained from public support for more transparency of information.

Corporate private sector is increasingly adopting sustainability considerations to maintain market access. Large oil palm interests seeking to work with Roundtable on Sustainable Palm Oil (e.g., Sinarmas, PT SMART) are inviting international scrutiny of their operations. There have also been recent declarations by Wilmar, Sinarmas, Unilever, APRIL, and Asia Pulp and Paper to reduce deforestation in their supply chains. All of these developments are supportive in relation to Indonesia's REDD+ drive. However, the multitude of small and medium sized forestry and plantation companies in Indonesia, rarely incorporate sustainability considerations into their decision-making. These companies are sometimes suppliers to the corporate sector.

There are no universally accepted estimates of emissions from deforestation and forest degradation available for Indonesia, but it is clear that emissions rates continue to be substantial. The estimates that exist are highly divergent. The Indonesia Forest Climate Alliance (IFCA) studies provided a preliminary analysis of drivers of planned and unplanned deforestation and forest degradation, and reported deforestation rates of 0.22 million to 1.18 million ha/yr (avg 0.7 million ha/yr) for the period 2000-2005⁶⁴. In November 2013 the Indonesia Minister for Forestry, Zulkifli Hasan, made a public announcement that deforestation and forest degradation rates in Indonesia had sharply declined from 3.5 million hectares per year in the period 1998-2003 to only 450,000 hectares per year in 2009-2013⁶⁵, almost a tenfold reduction in deforestation. However, the same month, a study that analysed high resolution maps to assess forest cover change concluded that Indonesia's deforestation had doubled from around 1 million hectares per year between 2000 and 2003 (which is consistent with the IFCA study estimate) to around 2 million hectares of deforestation per year between 2011 and 2012 (Hansen *et al* 2013).⁶⁶

The Ministry of Forestry Secretary General response was that the assessment by Hansen *et al.* had not taken into account the areas of temporary deforestation through logging and restocking⁶⁷. While that may be the case, what is clear is that emissions from deforestation and forest degradation in Indonesia continue at an extremely high rate. Even taking into account Minister Daryanto's response that much of the land cleared was not technically deforestation, it is certainly degradation as logging and restocking results in substantial emissions. The underlying problem is that Hansen's and Ministry of Forestry's definitions of deforestation differ and diverge with divisive outcomes for productive and crucial inter-institutional dialogue.

⁶⁴ Cited in Mackenzie *et al.* 2011.

⁶⁵ <http://www.thebalidaily.com/2013-11-27/ri-s-deforestation-rate-declines-minister.html>

⁶⁶ REDD Monitor, <http://www.redd-monitor.org/2013/12/11/indonesias-rate-of-deforestation-has-doubled-under-the-moratorium/>.

⁶⁷ <http://www.thejakartapost.com/news/2013/11/19/google-map-should-be-used-challenge-official-claims.html>

Additionally, the definition of what is regarded as forest also varies. The Ministry of Forestry defines a forest as the area politically denominated as forest estate. This area does not cover all forests in Indonesia. Likewise, not only forests exist in forest estates.

1.3 Description of Operational and management processes in NICFI support to Indonesia

Indonesia – Norway bilateral REDD+ support

The Indonesia – Norway bilateral co-operation on REDD+ is managed day to day on the Norway side by a Senior Advisor seated with the NICFI Secretariat in the Ministry of Climate and Environment, Oslo, alongside staff of the Royal Norwegian Embassy in Jakarta. The Senior Advisor is supported primarily by the rest of the NICFI Secretariat team and Norad. In Indonesia, the bilateral partnership is managed on the Norwegian side by staff of the Royal Norwegian Embassy, Jakarta: primarily two diplomatic roles (counsellors) and two advisors of the Forest and Climate Change team. The ambassador also has a notable and visible role.

In Indonesia, following the bilateral agreement, in September 2010 a Presidential Decree⁶⁸ was signed that created a REDD+ Task Force⁶⁹ for its implementation. The Task Force was chaired by the Head of the President's Special Delivery Unit (UKP4) and comprised of high level officials from key ministries and agencies as well as various non-governmental experts. The REDD+ Task Force was in operation from January 2011 to June 2013. The first REDD+ Task Force had six working groups⁷⁰ and a secretary, and its mandate ended 30th June 2011. The second Task Force had ten working groups⁷¹, no secretary, and was in place until the end of 2012. A third and final taskforce was mandated until 30th June 2013, and then succeeded by the UKP4 REDD+ Special Team as a 'bridge' until the establishment of the REDD+ Agency.

The REDD+ Agency was established by Presidential Decree 62 of 31 August 2013⁷². The decree stipulates that the REDD+ agency is tasked to help the President in coordinating,

⁶⁸ Kepres 19/2010

⁶⁹ Satuan Tugas / 'Satgas'

⁷⁰ 1. National REDD+ Strategy; 2. National REDD+ Agency and KLOI governance; 3. Funding Instrument; 4. MRV institution and moratorium; 5. Communications and multi-stakeholder engagement; 6. Pilot Province

⁷¹ The ten working groups in place from July 2011 were responsible for: (i) the National REDD+ Strategy and Action Plans; (ii) the establishment of the REDD+ Agency; (iii) the concept note for the REDD+ financial mechanism; (iv) the development of the first REDD+ Pilot Province of Central Kalimantan; (v) monitoring of the moratorium of new land use licensing; (vi) the establishment of the institution and mechanism for Monitoring, Reporting and Verification (MRV); (vii) mainstreaming of national and sub-national programmes; (viii) legal review and enforcement; (ix) communication and stakeholders engagement; and (x) knowledge management and support

⁷² English translation of Presidential Decree 62 2013 is available here: <http://blog.cifor.org/19055/full-text-of-president-susilo-bambang-yudhoyonos-decree-on-indonesia-redd-agency#.Uxc6xGePO1s>

synchronising, planning, facilitating, managing, monitoring, overseeing and controlling REDD+ in Indonesia. Under the decree, the head of the REDD+ Agency (Heru Prasetyo, appointed by presidential decree in December 2013) is directly responsible to the President of the Republic of Indonesia. The decree states that four deputies to the head of the agency will be appointed and up to a total of 60 staff. At the time of our country visit, four deputies were suggested: 1) Operations; 2) Planning and the Funding Mechanism; 3) Legal and Governance Issues; and 4) Technology and Reporting, however they had not yet been formally appointed by the president.⁷³

The REDD+ Agency will continue the work established by the REDD+ Task Force, apart from the One Map initiative and activities on law enforcement, which will remain under the remit of UKP4. Two additional special units are expected to be established under the REDD+ Agency: 1) Integrity Assurance; 2) Communications and Stakeholder Engagement.

The United Nations Development Programme (UNDP) was appointed as fiduciary agent at the beginning of the Indonesia – Norway bilateral partnership and is expected to continue in this role until Indonesia’s REDD+ financial mechanism (FREDDI) becomes operational. Its role is financial channel, contract manager and financial overseer of the partnership. UNDP is also responsible for safeguarding, provides technical inputs, and has a project management role.

NICFI support through the multilateral REDD+ institutions

Each of the multilateral REDD+ institutions are partnered with either the Ministry of Forestry or the Ministry of Forestry’s research arm, the Forest Research and Development Agency (FORDA). As such, the UN-REDD Indonesia Country Programme was partnered with the Ministry of Forestry and managed by the Ministry of Forestry, and the UNDP, the United Nations Environment Programme (UNEP) and the United Nations Food and Agriculture Organisation (FAO) country offices. The FCPF and FIP are managed by FORDA and the Ministry of Forestry, respectively, with the World Bank Indonesia country office. The FCPF Readiness Grant has been implemented by the Ministry of Forestry (through FORDA in collaboration with *Pustanling* (Centre for Standardisation and Environment), with the support of Ministry of Finance, the National Forestry Council (*Dewan Kehutanan Nasional*, DKN) and the REDD+ Task Force (FCPF, 2012b).

NICFI support to Civil Society

At the Oslo end, this is managed by Norad Civil Society Department. Supported projects in Indonesia are managed by the lead organisation, usually an international non-governmental organisation, either through Indonesia country offices or through Indonesian partners.

⁷³ The deputies were appointed by the president in July 2014 in accordance with Presidential Decree No. 71/M 2014: Dr. Ir. William Palitondok Sabandar as the Deputy for Operation; Dr. Ir. Agus Pratama Sari as the Deputy for Planning and Funding; Nurdiana Bariyah Darus as the Deputy for Technology, System and Monitoring, and Dr. Ir. Nur Masripatin as the Deputy for Governance and Inter-institutional relations. http://www.norway.or.id/Norway_in_Indonesia/Environment/Indonesias-REDD-Agency-Inaugurated-Four-Deputies/#.U9DiQ2cg_IU

Notable exceptions are the Centre for International Forestry Research (CIFOR) and the Samdhana Institute, which are both based in Indonesia (although CIFOR's operations extend to many other countries).⁷⁴

2. Methodology

Data collection was undertaken by a team of three people and involved two steps: document review (ranging from legal documentation, to internal emails, to independent verification reports of progress on the bilateral agreement) and a five day data collection visit to Jakarta in February 2014. Full documentation covering the bilateral agreement was kindly provided to us by the NICFI Secretariat in Oslo and the Royal Norwegian Embassy in Jakarta. The data collection visit to Jakarta included a combination of individual interviews and focus group discussions. In total, 39 individuals were consulted, 23 through individual interviews and 21 people were involved in the focus group discussions (five of which also undertook individual interviews). Of the 39 individuals involved, 12 represented NICFI and its country / multilateral partners (1 NICFI Secretariat, 2 individuals from the Royal Norwegian Embassy, 7 partner government institutions, and 2 multilateral partners); 13 representatives of civil society organisations; 11 represented other donors active on REDD+ relevant issues in Indonesia; and three private sector stakeholders. A full list of interviews conducted and documents reviewed are included in **Error! Reference source not found.** and Annex 2 to the main report.

3. Results on Operational and Financial Processes

3.1. Findings on operational and management issues

Despite the Indonesia – Norway bilateral partnership being established rapidly according to political imperative the main areas of risk were identified from the outset

Norad, several sections of the Ministry of Foreign Affairs, and the embassy in Jakarta were involved in the lead-up to the establishment of the bilateral partnership agreement:

⁷⁴ Note that the embassy in Jakarta has also supported Kemitraan through a multi-year program (2010-2015), however, this is not funded through the Civil Society Support Scheme.

(commenting on the Letter of Intent; in telephone conferences and the bilateral agreement negotiations themselves. However, the official Norwegian decision documentation on entering the partnership, including risk assessment, was prepared after the Letter of Intent negotiations had taken place, and the Norwegian Ministry of Foreign Affairs and the Legal Section of Norad's Quality Assurance Department was given only two days to comment on the content of the Letter of Intent⁷⁵.

Despite the minor short-cutting of processes, key areas of risk and relevance to Norway's policy priorities were outlined in the decision note (Norwegian Embassy, Jakarta, 2010) on the agreement. Major risks identified in the decision note include: lack of explicit inclusion of logging of natural forests under the moratorium, and whether the moratorium would be enforceable; Indonesian government interpretation that the Letter of Intent is legally binding; the "vague wording" on the financial mechanism – the need to continue insisting that funds pass through a multilateral channel; failure to make progress on the Indonesian side (although notes that results-based approach addresses this risk); that other donors might be sceptical about joining (e.g. financial mechanism) that they have not been involved in negotiating; and that a thorough risk assessment should be undertaken before a legal agreement is made.

The decision note also identified an incomplete alignment with Norwegian policy on indigenous rights (though noting effort to expand scope of measures on this in the legal agreement).

Communication and co-ordination among the Norwegian team working on the Indonesia – Norway bilateral agreement is good, however the team remains small given the size and importance of the partnership

The country visits and other interviews undertaken during the course of this real-time evaluation have found that communication is frequent between NICFI secretariat staff and the Royal Norwegian Embassy in Jakarta and co-ordination is good⁷⁶. This suggests that day to day operational management on the Norway side is functioning well.

The real-time evaluation country baseline report recommended that several more staff persons should be employed in-country (at the Embassy and in the pilot provinces) to support the partnership (Mackenzie *et al.* 2011)⁷⁷. Particularly to track and respond to developments in Indonesia, liaise with NICFI staff in Oslo, other donors and civil society organisations, provide due diligence, provide focused and on-going advice and capacity building to the Government of Indonesia and to inform negotiations.

Whilst the evaluation team notes an increase in embassy staff supporting NICFI in Indonesia compared with the 2010 baseline, and taking into account that NICFI considers a "light touch" approach important for promoting national ownership of REDD+ in Indonesia, in-country staff numbers are still low. During each country visit of the evaluation, other donors

⁷⁵ Archived internal emails between Norad, Ministry of Environment and Ministry of Foreign Affairs.

⁷⁶ See Mackenzie *et al.* 2011; Lincoln *et al.* 2013

⁷⁷ Mackenzie *et al.* 2011

and stakeholders have expressed surprise at the small number of NICFI staff involved in managing the bilateral partnership with Indonesia, including during the team's recent visit, during which the embassy team of three roles (four staff members) was compared by a stakeholder with the Australian Agency for International Development (AUSAID) team of 60 involved in the Kalimantan Forest Carbon Partnership.

The need for more staff is particularly pertinent in light of the need to safeguard results achieved so far as there are general and presidential elections in Indonesia in 2014, and as the REDD+ Agency plans to focus much more effort at the province and district levels.

Co-ordination between NICFI support channels has been limited, and there has been limited (though improving) collaboration with the line ministries. The establishment of the REDD+ Agency provides opportunity and means to improve this, but it will continue to be a major challenge.

There remain significant tensions between the line ministries and agencies involved in REDD+ in Indonesia according to informants. However, a number of informants also commented that the level of co-operation and dialogue has improved over the last few years (Lincoln *et al.* 2013) and the One Map initiative has been noted for bringing different agencies and ministries together, and improving co-ordination (Lincoln *et al.* 2013).

Co-ordination among NICFI support channels has been limited from the outset. Prior to establishment of the bilateral partnership, collaboration was poor between the two national teams working on the UN-REDD country programme at Ministry of Forestry in Jakarta, and the FCPF at FORDA in Bogor (Mackenzie *et al.* 2011). Co-ordination on REDD+ Measurement, Reporting and Verification (MRV), including in relation to the bilateral partnership was also limited (Lincoln *et al.* 2013). According to informants in 2014, this has continued to be case to the present. Whilst recognising that coordination on MRV is still a challenge in Indonesia, NICFI perceives this to be improving, with increasing cooperation between NICFI and the Indonesian-Australian Forest Carbon Partnership and closer alignment between the technical INCAS system supported by Australia, and the discussions on a national MRV system between Indonesia and Norway.

A number of key agencies will be involved in implementation of the REDD+ strategy under the co-ordination of the REDD+ Agency, and the REDD+ Special Team has transferred the relevant programme documents and reports to the relevant ministries, institutions and regional administrations, including the Forestry and Environment Ministries; National Development Planning Board (Bappenas); Geospatial Information Agency (BIG); the National Institute of Aeronautics and Space (LAPAN); and the Central Kalimantan administration.⁷⁸ Informants expressed hope that co-ordination will be better now roles are agreed through the presidential decree that established the REDD+ Agency. The lack of full collaboration between line ministries is likely to continue to be a major obstacle according to informants, and the extent to which this is achieved will depend to a great extent on the

⁷⁸ <http://www.thejakartapost.com/news/2013/12/20/redd-agency-begin-work-soon.html>

strength of support of the president and the ability of the REDD+ agency to build bridges with the line ministries (see 4.2).

3.2. Results on financial modalities and processes

The Indonesia REDD+ Investment Fund (FREDDI), Indonesia's national REDD+ financial mechanism, has been designed, but is not yet established or operational.

In terms of cost-effectiveness, more has been achieved with the US \$30 million Phase 1 budget than anticipated in the Joint Concept Note; hence this appears to be good, especially in comparison to other NICFI country programmes (Tanzania Annex). Phase 1 deliverables are more or less complete and some Phase 2 deliverables have already been achieved.

4. Results of progress towards the NICFI objectives

4.1. Objective 1: To work towards the inclusion of emissions from deforestation and forest degradation in a new international climate regime

Engagement with, and REDD+ readiness progress in, a critical REDD+ country has been made through NICFI support

Indonesia is a critical country for the success of REDD+ given its large forest carbon stocks and high rate of emissions from deforestation and forest degradation. Several multilateral REDD+ programmes (FCPF, UN-REDD) were engaged with Indonesia prior to the establishment of the Indonesia – Norway bilateral agreement on REDD+, as were various other donor supported and civil society programmes such as the AUSAID funded Kalimantan Forest Carbon Partnership. However, it was the bilateral agreement and its associated

activities that placed REDD+ strongly on the Indonesian political agenda⁷⁹ and Indonesia's REDD+ effort firmly on the international stage⁸⁰.

The design of key REDD+ structures and processes, with potential to provide important evidence and lessons to inform the international REDD+ regime has been undertaken

Many of the key structural systems and elements for REDD+ implementation have been designed under Phase 1 of the Indonesia – Norway bilateral agreement. These include a national REDD+ financial mechanism; an MRV system (with contributions from the UN-REDD Indonesia country programme and FCPF readiness grant); safeguards and a safeguards information system. These are anticipated to become operational during Phase 2 of the bilateral agreement. Both the design and transition to operation of these systems should be a source of important lessons to the international community.

There has been a Flagship Effect of the Indonesia – Norway bilateral agreement on REDD+ in Indonesia, with the US \$1 billion commitment from Norway generating substantial political leverage

While other donors may ultimately approach the scale of support that NICFI promises (and some have exceeded how much has already been disbursed⁸¹), there is general agreement among stakeholders interviewed that the promise of US\$1 billion gave the bilateral agreement a high political profile, that rallied and leveraged other international efforts as well as Indonesian responses to REDD+. For instance, stakeholders interviewed felt that the \$1 billion commitment provided the political leverage necessary to establish the REDD+ Task Force and ultimately the REDD+ Agency outside of existing institutions. Key activities established by the Task Force such as the Moratorium, the One Map programme, the review of licences, were also perceived by informants as a critical result of the political leverage gained through the bilateral agreement, and not considered to have been possible without the “charismatic” \$1 billion commitment.

The NICFI supported activities in Indonesia have been established with leveraging additional funds in mind, but it is too early to ascertain the success of this

Norway's insistence on a 'reputable international institution' for the financial mechanism was partly related to a desire to establish a financial system that other donors could sign up to (Norwegian Ministry of Environment, 2010). It is in the REDD+ Agency's mandate to manage REDD+ funds through FREDDI, and the Board of Trustees (mainly government ministries and the REDD+ Agency) has oversight and responsibility for upholding international standards. It is not yet decided which financial institution will be involved, and how attractive

⁷⁹ As evidenced, for example, by the establishment of the REDD+ Task Force, reporting directly to the president.

⁸⁰ A simple google scholar search retrieves 1,220 articles on REDD+ in Indonesia; several of our informants noted that the world was looking at Indonesia and the progress being made on REDD+.

⁸¹ For example, the of £600 million sterling UK Climate Change & Forestry Fund

this institution may be for other potential donor contributors. However, other donors have been consulted with during the development of the design for FREDDI, and donor informants of this evaluation noted a potential interest in contributing to FREDDI, depending on the final design once it is fully constituted.

According to Indonesia's Forest Investment Program (FIP) Investment Plan, activities implemented through the Indonesia FIP are expected to mobilise more than US\$ 150 million of co-financing⁸². The Indonesia country programme is at the early stage of project preparation, so it will be some time before it will be clear whether this expectation is likely to be realised.

Conclusions

The NICFI support has contributed substantially to developing national institutional arrangements in Indonesia for REDD+, based on internationally required conditions, with important lessons for others.

The commitment of one billion US dollars alongside the political commitment of the Indonesian President to reduce emissions has provided critical leverage for encouraging signs of change in land governance that are critical for an important REDD+ country that draws a lot of attention in the international arena.

4.2. Objective 2: To take early action to achieve cost-effective and verifiable reductions in greenhouse gas emissions

The NICFI supported programmes in Indonesia have focused on REDD+ Phase 1 (planning) and Phase 2 (transition – strategy implementation) REDD+, with important progress made in the key areas of REDD+ Strategy Development, MRV, REDD+ Institutional Framework; national financial mechanism for REDD+; national social and environmental safeguards and a safeguards information system.

Results against NICFI Objective 2 are divided into two sections: Section 1 – Results achieved; Section 2 – Sustainability of achievements. Note that forest governance and indigenous rights issues and results are covered under Objective 4: Contributions towards achievement of Norwegian Development Policy.

⁸² https://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/FIP_6_Indonesia_0.pdf

4.2.1. Objective 2 Section 1: Results achieved

There is current momentum for REDD+ in Indonesia and this is being maintained by perceptions that REDD+ is worth much more than payments to achieve emissions reductions

Reflecting the National REDD+ Strategy, which has a central focus on governance reform, and key activities that have been implemented through NICFI support, such as the One Map initiative and the moratorium on new licences, the discourse among players interviewed by this evaluation is currently focussed more on improving forestry governance than results-based payments. This discourse highlights the importance of alignment of REDD+ planning into existing policy-making and development planning and formal recognition of rights of indigenous people and local communities so that there can be effective action on the ground. This is a critical consideration given that payments for REDD+ are likely to be small compared with the revenues associated with competing conventional extractive land use. There is wide support for REDD+ among evaluation informants in so far as it is seen as a means for change more broadly towards sustainable and inclusive land use.

Substantial progress on REDD+ Phase 1 readiness planning has been made, primarily through the Indonesia- Norway bilateral agreement, but also contributions made through the UN-REDD country programme and the FCPF Readiness Grant

Key achievements include:

Through the Indonesia – Norway bilateral REDD+ partnership⁸³:

- National REDD+ Strategy published by 2nd Task Force in June 2012, integrating earlier drafts by Bappenas and the Ministry of Forestry.⁸⁴ Strategy is based around five ‘pillars’: i) Capacity (of essential institutions); ii) Law (developing necessary legal, enforcement and regulatory frameworks); iii) Strategic projects (such as the ‘One Map’ initiative); iv) Multi-stakeholder participation; and v) Paradigm shift (towards low emission, socially inclusive governance).
- The National REDD+ Action Plan for operationalising the National REDD+ Strategy into actionable steps was completed in December 2012.
- Sub-national REDD+ strategies (*Strategi Daerah*, STRADA) and action plans (which are necessary given the decentralised governance structure in Indonesia) have been completed in seven provinces and are under development in a further four provinces and several districts. Of those under development, Central Kalimantan’s STRADA

⁸³ Information taken from Caldecott *et al.* (2013)

⁸⁴ Note, however, that one stakeholder commented that in the view of many stakeholders, the National REDD+ Strategy did not integrate earlier drafts by Bappenas in a meaningful way and that there was frustration that the Task Force did not build on the participatory drafting processes undertaken by Bappenas.

issued by governor's decree 10/2012, May 2012, although its action plan needs revision, and in Aceh and West Kalimantan drafts have been submitted that need another round of consultation before finalisation. Note however, that there are 34 provinces and 500 districts in Indonesia, but most feasible targets are 11 provinces and 60 districts.

- The UN-REDD Programme was heavily involved in the development of Central Sulawesi's STRADA and Provincial REDD+ Implementation Plan, which were completed in 2012.
- FCPF funding was used on consultations around developing and finalising the REDD+ strategy (FCPF 2012a).

Although much readiness planning has been undertaken, there are some questions on the coherence between the sub-national REDD+ Strategies and the National REDD+ Strategy. According to analysis by civil society actors led by the Indonesian Association for Community and Ecology-Based Law Reform (HuMa), many of the core principles of the National REDD+ Strategy are not reflected in provincial level strategies, specifically in relation to reform of land use planning, legislation and law enforcement, stakeholder engagement and transparent governance at the provincial and district levels⁸⁵. This suggests that while the core values of land governance reform are recognised by key players at the national level as integral to REDD+, this is not necessarily recognised yet to the same extent at the provincial and district levels.

Despite a difficult consensus-building process, important progress on the institutional arrangements for REDD+ in Indonesia has been made, and the REDD+ Agency established by Presidential Regulation

Prior to the bilateral agreement, institutional responsibility for REDD+ lay with the Ministry of Environment and Ministry of Forestry. This arrangement dates back to the lead up to the 13th Conference of the Parties to the United Nations Framework Convention on Climate Change (UNFCCC COP13), in Bali and the Indonesia Forest Climate Alliance (IFCA) programme (Mackenzie *et al.* 2011). The FCPF and UN-REDD programme engagements with Indonesia were both initiated prior to the signing of the bilateral agreement and both worked with the Ministry of Forestry as key implementing partner.

The Letter of Intent between Indonesia and Norway required the establishment of a new agency, reporting directly to the president, to co-ordinate REDD+ development and implementation. Partially as a result of this shift in roles, the inter-institutional dynamics have made the process of establishing the institutional framework for REDD+ in Indonesia particularly challenging. According to the Second Verification Report as well as many interview informants, the process towards establishment of the agency was complex, time-consuming, involving a lot of consensus building and the need to reconcile responsibilities between the agency and existing ministries (e.g. MRV responsibilities with the Ministry of Environment; financial arrangements with the Ministry of Finance). The Third Task Force created a draft presidential decree to establish the REDD+ Agency. Other institutions drew

⁸⁵ <http://www.redd-monitor.org/2013/12/20/redd-fails-to-address-the-drivers-of-deforestation-in-indonesia/>

up competing drafts and gaining consensus in particular took a long time according to informants.

According to evaluation informants, there was heavy lobbying by Norway to get the decree signed. The draft decree was eventually approved by Coordinating Ministry for Political, Legal and Security Affairs, Ministry of Finance, Ministry of Environment and Ministry of Forestry, and the REDD+ Management Agency (*Badan Pengelola REDD+*) created through Presidential Regulation 62/2013 signed by the President on 31st August 2013.

According to the decree, the REDD+ Agency has the mandate to: i) develop the national REDD+ strategy and framework of REDD+ safeguards (social, environmental, financial); ii) co-ordinate development and implementation of REDD+ policy and its mainstreaming in national development; create an effective independent MRV system; manage REDD+ funds (FREDDI, with the Ministry of Finance); improve capacities of ministries, agencies, implementing partners, communities for REDD+; prepare recommendations for Indonesia's position in international forums related to REDD+; co-ordinate with law enforcement actors on implementation of REDD+ policies (working with the Ministry of Forestry on review of licences and implementation of the moratorium). The head of the REDD+ Agency reports directly to the President.

A national financial mechanism (FREDDI) has been designed, primarily through the bilateral agreement, but also through UN-REDD country programme contributions. The REDD+ Agency has been given legal authority to set up, coordinate, distribute and manage REDD+ funds through FREDDI

The establishment of an interim financial arrangement for Phase 1 activities and design of a funding mechanism was a key output for Phase 1 of the bilateral agreement⁸⁶. It was led by a Task Force technical team consisting of members from the ministries of Finance and Environment, The National Council on Climate Change (DNPI) and Debt Watch Indonesia (representing multiple civil society actors), working with the World Bank, Asian Development Bank, UN-REDD and bilateral donors (DFID, AUSAID, USAID) (Caldecott *et al.* 2011).

UN-REDD contributed through the production of a report: Mapping and Analysis of The National Funding Mechanism, Grant Management, Trust Fund, and Market Mechanisms Related to REDD+ Activities in Indonesia. UN-REDD also developed roadmap on 'benefit distribution system', which was submitted to REDD+ Task Force (UN-REDD 2013a).

According to the 2nd verification report (Caldecott *et al.* 2013), after much negotiation of conditions between Indonesia and Norway, the design of FREDDI has been finalised, accepted by the National Forestry Council and mutually recognised by key independent financial institutions. The details on institutional arrangements of FREDDI, fund flow, project cycle and reporting requirements, and the project pipeline windows are developed and ready to be presented and discussed with members of the future Board of Trustees (FCPF, 2013b).

⁸⁶ Indonesia-Norway Partnership 2010a and 2010b

Presidential Regulation 62/2013 authorises the REDD+ Agency to set up, coordinate, distribute and manage REDD+ funds through FREDDI. The funding mechanism is a fund management instrument with a requirement to guarantee that fund management is transparent, accountable and effective based on REDD+ funding guidelines and safeguards in accordance with prevailing law.⁸⁷ Under Indonesian law, the Indonesian national financial mechanism for REDD+ (FREDDI) cannot be formed under the REDD+ Agency as trust funds can only be established under ministries. The REDD+ Special Team has been in discussion with the Ministry of Forestry, and received agreement in principle, to get an adjustment for Presidential Decree 80/2011 so that FREDDI can be established within the REDD+ Agency rather than a ministry. There is precedent for gaining a Ministry of Finance exception to the regulation that trust funds can only be held by ministries, for example, regionally in Sungai Wen, East Kalimantan; Danau Cidanau, Serang; Bunaken, North Sulawesi, and nationally the Millennium Challenge Account-Indonesia (MCA-I) all of which are trust funds legally constituted but not under direct ministerial control. The MCA-I is managed by a board of trustees that includes government and private sector and donor representation. Several informants suggested that FREDDI could be established outside the presidential decree in the first instance, while the legal process is ongoing. For example, FREDDI could be run now through UNDP as an interim measure.

FREDDI will be governed by a board of Trustees comprising of at least the REDD+ Agency, the Ministry of Finance, Bappenas, and a financial institution (Trustee). It will function initially as a granting entity, with four windows of disbursement: 1) National programmes (Readiness, national priorities that address significant sources of carbon emissions, emergency interventions; 2) sub-national programmes that mainstream sub-national strategies through capacity building and performance based payments; 3) competitive calls for programmes that reduce emissions through sustainable forest and land use management; and 4) small grants for community forestry, livelihood and natural resource management (Caldecott *et al.* 2013; Sari 2013). Windows one to three are anticipated to become operational later this year. Other potential modalities, including functioning as a trade intermediary that can purchase and aggregate performance units and also potentially as an investor, are envisaged at a later date. One key informant hoped that FREDDI will create a domestic market that facilitates private sector investments in REDD+.

The second verification report (Caldecott *et al.* 2013) notes that an important element of the design of FREDDI is that it will manage funds off-treasury to enable flexibility in making payments to civil society organisations, communities, government and others.

Good progress has been made in establishing the means for measuring and reporting of emissions reductions and the institutional framework for MRV

Extensive work on MRV and reference level development has been undertaken with NICFI support (see Table 16). Primarily through the bilateral agreement and through the UN-REDD

⁸⁷ <http://blog.cifor.org/19055/full-text-of-president-susilo-bambang-yudhoyonos-decree-on-indonesia-redd-agency#.Ux8MEWePO1s>

Indonesia Country Programme, NICFI funding has supported the planning of an MRV system, as well as a number of significant technical/technological advancements (see Table 16). The 2012 real-time MRV Evaluation found that clear progress has been made against Indonesia’s baseline forest monitoring capability in 2009 particularly in carbon stock assessment (Lincoln *et al.* 2012).

The MRV system will measure the performance of all REDD+ activities, and encompass Nationally Appropriate Mitigation Actions (NAMAs) in the sectors of Agriculture, Forestry and Land Use (FCPF, 2013a). The national MRV system is expected to be able to monitor emissions from peat lands, given their overall importance in Indonesia’s carbon stocks and emissions profile.

Table 16 Key MRV developments by NICFI support channel

Bilateral Agreement	UN-REDD Indonesia Country Programme	FCPF Readiness Grant
<ul style="list-style-type: none"> - MRV Strategy developed and endorsed by the relevant line ministries - Several provincial MRV strategies developed - Draft Reference Emissions Levels (RELs) developed for 10 priority provinces - Upgraded satellite receiving station capable of handling high resolution datasets - Purchase of open access license for high-resolution satellite imagery 	<ul style="list-style-type: none"> - Range of technical assessments including for example: land use classification in Central Sulawesi using Spot 4 - Redesign of the National Forest Inventory (NFI) to cover forest carbon stocks and inadequately covered ecosystems - Addition of quality assurance procedures to the NFI - Data management system for Indonesia’s NFI data – Open Foris, developed and installed - Assessment of REL methodological options and their implications, developed and provided to Task Force - REL developed for 1 priority province - Syllabus development on basic remote sensing, field measurement inventory, carbon inventory, and REL development 	<ul style="list-style-type: none"> - Establishment and measurement of 100 permanent sample plots in five provinces - Development of time series analysis of the primary social, economic and policy aspects of land use change.

The NICFI support has contributed to a broad range of piloting activities and there are complementarities between the bilateral support programme and NICFI supported civil society activities

At the national level, the various systems and methodological approaches that have been developed (the MRV system, PRISAI – the safeguards system; the safeguards information system; and FREDDI the financial mechanism) are all in essence pilots. Some of these have been trialled at a local level already (PRISAI through The Nature Conservancy demonstration project, for example), while the others are set to be established and trialled during Phase 2 of the Indonesia – Norway bilateral agreement.

Eleven pilot provinces were identified in the National REDD+ Action Plan (December 2012) developed through the bilateral agreement. To date, seven of these have completed their provincial strategy and action plans (East Kalimantan, West Papua, Jambi, West Sumatra, Riau, Central Kalimantan and Papua⁸⁸). Of the remaining four, Aceh and West Kalimantan were delayed in the process due to governor elections and public consultations. The action plan for Central Kalimantan is currently under revision and in Central Sulawesi there has never been an action plan although support under UN-REDD prepared the province well and established legislation on strategy, Free Prior Informed Consent and selection of districts⁸⁹.

A number of pilot activities have been funded across these provinces through different flows of Norwegian support including civil society support, the bilateral agreement and FCPF and UN-REDD program⁹⁰. These cover a wide scope of activities including community engagement approaches, alternative livelihood strategies, participatory mapping and land use planning and security of community tenure. Demonstration projects in the pilot districts have provided an important testing ground for development of reference levels, MRV and social safeguards tools (Caldecott *et al.* 2013).

Central Kalimantan was announced as the first pilot province, in accordance with bilateral partnership agreement. The baseline data and map for the province have been completed and a process for examining natural resources licences is in place. Although the province has provided an important ground for trialling the MRV system by FORDA (FCPF support) and other national initiatives such as INCAS, the national carbon accounting system, the REDD+ readiness process in this pilot province has been critiqued for needing better coordination and communication between stakeholders and to prepare for a more jurisdictional approach (Caldecott *et al.* 2013).

NICFI civil society partners The Nature Conservancy (TNC) and World Wide Fund for Nature (WWF) are piloting a jurisdictional approach at district level through their demonstration projects. These organisations highlight as key achievements the gaining of recognition and secure tenure of community forest areas within existing forest concessions and moving towards guidelines and establishment of land swaps for establishment of oil palm on degraded land⁹¹. Strengthened capacity of local district government in Berau, guidelines for

⁸⁸ The May 2013 FCPF REDD Readiness update (FCPF 2013a) clarifies that Papua and West Sumatra Action Plan has been developed but still under public consultation. It is unclear whether these action plans are final.

⁸⁹ Interview with The Nature Conservancy and WWF carried out by evaluation team March 2014.

⁹⁰ Civil Society support for example to WWF (Kutai Barat, Jayapura) and TNC (Berau) to pilot district jurisdiction approach; FCPF (Central Kalimantan) and UN-REDD (Central Sulawesi).

⁹¹ Interview with The Nature Conservancy and WWF carried out by evaluation team March 2014.

community engagement processes around REDD+, and corresponding institutional arrangements were also identified by TNC as important achievements.

The real-time evaluation of NICFI civil society support identified that demonstration projects in pilot provinces have made slower progress than originally anticipated, noting that it would take time to build up capacity as this was initiated from a low base (Hardcastle *et al.* 2012). This is still the case, with NICFI civil society partners noting that the lack of technical capacity and institutional incentives to provide quality information and data management at district level is a bottleneck for local government data submissions into the One Map initiative. At the same time, one stakeholder pointed out that the One Map initiative has been a very centralistic activity so far. Given this lack of capacity and information, the presence of NICFI supported civil society organisations that provide their own data generated from pilot activities has been identified by stakeholders as a critical factor to the progress being made particularly on jurisdictional district REDD+ planning. This illustrates the complementarity of the civil society and bilateral support programme in this case.

A substantial body of information and corresponding knowledge development products have been produced using NICFI support

Examples include the large body of technical reports produced by the UN-REDD Country Programme (from a tool for planning for multiple benefits in REDD+ activities; Free Prior Informed Consent (FPIC) guidelines and instrument; MRV relevant research and methodologies, socio economic and opportunity cost analyses)⁹²; FCPF funded MRV related research undertaken by FORDA; and numerous analyses and publications developed by NICFI supported civil society organisations.

In terms of developing methodologies and sharing these through testing and publication, a number of international institutes supported through the NICFI civil society support have made a large contribution. These include CIFOR on setting reference levels and identifying drivers of deforestation, and calculating emissions, the Forest Peoples' Programme on promoting Free Prior Informed Consent and Clinton Climate Initiative for the support and development of Social and Environmental Safeguards (Hardcastle *et al.* 2012).

Communication on REDD+, though recognised as important, has been critically weak

Communication and stakeholder engagement was considered important enough to deserve special attention through the REDD+ Task Force structure and had a specific working group. One of the main achievements of the Task Force Working Group on Communication and Stakeholder Engagement was the public consultation process conducted around the National REDD+ Strategy. Other outputs achieved, as documented by the REDD+ Task Force, include the establishment of an educational and awareness-raising campaign; a school engagement programme on Education for Sustainable Development; and a Citizen

⁹² http://www.un-redd.org/AsiaPacific_Technicalreports/tabid/106605/Default.aspx#Indonesia

Journalism for REDD+ monitoring programme to members of Indonesia's Indigenous People's Alliance (AMAN) among other activities (UNDP 2013).

Although it was not included as a deliverable of the bilateral agreement, the “design of a comprehensive 1-2 years, national and international, communication and education campaign completed” was the key indicator identified to measure achievement of Output 9 of the Joint Concept Note. It is unclear and not documented whether a specific plan for integrated public communication was developed beyond the examples included above.

Despite the existence of a dedicated working group of the Task Force, weaknesses of communication among stakeholders, particularly between government agencies and different levels of government, and the need to enhance inclusion of private sector players and coordination between donors were identified as key strategic issues in the Second Verification Report of the bilateral agreement (Caldecott *et al.* 2013). There was wide perception among the informants to this evaluation that its communications effort had been one of the weakest elements of the REDD+ Task Force activities.

Stakeholders also highlighted that there is a lack of discourse on REDD+ issues in the public domain and that communication with government and local stakeholders has progressively weakened leading to frustration and misunderstanding. Many interviewees referred to misconceptions and unrealistically raised expectations at the local level. The communication on REDD+ has failed to convey ‘understanding’ of what REDD+ means for those that influence land use management at national and sub-national levels, including government agencies, private sector, local communities, let alone the public at large.

Stakeholders interviewed also commented on the lack of strong communication of the Task Force’s successes to the public at large. Comparison was drawn between the effectiveness of public communication within the Indonesian anti-corruption movement and an acknowledgement that there needs to be more responsive timely public conversations on land governance in relation to REDD+. The Anti-Corruption Commission, for example, has been much more effective at bringing their issues to the public, and mobilising constituencies through responsive, timely communications.

Delays in progress against the over-ambitious timeline envisaged in the Letter of Intent and Joint Concept Note give a negative impression that undermines the substantial progress made and could affect national and international political will and buy-in

One of the major risks identified in the Norwegian government decision note (Norwegian Embassy Jakarta, 2010) covering the decision to enter into a REDD+ partnership with Indonesia was failure to progress on the Indonesian side (although it notes that results-based approach addresses this risk). The timeline as envisioned in the Letter of Intent slipped badly. Many reasons for this were given to the Second Verification team, including that the original timeline was naïve (Caldecott *et al.* 2013). This was supported by stakeholders interviewed for this evaluation. Progress was therefore much slower than expected, leading to successive renewals of the Task Force mandates and extensions to the

UNDP contract, and the formulation of an Interim Phase to 'bridge' between Phase 1 and Phase 2 of the bilateral agreement.

The Second Verification Report on the bilateral agreement concluded, however, that given the complexity and pioneering nature of the enterprise, working against "turbulent political headwinds", it is actually "more of a wonder that so much has been achieved so quickly" (Caldecott *et al.* 2013). The report also notes that there are a number of areas of the national strategy that are fully implemented. This is ahead of schedule, as implementation of the REDD+ strategy was planned to be undertaken during Phase 2 of the bilateral agreement (Indonesia – Norway Partnership 2010a). Implementation of the moratorium is one example of this.

Informants to this evaluation commented that the over-ambitious timeline, and consequent failure to meet that timeline, caused embarrassment nationally and internationally and was damaging the effort to engender public will for REDD+. It is a risk that an over ambitious timeline could be a factor in the interim phase: according to embassy officials, the plans for scale up at district and provincial levels envisaged by the REDD+ Agency seemed over ambitious and the REDD+ Agency has been requested to reassess the feasibility of those plans.

As pointed out by NICFI, there is also likely to have been an upside to the ambitious timeline through introduction of urgency and political momentum and the evaluation team acknowledges that there is a fine line between ambitious and over-ambitious.

4.2.2. Objective 2 Section 2: Sustainability of Achievements

There is insufficient specificity in political party platforms to be sure of the level of the winning party's political will to support REDD+, and there is a risk that progress may slip backwards and achievements be lost

Existing REDD+ institutions such as the REDD+ Agency are likely to survive given the limited precedent in Indonesia for dissolution of agencies. Even business-orientated parties are likely to be wary of inviting international censure for reducing support to reduce greenhouse gas emissions. However, current key and effective personnel within such institutions may well be changed through the political appointment processes.

According to interviewees, the One Map initiative has broad-based support among government and non-government sectors that see it as a means of reducing debilitating development and business uncertainty. The moratorium and review of licences are arguably the least secure because they may be perceived by a business-orientated winning party as standing in the way of regional economic growth. Business-orientated parties are likely to come under pressure from corporate and local government constituents to let the Moratorium expire. Increased access to marginal and degraded lands, as planned for under

the REDD+ Strategy and during Phase 2 of the bilateral agreement, may offset these pressures; hence it may be prudent to prioritise the degraded lands database and related programmes during implementation of Phase 2.

While party platforms do not generally specify forestry and land use, one presidential candidate is a trained forester and recently wrote on the importance of forests for peoples' welfare (Widodo 2013). In this article, he emphasised that "*the importance of REDD+ to governance of the forestry sector is not only a rights issue for local and indigenous communities but also includes opportunities for their human, social and knowledge resources to contribute to better forest and land management*". He emphasised the interdependency between forest quality and people's prosperity, that mutually-reinforcing forestry rights (e.g., through *Hutan Desa / Village Forests* and *Hutan Kemasyarakatan / People Forest licences*) enable local communities to manage forests well (p.397). He urged decision makers to gain first-hand knowledge and understanding of circumstances at the local community level and not just make policies and plans from their desks. It is well known that the Joko Widodo, in his present position as Governor of Jakarta, has put into practice this insistence on local-level understanding.

The basis for the REDD+ Agency is fragile, and the coming months will be critical if it is to become an established institution; gaining political support will be a crucial for this

The REDD+ Agency is established by a Presidential Decree (*Perpres*), which is the strongest of the three tiers available under the relevant framework law⁹³, however legal establishment does not generate automatic credibility. Gaining its own line within the State Budget will be an important step in the Agency becoming part of the institutional firmament. The Head of the REDD+ Agency is confident that budgetary support for the agency to cover the salaries of staff, will be provided in its first year (through attachment to the State Secretariat budget to be submitted in March before the election), and is expectant that the Agency will obtain its own budget line in subsequent State Budgets.

The ability of the Agency to co-ordinate line ministries requires it to function at the ministerial level, so it is important that the Head of the Agency holds a ministerial level position. This is established in the Presidential Decree for establishment of the REDD+ Agency, which states that the Head of the Agency will report directly to the president and "will be provided with financial, administrative rights and other facilities at par with Ministers"⁹⁴. The Presidential Decree also states that Deputies will be granted position, financial rights and other facilities at par with structural Echelon 1a in the Indonesian civil service structure. This is the most senior level, equal to Secretary General or Director General, which means that the Deputies should be able to function on an equal level to the Director Generals of the line ministries.

⁹³ *Undang-Undang Nomor 10 Tahun 2004 tentang Pembentukan Peraturan Perundang-undangan* (Taken from and cited in Caldecott *et al.* 2011)

⁹⁴ <http://blog.cifor.org/19055/full-text-of-president-susilo-bambang-yudhoyonos-decree-on-indonesia-redd-agency#.Ux8MEWePO1s>

However, while the President's Special Delivery Unit (UKP4) provides a positive precedent for a new government agency to co-ordinate the line ministries, the UKP4 also has legal authority to assess ministries and the president uses these assessments to evaluate ministers. The REDD+ Agency does not have this power. This is perceived as a threat by informants to its *de facto* ability to co-ordinate ministries. Informants gave the example of the National Climate Change Council (the DNPI), which was established on a similar legal basis as the REDD+ Agency. The political agenda changed and president's support of DNPI has not been strong, reducing its ability to play the co-ordination role it is legally mandated for. This suggests that the REDD+ Agency's power of authority is highly reliant on the support of the president and the outcome of the presidential elections later this year.

Selection of REDD+ agency staff that are politically savvy and able to build constituencies among the line ministries are regarded as critical requirements for the success of the REDD+ Agency

Various informants mentioned the need for the Head of the REDD+ Agency and his staff to be politically savvy. The need for careful support-building with the House of Representatives (Parliament) was also identified in the first verification report of the bilateral agreement (Caldecott *et al.* 2011). The Head of the Agency stated the importance of, and ongoing effort by the REDD+ Agency, to secure political support in light of the upcoming elections.

Informants also identified the need for a team that can form alliances, "to build bridges" with the line ministries, in addition to securing existing assets, and stepping up technical and operational activities. The Head of the REDD+ Agency believes that the best way to ensure continuity from work of the Task Force to the REDD+ Agency is to retain many of the design team to develop and lead implementation, especially given the need for significant scale up at provincial and district levels, without losing integrity of the strategies and plans. Other informants question whether the same team will have sufficient convening ability among the line ministries given the strained collaboration between the REDD+ Task Force and the Ministry of Forestry in particular.

It is critical that the team that is appointed is able to build strong links and convene with the line ministries, not least because the line ministries have a lot of authority in Indonesian law on land use decisions. Interviewees felt that the Task Force had overly-focussed on achieving deliverables over building and maintaining critical relationships with the line ministries, and this approach is perceived by some as arrogant. A genuinely consensus building and participative approach with the line ministries and local governments is needed to gain inter-institutional mutual trust and collaboration. The Agency staff will also need to build alliances with additional ministries, for instance those representing important drivers (Agriculture and Mining) and also Public Works, which were not represented on the REDD+ Task Force (Caldecott *et al.* 2011) .

The Presidential Decree establishing the REDD+ Agency states that civil servants appointed to the REDD+ Agency will be resigned from their current workstations during their term within the REDD+ Agency without losing their status as civil servant. Therefore, it is critical that if, as expected, one of the four deputies appointed is from the Ministry of Forestry, this

individual has strong enough influence to build links, alliances, and consolidate a solid working relationship with the Ministry of Forestry.

There is also an urgent need to build supportive constituencies at the sub-national level to help maintain momentum for REDD+

As a consequence of misconceptions and unrealistically raised expectations at the local level that REDD+ would bring substantial financial benefits, there is much frustration that these 'benefits' have yet to reach the ground. Examples mentioned to the evaluation team include the misconceptions that the full US \$ 1 billion had already been received and used in Jakarta; and that the US \$ 1 billion commitment from Norway was an offset of Norway's emissions. It is critical that the constituency for REDD+ is strong at the district level, as it is at that level that many land use decisions are made, both *de jure* and *de facto*, including the willingness to enforce land use laws. Given the level of frustration, there is an urgent need for local governments to feel results sooner rather than later to maintain will and momentum for REDD+.

The legal basis for REDD+ is not yet clear, and important contradicting policies present a critical threat to REDD+ in Indonesia

The legal basis for REDD+ in Indonesia is not clear. Environment Act 32 of 2009 contains climate change imperatives but in 2014 there is still no government implementing regulation (*Peraturan Pemerintah*). The Ministry of Finance has taken a lead with climate change fiscal policies under its fiscal reform agency and is concerned that other agencies may take on a similar role for which they do not have appropriate mandate. The REDD+ Agency is trying to establish a new law on REDD+ but this may prove counterproductive. Some argue against such law-making, pointing out that this is not necessary and may even be counterproductive by duplicating the role of current similar Environment and Finance policy instruments, leading to conflicting policies that will confuse those trying to operate in the REDD+ policy space, adding to the costs of doing business in an economy that has for decades been widely acknowledged as high cost.⁹⁵

The Master Plan for Acceleration and Expansion of Indonesia's Economic Development (MP3EI, Presidential Decree No. 88/2011) identifies expansion of oil palm and mining as key growth expansion strategies, which, without doubt, will result in further deforestation⁹⁶. Although the REDD+ Agency is involved in an initiative to "green" the MP3EI, it was still considered to be a major threat and powerful contradiction according to stakeholders interviewed, especially by civil society and donor focus groups. Civil society stakeholders also noted that the legal status of the Central Sulawesi REDD+ Strategy (Governor's Decree, *Peraturan Gubernur*, PERGUB) is much weaker than a regulation (*Peraturan Daerah*, PERDA) for extraction of natural resources.

⁹⁵ World Bank, 2014, "Ease of Doing Business in Indonesia", <http://www.doingbusiness.org/data/exploreeconomies/indonesia> .

⁹⁶ <http://www.redd-monitor.org/2013/12/20/redd-fails-to-address-the-drivers-of-deforestation-in-indonesia/>

Similarly, the Village Act 6 of 2014 will result in each of Indonesia's 75,000 villages receiving up to 1 billion Indonesian Rupiah annually. This could either support or undermine REDD+.

There is a lack of clear understanding on how the sub-national REDD+ strategies link with the major development planning, policies and instruments, which makes it difficult for sub-national government to know how to respond

The final iteration of Indonesia's REDD+ Strategy is intended to align REDD+ activities with the National Greenhouse Gas Action Plan (RAN-GRK) and the greening of the MP3EI (FCPF 2012a). The national and sub-national action plans to reduce emissions (RAN/D-GRK) are clearly an opportunity to mainstream REDD+ activities at the local level and the UN-REDD country programme has undertaken an assessment of this in relation to the Central Sulawesi reference emissions level and the emissions reduction action plan (RAD-GRK) (UN-REDD 2011). However, this alignment, and then how the emissions reduction action plans fit into the medium and long term development plans (RPJM/P) and spatial plans (RTRW) is not always clear to local government, according to stakeholders interviewed as part of this evaluation. It is therefore difficult for regional government to know how to respond.

There is an urgent need to improve the communication activities of the REDD+ Agency. It is vital that communication campaigns respond to specific stakeholder needs and concerns at this critical juncture in Indonesia's REDD+ effort

Given the frustration at sub-national level, improved communication is arguably the most pressing concern in the short term, especially in an election year. Informants comments highlighted a need to have responsive, consistent, and targeted communication and engagement processes at all levels by the REDD+ Agency as a condition for success. It is anticipated by partners that there will need to be a change in the communication and engagement approaches towards a more participatory and consultative style of communication and engagement. This will be necessary for the REDD+ agency to fulfil its functional role as a coordinating body both vertically and horizontally in government over the longer term. Rather than being a core function of the REDD Agency, communication will be housed in a special unit.

This is now a critical juncture to ensure that all stakeholders at local level are part of the ongoing conversation in REDD+ as implementation will be at the district and community levels so engagement at these levels is the key to success. Effective communication practice in Indonesia on other issues is evident through mass and social media, not always through written materials. Face to face engagement and consultation exercises have also been seen as a key to success. Indonesia is extremely complex both vertically and horizontally and experience has demonstrated that any communication campaigns and processes need to respond to specific stakeholder needs and concerns through a targeted approach.

Conclusions

Substantial contribution to achievement of this objective has been made, particularly through the bilateral agreement, with extensive progress made on all aspects of REDD+ readiness.

Weak communication activities, along with failure to meet what was an over-ambitious timeline undermine the achievements made.

The progress made is fragile in light of uncertain future political support for REDD+; challenging collaborative relationships with key line ministries; and frustrations at the sub-national level caused by misunderstanding and misconceptions.

4.3. Objective 3: To promote the conservation of natural forests to maintain their carbon storage capacity

The bilateral agreement and its related activities have a strong focus on conservation of natural forests although many of these are at the planning state so results are yet to be seen. Contribution is also made through supported civil society pilot projects

There are three activity areas under the bilateral agreement that provide, or have the potential to provide, a strong contribution to the conservation of primary natural forests and peat lands: 1) The moratorium on the granting of new licences for forest conversion; 2) The Strategic Programmes of the National REDD+ Strategy; and 3) the safeguards system, PRISAI. The National REDD+ Strategy itself has a central focus on improving forest governance, which, if successful will have an indirect positive impact on natural forest conservation.

The moratorium was established for two years initially under Presidential Instruction 10/2011, then extended for a further two years through Presidential Instruction 6/2013. The moratorium has several important weaknesses: the lack of inclusion of primary forests covered by existing licences; and the lack of inclusion of secondary or logged over natural forests⁹⁷. A CIFOR study on the moratorium noted that as governance is relatively weak, concerted effort would be needed to enforce it, and that the moratorium's exceptions for activities related to food and energy security create loopholes that could undermine the suspension of new concession licences (Mudiyarso *et al.* 2011). The Second Verification Report of the bilateral agreement (Caldecott *et al.* 2013) notes that the moratorium has not yet been as effective as many hoped for these reasons, in addition to there being a lack of

⁹⁷ Some companies, however, e.g., Asia Pulp and Paper since August 2013, have unilaterally declared they will no longer cut natural forests even where allowed to do so in their licenced production forest areas.

clarity on what is meant by “older permits”, and changes in the definition of peat land. Many of these risks were identified as threats by NICFI at the outset (Ministry of Environment, Norway, 2010), but the payment for results approach was considered to mitigate these to a certain extent. Despite these weaknesses, the moratorium is regarded by stakeholders as an important step.

Two of the three ‘Strategic Programmes’ of the National REDD+ Strategy, which was developed under the bilateral agreement, have a strong focus on conservation of natural forests (REDD+ Task Force, 2012). Programme 1 ‘Conservation and Rehabilitation of forest and peat land’ includes activities to establish protected areas in forests and peat lands with high carbon stocks and high biodiversity value; to control conversion of natural forests and peat lands; and (through monitoring and permit reviews, encouraging land swaps) to restore degraded natural forests and peat lands. The degraded lands database, should also contribute to this. The majority of these activities are expected to be implemented during Phase 2 of the bilateral agreement; however, some restoration activities are already underway during the Interim Period of bilateral agreement. For example, technical restoration design for the Tripa Peat Swamp Forest in Aceh is to be completed and implementation underway by the end of the Interim Period (UNDP, 2013). Another example is the mapping project in Central Kalimantan by World Resource Institute.

The second Strategic Programme, ‘Sustainable Agriculture, Forestry and Mining’, includes activities to control conversion of productive land to open cast mining, and to prevent and control fires in forests and peat lands (UNDP, 2013).

The NICFI supported civil society demonstration projects are also contributing to the conservation of natural forests. For instance, the WWF project is working directly with oil palm and timber concessions, to establish Forest Stewardship Council certification in production forest concessions and to improve management planning so that it includes inventories of carbon stocks and biodiversity. WWF has also attempted to engage oil palm concessionaires in discussion to swap natural forest licenced for conversion to oil palm, for degraded land. The TNC project has negotiated with existing concession holders to take key areas for local communities out of production, which has the potential to contribute to the conservation of natural forest. This has been agreed in one area and TNC is now attempting to scale up.

Conclusions

A strong contribution has been made to the promotion of the conservation of natural forests through the bilateral agreement and through supported civil society projects; however, the impact of many activities is yet to be seen as they are at the planning stage or in early implementation.

4.4. Objective 4: To deliver development benefits in the implementation of activities under Objectives 1-3.

Indonesian civil society has made a strong contribution to design elements of REDD+ that are relevant to the fulfilment of Norwegian development policy objectives, and key civil society actors have received support through NICFI civil society funding towards this

Two key projects within the NICFI civil society portfolio that have contributed to this in Indonesia are the Rainforest Foundation Norway project ‘Supporting indigenous and forest-dependent peoples’ interests’, and the Samdhana Institute project ‘Supporting preparedness and engagement of indigenous peoples, local communities, community based organisations and local non-government organisations in REDD policy development and pilot projects in Indonesia’.

The Rainforest Foundation Norway project (Rainforest Foundation Norway, 2013) facilitated the participation of Indonesian civil society partners in meetings on the national programme documents of UN-REDD and FCPF, and its national partner, AMAN’s, advocacy around the Indonesia Forest Investment Program Strategy. The project supported national partner, Warsi, to advocate on the following key issues in the Provincial REDD+ strategies of Jambi and West Sumatra: Inclusion of community based forest management; Implementation of Free Prior Informed Consent; safeguards mechanism; benefit sharing mechanism; and on tenure conflict resolution. In Central Sulawesi *Pokja Pantau* was supported to advocate on safeguards and community based forestry.

The Samdhana Institute project final report (The Samdhana Institute, 2013) lists “developing REDD+ ‘safeguards’ in policies at the project, district and provincial levels” as one of the three “most prominent milestones” achieved by the project. In a number of provinces, Samdhana Institute project grantees (local community organisations) have participated in low carbon development planning and provincial action plans for greenhouse gas emission reduction (RAD-GRK), required by Presidential Decree No. 61/2011 (The Samdhana Institute, 2013).

Fundamental steps towards improving Forest Governance in Indonesia have been taken through the bilateral agreement; contributions also made through UNREDD and civil society support

Forest governance improvements are central to both the bilateral agreement, and to the National REDD+ Strategy developed under the bilateral agreement. Two of the five pillars of the national strategy focus on forest governance: Pillar 2 on ‘Legal and Regulatory

Frameworks and Pillar 4 'Changes to Work Paradigm and Culture'. Activity areas under Pillar 2 include: Review land rights and accelerate spatial planning; Improve law enforcement and prevent corruption; enforce the moratorium; improve data and permit issuance systems. Pillar 4 included strengthening of forests and land use governance.

The System for reviewing all natural resource licences is widely welcomed by all stakeholders we spoke with and seen as a major step to improving forest governance. Two stakeholders stated that five years ago they would not have imagined it possible that a Moratorium and Review of Licences could be established⁹⁸. An additional key civil society stakeholder regarded the One Map as a fundamental step forward, noting that civil society in Indonesia had been pushing for something similar for 10-15 years and nothing had made as much progress.

Moratorium

New large-scale corporate licences have by and largely ceased to be issued in Moratorium areas with licence proposals covering just under 1 million hectares rejected since the start of the moratorium⁹⁹.

Rainforest Foundation Norway's partner Walhi, has been monitoring implementation of the moratorium using NICFI civil society support. This includes evidence collected by Walhi against a concessionaire in Tripa, in Aceh which contributed (among other contributors) to a "landmark prosecution" in which an Indonesian court found the concessionaire guilty of violating environmental laws (including the moratorium) and ordered it to pay US \$ 30 million in fines and restoration costs¹⁰⁰.

At the end of the moratorium period, the expectation is to have two systems in place: one consolidated map of licences and land use claims, and a new land-use licencing system (FCPF, 2013b). According the several informants, the moratorium is regarded as providing a "breathing space" while these systems are established.

One Map

The One Map initiative, established by the REDD+ Task Force under the bilateral agreement, and managed by the Geospatial Information Agency (BIG), is intended to resolve different maps from different sectors and contain in one place all relevant information linked to forest licencing and land use claims. This One Map is to be used as the reference map for land use decisions by all line ministries and other actors. Through providing funding through the civil society support scheme (to AMAN via the Rainforest Foundation Norway project and to the Samdhana Institute and its partner JKPP), NICFI (among others) has contributed to the development of some of the 2.4 million ha of map coverage of customary land passed by AMAN to BIG for incorporation into the One Map.

⁹⁸ Note that this Moratorium is not the first moratorium on new licences: following COP13, President Yudhoyono imposed a moratorium on new licences for peat forest conversion, but this was soon lifted in February 2009, (Ministry of Agriculture Decree 14/2009) on the justification that new plantations were needed to boost the welfare of local populations (Mackenzie *et al.* 2011).

⁹⁹ <http://news.mongabay.com/2014/0212-indonesia-denies-permits.html>

¹⁰⁰ <http://news.mongabay.com/2014/0109-aceh-tripa-court-decision.html>

Most private and government sectors accept the importance of the One Map initiative as the only way to resolve different maps from different sectors. The initiative is widely seen by sectoral government agencies and the private sector as key to ensuring business certainty and sustainable land use decision-making. No alternative exists to resolve inter-sectoral inconsistencies of land use maps.

The One Map initiative, however, faces many sectoral and capacity constraints. Progress on one Map is perceived by the stakeholders interviewed by the evaluation as slower than many had hoped, and one stakeholder pointed out that the process is not well co-ordinated at the district level, with there being no incentive for districts to voluntarily submit information on licences and no penalty if they fail to submit information. Other stakeholders noted that there is often a lack of clear and full licence information available to the district head.

Licensing system

Through the bilateral agreement, efforts are underway to resolve overlapping licences, improve the system for issuance of licences, and transparency around the licensing system. Identification of and review of land use permits is underway in three priority provinces (Central Kalimantan, East Kalimantan and Jambi). In March 2012 a moratorium on palm oil plantations and mining was established by governor's decree in Central Kalimantan, along with a legal audit of palm oil and mining concessions. A Memorandum of Understanding was signed between the Provincial Government of Central Kalimantan and the REDD+ Task Force in 2012 stipulating that all land use licences (for plantations, mining, forestry) issued in Central Kalimantan will be registered and the licence information centralised into a single online database system that can be accessed by the public.¹⁰¹ The online database covers three districts to start with: Barito Selatan, Kapuas, and Kotawaringin Timur.

In 2013, a memorandum of understanding between UKP4/REDD+ Task Force, Governor of Jambi, and Governor of East Kalimantan was signed to resolve overlapping land use permits on plantations, forestry, and mining in their regions. Three regencies in Jambi Province (Tebo, Muaro Jambi, and Merangin), and three regencies in East Kalimantan (Berau, Kutai Kartanegara, and Kutai Barat) have agreed to resolve permit issues in the preliminary phase¹⁰². In complement to the work established by the Task Force, the districts in Jambi will also pilot model natural resource licensing processes under the Millennium Challenge Account – Indonesia (MCA-I Green Prosperity programme) in the Districts of Murao, Jambi and Merangin. Furthermore, the District Head of Merangin has declared that no new and destructive licences will be awarded that threaten investments in renewable energy and increased natural resources. The online licence database system is also under establishment in East Kalimantan.

¹⁰¹

http://www.satgasreddplus.org/download/121011%20Pers_Release_Central_Kalimantan_Province_is_The_Pioneer_For_Land_Use_Governance.pdf

¹⁰² <http://www.satgasreddplus.org/en/component/k2/item/88-jambi-and-east-kalimantan-agree-to-resolve-overlapping-land-use-permits>

The REDD+ Task Force has piloted a new licence review process in three districts in Central Kalimantan and is evaluating how permits comply with Indonesian rules and regulations¹⁰³.

Two civil society stakeholders noted that the impact of the “review of licences is felt on the ground” in the districts they are active in, primarily because it is linked with the anti-corruption commission, the KPK.

Participatory Forest Governance Assessment

Through the UN-REDD programme a participatory forest governance assessment of Indonesia was undertaken in 2012 and the results published in 2013. Indonesia forest governance index report is 2.33 as of the scale of 1 to 5. The index includes 117 indicators agreed for measuring forest governance condition at the central, provincial, and regency level. There are 10 provinces covered in the report: Aceh, Riau, Jambi, South Sumatera, West Kalimantan, East Kalimantan, Central Kalimantan, West Papua, and Papua with two regencies of each province.¹⁰⁴

Given the importance of poor governance as a driver of emissions from deforestation and forest degradation, arguably the single greatest constraint to achieving REDD+ in Indonesia is achieving satisfactory governance reform. Drawing on the arguments above, much progress has been made but much more remains to be done to ensure;

i) Equitable, environmentally-sound and efficient forestry and natural resource licencing.

Mismanagement and corruption in natural resource licencing are major drivers of degradation and deforestation in Indonesia. Added to this, is the slow pace of community-based forestry licencing in comparison with corporate licencing, and that the highly bureaucratic and high-cost forestry licencing system favours corporate over community-based management (Bennett, 2002).

ii) Optimisation of forestry land management through the removal of policies that undervalue those resources. For example, “Infant-industry” policies to supply downstream domestic industry with cheap raw materials (timber and non-timber forest products, notably rattan) that have been in place for most of the past 30 years have persistently undervalued Indonesia’s forestry land resources, e.g., through export trade bans for logs, sawn timber and non-timber forest products notably rattan, raising the opportunity cost of their development in comparison with non-forestry alternatives.¹⁰⁵ Ironically, the outcome is proving self-defeating as conversion to agriculture (e.g., oil palm and cocoa in the lowlands, coffee and cinnamon in the highlands as well as vegetables) reduces supply of raw materials to the protected,

¹⁰³ <http://www.wri.org/blog/indonesia-extends-its-forest-moratorium-what-comes-next>

¹⁰⁴ <http://www.satgasreddplus.org/en/component/k2/item/68-undp-indonesia-launches-indonesian-forest-governance-index>.

¹⁰⁵ Repetto, R. and Gillis, M. “Public Policies and the Misuse of Forestry Resources”. Cambridge University Press, Sep 30, 1988; Panayotou, T. “Green Markets: The Economics of Sustainable Development, Chapter 3” 1993, International Centre for Economic Growth, Harvard Institute for international development; ADB, “Natural Resource Management in a Decentralized Framework”, ADB TA 4687-INO, Final Report 2007; World Bank, “A World Bank Strategy for Supporting Good Governance of Forest Land in Indonesia: *Assets for the Poor ... the Poor as Assets*”, 2003, World Bank Report IDP-191.

“long-infant” industries.¹⁰⁶ Indonesia’s notoriously weak forestry law enforcement is often unable to prevent this conversion of state forest land to agriculture. Most recently, this problem has been highlighted in the inability to prevent widespread and destructive forest and land fires.¹⁰⁷

iii) Access of agricultural developers to marginal and degraded land within state forestry areas that has long remained unforested. This point was made by a senior representative of the Business Association of Oil Palm Producers (GAPKI) who expressed disappointment that increased access to such marginal lands to relieve pressure on peat lands and natural forests as specified in the Letter of Intent and the National REDD+ Strategy have not yet been undertaken (although this is anticipated in Phase 2 of the bilateral agreement).

Tackling forest sector crime is a key component of the bilateral agreement supported activities and key issues have never been tackled before are being addressed. Several NICFI funded civil society and Forest Investment Programme projects are also anticipated to contribute to tackling forest crime.

Multi-Door Approach

An important approach to tackling forest sector crime in Indonesia has been developed through the bilateral agreement. The Multi-Door Approach was described by a stakeholder as tackling issues never addressed before, and is intended to address natural resources / environment – related crimes. Such crimes are multi-dimensional and connected to other crimes across various sectors (e.g. forestry, mining, plantation, taxation, money laundering, and corruption - illegal logging is often connected to corruption and money laundering, for example). By using a combined approach of enforcing laws across multiple sectors, the anticipation is that it will be easier to prosecute and more difficult for perpetrators to evade prosecution.

This activity has been led by the Legal Review and Law Enforcement Working Group of the REDD+ Task Force, which has developed technical guidelines for investigating priority legal cases through the Multi-Door Approach (REDD+ Task Force undated 1).

A capacity building curriculum for law enforcers has also been developed. By December 2012, UKP4 and the REDD+ Task Force had facilitated training activities and seminars for 306 participants: judges, prosecutors, police, and civil servant investigators in three provinces: Riau, Central Kalimantan and Aceh (REDD+ Task Force, undated 2). Sixty three cases have been reviewed by the Ministry of Forestry and the Judicial Mafia Task Force to identify the most serious violations. Forty three of these have been ‘addressed’ using the

¹⁰⁶ Political pressure is being exerted on downstream wood processors by upstream producers of primary products (logs, sawn timber, raw and semi-processed rattan) who are striving to turn their enterprises into sustainable profit centres rather than cost centres for downstream processing industry. This is occurring as the vertically-integrated wood industries have begun to fragment since the Soeharto era when vertical integration was mandatory. Some downstream processors and government agencies still recent this trend (Furnicraftoday, October 2013, p.32-33) seemingly unaware that forced forestry undervaluation to supply cheap raw material to downstream industry will ultimately be self-defeating as it encourages conversion to more lucrative agriculture.

¹⁰⁷ The Economist, “Leaders fiddle as Sumatra burns” about present forest and land fires where law enforcement is weak. Page 29, March 22nd 2014.

multi-door approach, according to the documentation, but it is unclear whether these are prosecutions achieved or in process. Of the 43 cases, 39 involve plantation, forestry or mining companies. The cases in Central Kalimantan were addressed using combined plantation and forestry laws, while those in Aceh (including Rawa Tripa) were addressed using combined environmental and plantation laws (Royal Norwegian Embassy Jakarta, 2013).

A Memorandum of Understanding on the Multi-Door Approach was signed by the Indonesian National Police Chief, the Minister of the Environment, Minister of Forestry, Minister of Finance and the Head of the Indonesian Financial Report and Analysis Centre to implement and the Multi-Door Approach and to co-ordinate with each other to do this (REDD+ Task Force 2012 a).

Review of Legislation

An inventory of legislation that needs to be amended/ revoked/ improved based on the National REDD+ Strategy was put together by the National REDD+ Task Force's Legal Review Working Group. This is a first step; it is too early to ascertain the extent to which legal reform will be achieved as a result.

Civil Society Projects

Several of the civil society organisation projects funded by NICFI are also working on forest crime, notably the Interpol Law Enforcement Assistance for Forests project, which aims to improve law enforcement capacity and effectiveness of operations to tackle illegal logging in Indonesia and other countries. A NICFI supported project of the United Nations Office on Drugs and Crime also has the objective of improving capability to address transnational organised forest crime.

Forest Investment Programme (FIP)

Through the FIP Indonesia country programme, supported projects are intended to reduce commercial illegal activities, including illegal logging, mining, and forest conversion in project areas compared with a baseline to be established during project preparation. These are in the development stage and not yet implemented, so the eventual impact of these is uncertain.

Management of fiduciary risks has been good so far, but much will depend on the financial institution decided upon for FREDDI

This was tackled in the Letter of Intent negotiations, with Norway concerned that the financial mechanism must ensure 'proper management of the funds in accordance with international standards for transparency, environmental, and social conditions' (Ministry of Environment Norway, 2010). This was considered one of the most challenging negotiation areas to gain agreement on (Ministry of Environment Norway, 2010). As a result, the "vague wording" on the financial mechanism in the Letter of Intent, which consists of "a specification of criteria without a specification of the type of institution, except that it shall be a 'Internationally

reputable financial institution”, was a compromise and considered by Norway to be a major risk (Ministry of Environment Norway, 2010).

In 2010, Norway considered it essential that funds are channelled through a multilateral institution, with the possibility for other donors to join later – a private bank without development assistance was not considered able to provide administrative quality assurance, involved greater risk of mismanagement (Ministry of Environment Norway, 2010). To date, funds have been channelled through UNDP and are subject to UNDP’s standards for fiduciary management, which are internationally accepted. However, no decision has yet been taken on the financial institution that will ultimately undertake the financial administration of FREDDI, and the preference in Indonesia, according to national informants, is for an Indonesian institution to take this role.

The NICFI funded civil society projects are required to submit to an annual independent audit of funds. No irregularities have been found among the Indonesian components of the portfolio.

There has been a distinct, positive shift in the discourse on indigenous peoples’ rights in Indonesia, and the NICFI support through the bilateral agreement and civil society programmes has contributed substantially to this. Although this progress is important, much could yet impede practical impact on the ground

Although some politicians purport that all groups in Indonesia are “indigenous” and none should be privileged, around 50-70 million people maintain traditional cultures and ways of life, and are recognised as special in the Indonesian constitution. Many of these groups are key stakeholders for REDD+ in Indonesia because they inhabit remote, forested areas and depend on the forests for their livelihoods. In Indonesia, in 2007, there was no generic law specifically and comprehensively dealing with indigenous people and their rights and territories. Any provisions made within the legal framework have been open to multiple interpretations, not instrumental and promote centralism and integration (Mackenzie *et al.*, 2010).

By 2010, when the NICFI bilateral support began and civil society support projects were in the early stages of implementation, the Government of Indonesia had made few concrete steps to address indigenous peoples’ issues. Although the Ministry of Forestry strategic plan for 2010-2014 includes “empowerment of indigenous peoples and local communities” as one of its eight priorities, and the State Ministry of the Environment Law 32/2009 on the Protection and Management of Environment, drawn up in response to climate change, states that all new projects must consider climate change and the rights of indigenous people, there was little evidence found by the real-time evaluation Indonesia country baseline report that this was happening (Mackenzie *et al.* 2010). The United Nations Committee on the Elimination of Racial Discrimination (UNCERD) raised concerns with the Government of Indonesia in 2010 about the rights of indigenous people in a number of contexts. By 2010 AMAN, an Indonesian civil society organisation focused on securing indigenous peoples’ rights, had taken a stand that their members would not engage in REDD+ discourse without their territorial rights being recognised “No rights No REDD”.

In 2014, although the concerns raised by the United Nations Committee on the Elimination of Racial Discrimination remain unaddressed¹⁰⁸, there have been some important developments on this issue and NICFI support has contributed strongly to this. The bilateral agreement activities and NICFI civil society support has been particularly complementary and synergetic in this respect.

The July 2012 conference on Forests, Governance and Enterprise, held in Lombok was a land mark event that has triggered a growing commitment for action to address indigenous rights issues. The meeting, organised by the Rights and Resources Initiative (with NICFI support, amongst others) and the International Tropical Timber Organisation, hosted by the Ministry of Forestry, and in which various NICFI civil society partners participated, highlighted the issue of tenure security of indigenous peoples. At this meeting Pak Kuntoro Mangkusubroto, head of the Indonesian President's Special Delivery Unit and chair of the REDD+ Task Force, declared his government's intention to recognise the rights of its forest communities by implementing legislation that had been in progress for a decade. Pak Kuntoro told activists, Government Officials, researchers, investors, and international media "We must accelerate the delineation of the legal status of the nation's forest area, guaranteeing the recognition of *adat* customary rights".

In May 2013 AMAN filed a legal petition to the constitutional court against the current Forestry Law¹⁰⁹. The petition focused on the statement in Article 1 Paragraph (6) of Law No. 41 Year 1999 on Forestry, which states that "customary forest is State forest located in the areas of traditional-law society". AMAN was financially supported (amongst others) by the Rainforest Foundation Norway project to undertake the development of this case (Rainforest Foundation Norway, 2013), and the Samdhana Institute NICFI supported project provided evidence building for some areas of the petition to strengthen AMAN's case (Samdhana Institute 2013).

As a result of the petition, the Court found the statement in Article 1 contrary to Article 18B Paragraph (2) of the 1945 Constitution of the Republic of Indonesia, which recognises the existence of indigenous peoples and their rights, including over customary forest in their indigenous territory. The Constitutional Court ruled that the word "State" in the Article 1 Paragraph (6) of the Law No. 41 Year 1999 on Forestry contradicted the Constitution, thus rendering the article legally void. In its end of project report covering the NICFI support, The Rights and Resources Initiative, describe the Lombok conference as "a contributing milestone along the road to the landmark [constitutional] court decision... as a result of which 40 million forest peoples are now fully visible and recognised within the legal system" (Rights and Resources Initiative, 2013).

Although this constitutional decision (MK35) is viewed as progressive, a clear and realistic framework for implementation by the responsible agency, in this case the Ministry of Forestry, is still to be developed. Although the Ministry released a government circular in

¹⁰⁸ For instance, see UNCERD letter of August 2013 to the Indonesian Ambassador and Permanent Representative to the United Nations regarding treatment of indigenous peoples in Papua province: <http://www.forestpeoples.org/sites/fpp/files/publication/2013/09/cerdindonesiamifeeaugust2013.pdf>

¹⁰⁹ Five district heads in Kalimantan filed a petition challenging the designation of their districts as part of the state forest zone.

response to the decision, it has been highly criticised for its lack of clarity referring back to enactment of policy that the Ministry of Forestry itself is responsible for changing. The government circular also affirms that customary forest will be released from designation as State forest only if indigenous peoples have been recognised by a local regulation. Many civil society stakeholders commented that this is unrealistic and shifting responsibility as local governments rarely have the legislative and financial capacities to draft local regulations, while indigenous communities lack the funds to pay the costs associated with pursuing a legal process of this nature.

NICFI has contributed to several other legal activities in support of indigenous rights through its civil society support programme: Rainforest Foundation Norway's partner HuMa has advocated for the Law on Prevention and Eradication of Forest Destruction to be judicially reviewed by the constitutional court with a view to changing some of the articles in favour of indigenous rights recognition (Rainforest Foundation Norway, 2013). Rainforest Foundation Norway's partner AMAN has brought a draft law on recognition of indigenous peoples and protection of their rights into the national legislative review programme. A special commission in parliament has been established to continue the legislative process towards adoption of the bill (Rainforest Foundation Norway, 2013). It is important to note that these activities and developments are not attributed to NICFI support, but that the NICFI support has contributed to them through provision of some financial support.

NICFI supported civil society partners such as the Forest Peoples Programme and RECOFTC have been developing, testing processes and building capacity for Free Prior Informed Consent (FPIC) and encouraging wider discussion on the importance of indigenous peoples' rights in the wider land use governance conversation in Indonesia. Rainforest Foundation Norway has supported its partners to work through the National Forestry Council, DKN) to advocate for FPIC to become a national policy priority for the forestry sector in general (RFN 2013). Recognition of Indigenous Peoples rights and implementing a policy of Free Prior Informed Consent (FPIC) as part of the REDD+ process is mainstreamed throughout the Indonesia National REDD+ strategy, developed through the bilateral agreement. FPIC is clearly differentiated from social safeguards within the strategy. The UN-REDD Programme also advocated for FPIC and worked with DKN and others to develop policy recommendations on FPIC. However, AMAN (the foremost indigenous rights organisation in Indonesia, and also a recipient of NICFI support) is reluctant to get involved in FPIC processes as it does not consider it possible for 'consent' to be given until indigenous peoples are formally recognised as the key rights holders over their forest areas.

There has been a distinct shift in the discourse on Indigenous Peoples rights in Indonesia, some of which has been made possible through the activities supported by NICFI. Many of the key civil society organisations promoting indigenous rights issues in Indonesia have received NICFI support. However it must also be recognised that the discourse on indigenous peoples' and community rights over forests in Indonesia was taking place prior to the REDD+ agenda and other initiatives have also helped to bring these issues to prominence. Although substantial steps forward have been made, and the NICFI support has been one of the catalysts, the NICFI supported activities are one contribution among many others, to a much wider governance reform process that is taking place in Indonesia

It is also critical to consider the real value of this discourse shift and whether this is likely to have a practical impact on the ground. In a policy analysis brief published by Wells *et al.* (2012) it is argued that an analysis of both the constitutional court decision 45 and 35 could have profound implications for land governance because as of now only 14.2 million hectares of state forest land is formally gazetted¹¹⁰. So this decision has raised questions on the legal status of the current state forest land and the authority of the Ministry of Forestry over this land, not only with respect to indigenous peoples' rights but also in relation to local government authority to determine land use within provincial spatial plans (Wells *et al.* 2012). However as yet there is no precedent or practical framework in place for this happen.

NICFI supported activities have made a valuable contribution towards tenure reform and indigenous / local communities' land rights. However there is a long way to go before these issues are resolved

Tenure reform in Indonesia and increasing communities' access to forests is complex due to history and the nature of authority over forest and land. Historically all forest land has been under the state and national authority of the Ministry of Forestry which has allocated over 90% to commercial concessions. In theory with wider governance reform and decentralisation there has been a shift in power and authority to local levels. This has left decision making over forest lands contested, with numerous overlapping claims and conflicts. In this context not only are forest dependent communities part of the conflict but they are frequently displaced from the forest areas that they have depended on. Partners have directly commented during this review that the escalation of land conflicts in Indonesia is due to major policy failure that has not yet been addressed. A review of the policy and legal bottlenecks that will influence the success of REDD+ has been undertaken by the REDD+ Task Force that should outline the needs for tenure reform in relation to the above issues.

NICFI civil society support has also contributed to the addressing of tenure problems in Indonesia. AMAN in collaboration with others such as Samdhana, and JKPP through support of a range of projects including REDD+ support by NICFI has submitted boundary maps of 2.4 million hectares of indigenous territories to the One Map Initiative through BIG. Two of the NICFI supported civil society projects have contributed to this (though far from exclusively). The Samdhana Institute used NICFI support and co-financing to provide grants and capacity building for 39 community groups, indigenous peoples organisations, local civil society organisations and partnerships formed by these organisations. In Kalimantan, Samdhana Institute grantees have coordinated their efforts to engage with the National Land Agency (BPN), which has a Memorandum of Understanding with AMAN at the national level to develop mechanisms to register customary territories (Samdhana Institute, 2013). AMAN Kalbar signed a Memorandum of Understanding with the National Lands Agency in June 2012 concerning government registration of customary lands in West Kalimantan. AMAN Kalbar and its support civil society organisations (Pancur Kasih Group,

¹¹⁰ State forest land is currently estimated at 130 million hectares.

Gemawan, Lanting Borneo) have begun cooperation with BPN offices in all districts in West-Kalimantan, with Provincial BPN office support.

As yet it is unclear how far such data from these efforts has been integrated into the one map system as AMAN, during this evaluation, reported that the data submission has not yet been acknowledged by BIG. Several partners commented on the importance of initiating registration of claimed indigenous territories and differentiating registration with actual formal recognition.

- Several demonstration projects in pilot provinces under NICFI civil society support have reported results in relation to improving access for local communities:
- Both WWF and TNC have reported success in negotiating community forest areas being withdrawn from existing commercial concessions and registered as formal community forest areas (see piloting);
- The Samdhana project, through their small grant scheme, is funding community mapping, a fundamental building block towards those communities securing tenure and village forestry licenses;
- Rainforest Foundation Norway's partner, Warsi, has been active at district level through the project in helping communities secure licences for village forests;
- The Clinton Climate Initiative project worked with participating communities to secure community forest licences;
- ICRAF is working to secure conditional land tenure for the participants of their demonstration project, which is essential for it to function;
- TNC is working in their project area to get boundaries registered legally; and
- CIFOR has produced five research papers on importance of land tenure in REDD+ (Hardcastle *et al.* 2012).

Many of these activities are closely linked to the discussions around Constitutional Court decision 45 pertaining to authority to remove areas from state forest land that has broader implications for tenure reform.

Key tools for tenure reform supported under the bilateral partnership are the moratorium and the One Map initiative. Partners have noted the One Map initiative as a key achievement in steps towards tenure reform although there are still bottlenecks in data formatting and submission by local government and as mentioned earlier data from community mapping initiatives has not yet been integrated.

Local communities are becoming more widely accepted as central to sustainable land use management in Indonesia, but there is still a long way to go. While there may be recognition in law of community forestry licences and indigenous peoples' rights, either bureaucracy slows down approval or there is not yet a clear roadmap for operational development. There is also the risk of regressive outcomes where legally-constituted community forestry licences overlap with customary land claims, pitting groups that claim customary status and those that already have community forestry licences. Furthermore, misunderstanding persists about forest management implications of indigenous peoples' rights with suggestions that

such rights will negate functional forest status (e.g., protection forest) that is critical to protecting water resources for downstream non-customary communities.

The NICFI supported Samdhana Institute project helped several grantees to contribute to the Ministry of Forestry processes on conflict resolution, expansion of community rights, and forest gazettement, through the Forest Tenure Working Team under Ministerial Decree 199/May 2012. On the 8th of March 2013, the Minister of Forestry issued *Hutan Desa* (Village Forest) licences to two villages, covering 2,000 hectares each, including areas of deep peat. To obtain the licences, the communities were assisted to prepare management plans for the forest areas, obtain letters of support from the village, the sub-district, the district and the province, and to liaise with national government institutions. The project is now working with other communities to apply for *Hutan Desa* licences (Samdhana Institute, 2013).

A number of key changes that have the potential to provide opportunities for tenure reform in Indonesia have taken place in the last four years in Indonesia – many of them in the last two years and some have used the REDD+ window for increased visibility. It remains to be seen if the newly elected government will pursue these opportunities with the same current momentum and whether Ministry of Forestry can provide the appropriate leadership and political will in the review of the forest policy and law based on the evidence from the current policy impacts. Although some progress has been made at the forest management level in increasing access of communities to forest wider tenure reform will not be possible without the genuine engagement of Ministry of Forestry with local government in the process. Although there is evidence of engagement of both in the REDD+ process it is not clear how far the current REDD+ architecture can meaningfully address this beyond the progress that has already been made.

Some recognition of the importance of gender is made in Indonesia's National REDD+ Strategy and in the proposed staffing structure of the REDD+ Agency, but outcomes remain to be seen

The previous reports of this evaluation assessed the early implementation of the bilateral agreement and civil society support project implementation to be largely gender blind with the exception of some specific activities by AMAN for building capacity of women in REDD+ and Clinton Climate Initiative and which monitored its impact on gender through the Social and Environmental Safeguards system (Mackenzie *et al.* 2011; Hardcastle *et al.* 2012).

The REDD+ National Strategy (STRANA) includes several references to gender/women, which reflects increasing awareness and commitment to integrate gender into REDD+ policies and implementation. The UN-REDD programme explicitly examined dimensions of gender in relation to the national REDD+ safeguards in Indonesia (PRISAI) and concluded that gender perspectives have been well integrated but that women's secure control over forest lands and resources and a more gender sensitive approach to Free Prior Informed Consent needed to be emphasised (UN-REDD, 2012b). It was also recommended that indicators in relation to gender were made clearer and more practical within the PRISAI system. PRISAI has been through various revisions but it is unclear whether these recommendations were integrated into the current version.

The Interim Phase Project Document of the bilateral agreement indicates a commitment towards achievement of gender balance in the staffing of the REDD+ Agency. As the REDD+ agency structure is still under discussion it is still unclear whether a gender focal point will be identified as suggested in the interim project document. This is also the case with promoting a gender equality policy in provincial REDD+ Agency establishment that has also been advised. A number of other gender mainstreaming interventions have also been integrated into the project document for the interim phase including gender sensitive screening of proposals for small grants (UNDP 2013).

Indonesia has a clear legal framework to mainstream gender into national development programmes. Some efforts to do this by Ministry of Forestry and others are noted but throughout the system are still constrained because of social and cultural norms. Women and girls play a critical role in forest management and land use change processes, and will therefore be central to the implementation of REDD+. However, their participation in decision-making processes is still minimal and is influencing their access to grants, capacity building activities and security of tenure. The overall REDD+ framework has made some recognition of the importance of gender in the implementation of REDD+ but there has been limited analysis of this within the provincial REDD+ strategies (STRADA) and its outcomes remain to be seen. The need for a monitoring system to assess how such mainstreaming actually influences gender equality outcomes has been recognised across some documentation.

Biodiversity issues have largely been covered implicitly, through natural forest governance and conservation activities, and coverage by safeguards

Biodiversity is covered implicitly in all the activities described in relation to achievement of NICFI objective 3: to promote the conservation of natural forests and the Letter of Intent statement that the pilot province must contain large intact tracts of rain forest and face planned deforestation. Biodiversity indicators are explicitly included in the national REDD+ safeguards (PRISAI). Also, through the UN-REDD Indonesia Country Programme, a 'Priority Setting Toolkit' and manual for addressing "multiple benefits in planning for REDD+" was developed and published. Biodiversity is one of the "multiple benefits" included in the toolkit (UN-REDD, 2013b).

Conclusions

Norwegian development policy priorities are well covered by the NICFI support to Indonesia.

NICFI support to Indonesia has contributed to the establishment of fundamental building blocks towards securing indigenous peoples' rights and improvements to forest governance.

Good progress has been made on integrating gender into REDD+ policies and planning in Indonesia; however, there is a need to ensure that this progress is built on and turned into concrete outcomes.

5. Summary of each NICFI support channel activity in Indonesia

Modality/project	Indonesia – Norway Bilateral Agreement
Purpose and objectives	<p>- To 'contribute to significant reductions in greenhouse gas emissions from deforestation, forest degradation and peat land conversion through:</p> <p>a. ...policy dialogue on international climate policy, in particular... REDD+.</p> <p>b.supporting the development of Indonesia's REDD+ strategy' (Indonesia-Norway Partnership 2010b).</p> <p>-The partnership is divided into three phases that have different objectives:</p> <p>-Phase 1 - development of a National REDD+ Strategy, selection of pilot province</p> <p>-Phase 2 involves establishment of a two-year suspension on granting of new concessions for conversion of peat and natural forest</p> <p>-Phase 3 of the partnership involves 'contributions for verified emissions reductions'</p>
Timescale	<p>As outlined in the Joint Concept Note - Phase 1 –May 2010 – December 2010; Phase 2 – January 2011 – December 2013; Phase 3 from 2014</p> <p>The 2nd verification report concluded that although timeline as originally envisaged has slipped badly, given its pioneering and complex enterprise against "turbulent political headwinds" internationally and locally, "the wonder is not that there have been delays but that so much has been achieved so quickly".</p>
Funding (budget)	<ul style="list-style-type: none"> • The Letter of Intent (LoI) of May 2010, pledged up to US\$1 billion in performance-based payments, including US\$30 million start-up funds in 2010; • Phase 1 start-up funds of 180 million NOK / circa 30 million US\$. In addition to these funds, UNDP allocated 849,000 of its programme resources as a contribution to the LOI, and an estimated 60-70,000 US\$ of in-kind support (Royal Norwegian Embassy Jakarta, 2010). <p>Additional US\$10.9 million advance committed by Norway for management by UNDP to support continuation of activities until establishment of the REDD+ agency</p>

Key activities

Phase 1, Preparation

Output 1 - Preparation for the establishment of a National REDD+ Agency reporting directly to the President

Output 2 – Two-year moratorium on forest and peat land concessions

Output 3 - MRV system design and establishment of MRV institution

Output 4 – Establishment of temporary funding instrument for financing Phase 1 activities

Output 5 – National REDD+ Strategy addressing key drivers of forest and peat land emissions developed through credible, transparent, inclusive, institutionalised multi-stakeholder process and completed

Output 6 - Establishment of Pilot Province

Output 7 – Establishment of Indonesia and Norway government focal points, and establishment of Joint Consultation Group

Output 8 – Appointment of independent review group

Output 9 - Design of a communications campaign

Phase 2 and Phase 3 activities to be determined at a later date

Key outputs so far

Outputs 1 to 6 are the measured and verified. These have been achieved.

UN-REDD Programme**Modality/project**

Two threads: country programme and global programme

Partner: Indonesian Ministry of Forestry

Purpose and objectives

The overarching objective of the country programme is: to assist the Government of Indonesia in attaining REDD-readiness (UN-REDD, 2012a).

- Outcome 1: Strengthened multi-stakeholder participation and consensus at national level
- Outcome 2: Successful demonstration of establishing a Reference emissions level, Measurement, Assessment, Reporting and Verification and fair payment systems based on the national REDD architecture

Outcome 3: Capacity established to implement REDD at decentralised levels

Timescale

January 2010 (first transfer of funds) – June 2012. Operational end date October 2012 – a no-cost extension was granted.

Funding (budget)

Total Budget: 5.6 million US \$, plus 240,000 US \$ co-financing from UNDP

Financial summary table based on that contained in Final Report¹¹¹

US \$			
UN Agency	Approved Programme Budget	Amount transferred	Cumulative Expenditures to programme closure
FAO	1,498,000	1,498,000	1,389,331
UNDP	2,996,000	2,996,000	2,743,988
UNEP	1,150,250	1,150,250	1,072,285
Total	5,644,250	5,644,250	5,205,604

Key activities

Indonesia country programme was focused around three outcome areas¹¹²:

1. Strengthening multi-stakeholder participation and consensus at national and provincial level

Output 1.1 (UNDP): Consensus on key issues for national REDD policy development

Output 1.2 (UNDP): REDD lessons learned

Output 1.3 (UNEP): Communications Programme

Continued/-

¹¹¹ http://www.un-redd.org/AsiaPacific_NationalProgrammeDocument/tabid/106607/Default.aspx

¹¹² Signed Indonesia UN-REDD National Joint Programme Document http://www.un-redd.org/AsiaPacific_NationalProgrammeDocument/tabid/106607/Default.aspx

2. Successful demonstration of establishing REL, MRV and fair payment system based on national REDD+ architecture

Output 2.1 (FAO): Improved capacity and methodology design for forest carbon inventory within a Measurement, Reporting and Verification System (MRV), including sub-national pilot implementation

Output 2.2 (FAO): Reference Emissions Level (REL)

Output 2.3 (UNDP): Harmonised fair and equitable payment mechanism at provincial level

Output 2.4 (UNEP): Toolkit for priority setting towards maximizing potential Carbon-benefits and incorporating co-benefits, such as biodiversity conservation and poverty alleviation under MDG

3. Establishment of capacity to implement REDD+ at decentralized levels

Output 3.1 (UNDP): Capacity for spatial socio-economic planning incorporating REDD at the district level

Output 3.2 (UNDP): Empowered local stakeholders are able to benefit from REDD

Output 3.3 (UNDP): Multi-stakeholder-endorsed District plans for REDD implementation

Key outputs so far

Country Programme is completed, with outputs achieved against the three objective areas, although the original scope changed to avoid duplication with the bilateral agreement when that was established

Through the UN-REDD Global Programme a participatory forest governance assessment was undertaken

Modality/project

Indonesia – Forest Carbon Partnership Facility

Purpose and objectives

Readiness activities in support of R-PP implementation

Timescale

Grant period 03/03/2011 to 05/05/2015

Funding (budget)

Total: (US\$ 3.6 million), of which, US\$3,196,428 to Recipient (Indonesia), then remainder (11%) to World Bank for FCPF Grant World Bank Executed activities (US\$ 403,568); Cumulative disbursements 255,317.92 as of June 30th 2013 (World Bank, 2013)

Key activities

Taken from World Bank monitoring report¹¹³

The programme has four main components:

(i) Analytical Work including the study of the causes of deforestation and of investments and other interventions needed to reduce deforestation and greenhouse gas emissions.

Continued/-

Key activities

(ii) Support to Readiness Process. This component will include: the assessment of recent and new REDD+ relevant regulations; capacity building of institutions and stakeholders; a quick assessment of revenue sharing options; a large subcomponent of consultation and outreach to cover all actors including Indigenous Peoples; and the completion of a Strategic Environmental and Social Assessment (SESA) and the preparation of an Environmental and Social Management Framework (ESMF).

(iii) Assessment and measurement of greenhouse gas impacts of land use change. This component will study and measure the effect of land use change on carbon stocks, will develop time series of land use change, and will support a system to monitor carbon stocks at the ground level.

(iv) Regional Data Collection and Capacity Building. The fourth component of the project will facilitate relevant REDD+ activities at the sub-national level by gathering socioeconomic and biological data and other parameters as appropriate.

¹¹³ http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2011/05/26/000333038_20110526011749/Rendered/PDF/621000PIDOP12400BOX358362B00May0130.pdf

Key outputs so far

- Readiness Preparation Proposal was endorsed in June 2009
- FCPF readiness grant was signed in June 2011
- Supported the extensive stakeholder consultation around the REDD+ Strategy. Final version was published June 2012
- Provincial engagement includes some analytical work such as: MRV, PSP, Socio-economic & biophysical data, Training of trainers on Carbon Accounting and REDD+ working group establishment.
- Development of a Public Consultation Guideline (by DKNI), for use on SESA as well as wider processes
- “Noteworthy results” from May 2013 FCPF factsheet are described as: Progress on the SESA, engagement of subnational agencies in the Readiness process, collaboration with the broader public on various readiness issues through workshops and lately the disseminating of the results coming out from the field activities, strengthening the role of local universities on REDD+.
- Work on SESA in relation to PRISAI and SIS
- Development of guidance on effective engagement of indigenous peoples in potential future Demonstration Activities (completed?). May 2013 fact sheet (Oct 2013 factsheet) The FCPF grant has allowed the Ministry of Forestry (MOFOR) to promote capacity building, analytical work and demonstration activities focused on a number of provinces that are currently not covered by other donors.
- The activities include, among others, facilitating the development of REDD+ framework in 13 provinces, facilitating the establishment of REDD+ Working Groups or strengthening the existing REDD+ Working Groups in three provinces (Maluku, West Sumatra and South Sumatra) and facilitating the establishment of forest and climate change research and education networks in four regions.
- The Ministry of Forestry is leading the medium-term progress assessment of the REDD+ Readiness process, using the R-Package Assessment Framework as a basis for the ongoing evaluation. The midterm report will describe progress and achievement of the REDD readiness development achieved by the FCPF supported activities and overall progress at the national context and identify gaps in the readiness process to be covered by additional finance from the FCPF.

Modality/project **Indonesia – Forest Investment Programme¹¹⁴**

Purpose and objectives

The development objective of the Investment Plan is to reduce barriers to sub-national REDD+ implementation and to increase provincial and local capacity for REDD+ and sustainable forest management (SFM)¹¹⁵.

To enhance institutional capacity for forest management; engage forestry enterprises and firms in related sectors outside forests to integrate sustainable land use practices in their business operations; to support community based forest management; capacity building and livelihoods development

Timescale

Unclear as all projects are at the project preparation stage; however the project proposal for the Dedicated Grants Mechanism for Indigenous Peoples and Local Communities is due to be considered by the FIP Sub-Committee Approval: September 2014-Expected MDB Management endorsement date: September 2014

Funding (budget)

Overall allocation: US\$ 70 million (US\$ 37.5 million in grants; US\$ 32.5 million near zero interest credit). The Indonesia FIP is also expected to leverage at least an additional US\$105 million in resources from MDB and private sector sources.

Indonesia submitted a Preparation Grant Request for \$225,000 for preparation of its investment Strategy.

As of February 2014, a total of USD 1.3 million in FIP funding as preparation grants had been approved for the following three projects covered by the FIP strategy:

1. USD 500,000 for the project “Community-Focused Investments to Address Deforestation and Forest Degradation (CFI-ADD+)”, (ADB);
2. USD 300,000 for the project “Strengthening of Forest Enterprises to Mitigate Carbon Emissions”, (IFC); and
3. USD 500,000 for the project “Promoting Sustainable Community Based Natural Resource Management and Institutional Development ”, (World Bank)

In addition, approval of a first tranche of funding for MDB preparation and supervision services for the projects above was also granted:

1. USD 350,000 for the project “Community-Focused Investments to Address Deforestation and Forest Degradation (CFI-ADD+)”, (ADB); and
2. USD 350,000 for the project “Promoting Sustainable Community Based Natural Resource Management and Institutional Development”, (World Bank).

Finally, regarding the project ‘Dedicated Grant Mechanism for Indigenous Peoples and Local Communities’ (IBRD), with estimated budget: USD 750,000, approval was given in December 2013 for a Project Preparation Grant of USD 175,000, and First Tranche of MDB Projects Support and Supervision Services for this project of USD 450,000

¹¹⁴ All data taken from <https://www.climateinvestmentfunds.org/cifnet/?q=country/indonesia>

¹¹⁵ https://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/FIP_6_Indonesia_0.pdf

Key activities Investment plan completed and approved by the FIP SC in November 2012. This approved project preparation grants for development of three projects listed above, which are currently under preparation.

Approval of project preparation grant for the 'Dedicated Grant Mechanism for Indigenous Peoples and Local Communities' granted in Dec 2013

Stakeholder consultations on the FIP strategy and the projects under preparation has also been a key activity, see https://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/FIP_SC.11_CRP.1_Indonesia.pdf

Key outputs so far Approved FIP strategy; approval of three concepts for project preparation; approved concept note for preparation of the grant mechanism for IPs and local communities

Modality/project **NICFI Civil Society Support**

Purpose and objectives Covers a range of REDD+ relevant objectives areas including indigenous and local community rights, REDD+ piloting, advocacy, forest governance, law enforcement, research. Of the 2013-2015 Portfolio – 30 of the 42 projects are active / or cover Indonesia in some way.

Timescale 2010-2013; 2013-2015

Funding (budget) NOK 32 600 000 for 2013 according to the civil society support website (difficult to disaggregate for previous years as most projects are multi-country)

Key activities CIFOR, ICRAF, RFN, TNC, WWF, IPAM-IP, CGD, RECOFTC, European Federation for Transport and Environment, Wetlands International, Care Norway, GLOBE International, Perkumpula, Samdhana Institute, INTERPOL, TNC, Governors Climate and Forest Task Force, Climate Policy Initiative, Princeton University, ADP, EIA, National Wildlife Federation, Proforest Initiative, Rainforest Action Network, Tebtebba, Transparency International, UNODC, WRI, EDF, Global Canopy Programme

Country	Budget 2013	No of Projects	Sustainable landscape	Commodities	Analysis	Consensus
Indonesia	32,600,000	30	6	7	11	6

Key outputs so far Valuable contributions in particular to indigenous and local community rights, safeguards and piloting,

Annex 10 Tanzania

1. Introduction

1.1. Overview of NICFI Support to Tanzania

The main objective of this evaluation was to assess the results of NICFI's support in Tanzania against the overall NICFI objectives during the period from 2007-2013.

The focal activities in Tanzania include:

- Two grant agreements with the Institute of Resource Assessment for the facilitation of the REDD+ taskforce and REDD+ strategy development
- Nine grant agreements with civil society organisations for REDD+ pilot projects
- Two grant agreements with Sokoine University for research projects in relation to the climate change impact, adaptation, mitigation research programme (CCIAM) and a programme undertaking research to support the development of a measurement, reporting and verification (MRV) system (often referred as the LIDAR project)
- The development of a project proposal for the establishment of the national carbon management centre

This annex also comments on the activities of the UN-REDD National Programme in Tanzania, although more detailed review of the UN-REDD programme is available in the UN-REDD Annex.

Whilst Tanzania's Readiness Preparation Proposal (R-PP) was approved by the World Bank's Forest Carbon Partnership Facility in January 2010, no grant funding was requested. However several interview respondents noted that Tanzania's participation in FCPF Participants' Committee Meetings had enabled lesson learning with other countries working on REDD+. Tanzania expressed an interest in receiving FCPF funding in November 2013.

The timeline and dates for interventions funded by NICFI is in Table 14 and full details of each modality are included in the summary at the end of this report.

Table 17 NICFI commitments under the bilateral agreement

Implementing agency	Dates	Value (US \$)	Value (NOK)¹¹⁶
<i>REDD+ Policy Projects</i>			
Institute of Resource Assessment (Facilitation for the preparation of a REDD+ Strategy)	2009-2011	2,270,700	13,500,000
Institute of Resource Assessment (Strategy development and implementation process)	2011 - 2013	5,046,000	30,000,000
<i>Pilot Projects</i>			
Tanzania Forest Conservation Group	2009 - 2014	5,914,353	41,400,000
Mpingo Conservation & Development Initiative	2009 - 2014	1,948,123	11,582,182
Jane Goodall Institute Tanzania	2010 - 2013	3,339,641	19,855,178
African Wildlife Foundation (AWF)	2010 - 2014	2,427,126	14,430,000
Care International	2010 - 2014	6,521,955	38,775,000
Tanzania Traditional Energy Development and Environment Organisation	2010 - 2013	2,012,752	14,090,000
Wildlife Conservation Society	2010 - 2014	1,564,260	9,300,000
Wildlife Conservation Society of Tanzania	2011 - 2015	3,936,048	23,400,999
World Wildlife Fund (WWF) Tanzania	2010 - 2014	1,978,509	11,762,836
<i>Research Projects</i>			
Zanzibar Woody Biomass Survey	2012-2013	750,000	4,300,000 ¹¹⁷
Sokoine University (Climate Change Impacts, Mitigation and Adaptation in Tanzania)	2009-52015	15,790,464	93,879,100
Sokoine University (LIDAR project)	2011-52015	4,630,882	27,532,000
	Total	58,130,813	353,807,295

In addition to the commitments listed in the table, a further US \$ 5.5 million (NOK 33 million) has been proposed for the establishment of a National Carbon Monitoring Centre, but no memorandum of understanding for this programme has been signed to date despite the Parliament's decision in 2011 to establish the Centre.

¹¹⁶ Data available on the allocation of projects was taken from project proposals that are available in a mixture of NOK and US \$. Where both currencies are used in the proposal, the figures are reflected here. Where only one currency was used, the figures have been converted using the exchange rate of 1 NOK: 0.1682 US \$, as published in the Financial Times, May 01, 2014. The total is inconsistent with the figure given on the NICFI website as its total allocations for Tanzania. It is assumed that differences relate to exchange rate issues and the fact that one project was not completed as planned.

¹¹⁷ The Zanzibar Woody Biomass Survey was not covered by this evaluation team. Brief mention is made to the survey in the report, based on evidence generated from the 2013 NICFI real-time evaluation focused on Measurement, Reporting and Verification.

The UN-REDD programme (UN-REDD Annex) also reports funding of US \$ 4.3 million (NOK 25 million) for Tanzania between 2010 and 2013. As noted in the UN-REDD annex to this report, NICFI has provided over 80% of the funds for the UN-REDD programme.

Detailed descriptions of each modality listed, project names, purpose and objectives are included at the end of this annex.

1.2. Country context: REDD+ in Tanzania

The NICFI real-time evaluation country report for Tanzania produced in 2010 (Salmi *et al.*, 2010) reported the establishment of the policy project, the call for proposals for pilot projects and the launch of the UN-REDD programme. Since that report was published, the status of REDD+ in the country has advanced as follows:

The National REDD+ strategy and action plan were finalised in 2012 and formally approved in 2013. The Strategy aims to guide the implementation of mechanisms required for Tanzania to benefit from an internationally approved system for forest carbon trading, based on demonstrated emission reductions from deforestation and forest degradation and other aspects of REDD+. The goal of the Strategy is to facilitate effective and coordinated implementation of REDD+ related policies, processes and activities so as to contribute to climate change agenda and overall sustainable human development.

The development of a national financing mechanism has been discussed and plans made but there is not yet national agreement on this.

The National Carbon Monitoring Centre (NCCM) project document was designed and an estimated budget was approved in 2013. The Memorandum of Understanding between the Vice-President's Office and Sokoine University of Agriculture to establish the NCCM is at an advanced stage and is expected to be finalised shortly.

The first phase of the UN-REDD Tanzania Country Programme was completed in 2013. There are currently discussions between the Ministry of Natural Resources and Tourism (MNRT), the Vice-President's Office and UN-REDD on planning a second phase of the programme in Tanzania. A REDD+ readiness gap analysis has been undertaken, which is planned to inform the development of this programme.

Norway (through NICFI) is by far the most important REDD + donor in Tanzania. At the time of this evaluation, the only other significant donor support recorded was from Finland for monitoring and measurement, verification and reporting (MRV) activities conducted through the National Forest Resources Monitoring and Assessment project.

No emissions reductions have yet been documented at national level. According to the National Forest Resources Monitoring and Assessment project, the national deforestation rate is around 400,000 hectares per year, a deforestation rate of approximately 1%.

The Royal Norwegian Embassy is currently discussing continued support with the Vice President's Office, with the focus being on the policy aspects of REDD+. The Vice President's Office was informed in July 2013 that any additional support above the original

commitment NOK 500 million from 2008 could be considered if Tanzania demonstrates dedication to REDD+; this would be limited to key building blocks such as a national MRV system, social and environmental safeguards, and a credible finance mechanism.

1.3. Description of operational and management processes in NICFI support to Tanzania

Norway and Tanzania signed a letter of intent in relation to a Climate Change partnership in April 2008, prior to the full operationalisation of NICFI. This contained a headline commitment of NOK 500 million. Since 2008, NOK 254 million (Financial Processes Annex)¹¹⁸ has been disbursed to implementing partners in Tanzania via the Royal Norwegian Embassy in Dar-es-Salaam, based on figures provided by Norad Department of Statistics.

Grants for the policy, pilot and research projects were administered through the Royal Norwegian Embassy in Tanzania. A call for proposals was launched by the embassy and nine projects were selected from 46 applications. Project selection was made jointly by the National REDD+ Task Force and the embassy. Contracts were then signed between the embassy and the lead implementing agencies.

Tanzania is one of 18 countries with a UN-REDD National Programme. The national programme was one of the first, developed as part of the UN-REDD 'quick start' initiative for activities implemented in the run-up to the 15th Conference of Parties meeting of the United Nations Framework Convention on Climate Change held in Copenhagen in December 2009. The programme description and budget was developed by UNDP and signed by the Forestry and Beekeeping Division of the Ministry of Natural Resources and Tourism.

1.4. Description of financial processes involved in NICFI support to Tanzania

Funds were disbursed against the agreements signed for the policy, research and pilot projects as one-off grants administered by the Royal Norwegian Embassy in Dar-es-Salaam. These agreements were made with research and civil society organisations. No NICFI bilateral funds were directed via national Government channels.

For the UN-REDD programme NICFI transfers funds through a UNDP multi-partner trust fund. This Fund then disburses funds to the three UN-REDD agencies for operational work in partner countries. Funds in Tanzania were spent by the United Nations Development

¹¹⁸ Note that NICFI reports a lower figure, NOK 234 million, on its website: <http://www.regjeringen.no/en/dep/kld/kampanjer/the-governments-climate-and-tree-project/how-are-the-funds-being-spent.html?id=734170>

Programme (UNDP), the Food and Agriculture Organisation of the United Nations (FAO) and the United Nations Environment Programme (UNEP).

2. Methodology

Data collection was undertaken by a team of two people and involved both document review and stakeholder interviews.

The document review covered over 90 documents, including project documents of all activities, their latest progress reports, and mid-term evaluation reports on the UN-REDD Programme, the National strategy development, and the pilot projects.

Data from the document review was triangulated with interviews, which took place via conference calls and during a field visit to Dar-es-Salaam between 3rd and 7th February 2014. Forty-two stakeholders were interviewed including representatives from the Royal Norwegian Embassy, the various recipients of NICFI funds including the Institute of Resource Assessment and Sokoine University and 21 staff from civil society grant recipients. Five Government representatives were also interviewed including the Ministry of Natural Resource and Tourism, the Ministry of Agriculture in Zanzibar, and the Vice President's Office.

A full list of interviews conducted and documents reviewed are included in Annex 1 and Annex 2 of the main report, respectively.

3. Results on Operational and Financial Processes

3.1. Findings on operational and management issues

The decision to channel most funds via non-governmental channels was understandable but has made securing national ownership of REDD+ more challenging

Concerns about the implementation capacity of national government and fiduciary risk management led to most NICFI resources being directed through non-governmental channels such as academic institutions and civil society organisations¹¹⁹.

¹¹⁹ The two research projects run by Sokoine University of Agriculture (MRV-LIDAR and Climate Change Impacts, Mitigation and Adaptation in Tanzania) are part of a legal agreement with the Ministry of Finance,

This was particularly understandable given the pressures on both the UN-REDD programme and NICFI itself to demonstrate early results on REDD+ within a short timeframe. However, national government stakeholders noted that this had hampered institutional capacity building within Government.

In addition, national Government stakeholders also expressed a reluctance to establish permanent institutional arrangements within Government without assurances of more sustained financial support to maintain them.

Coordination with other ongoing government planning processes was limited and the complexity of REDD+ process increased this challenge

The UN-REDD evaluation (Gapare and William, 2013) in Tanzania noted that the numerous REDD+ process in the country, including the NICFI bilateral support and the UN-REDD programme, had resulted in an administrative and coordination burden for government institutions that already had limited capacity. This evaluation further noted that the country's governance arrangements were also unprepared for the complex and demanding requirements of the REDD+ process. Respondents also commented that communication between the national REDD+ process and the National Climate Change Steering Committee had also been limited.

Some Government respondents expressed concerns that existing national institutional arrangements had been by-passed in appointing the Institute of Resource Assessment as secretariat of the REDD+ task force, rather than the Ministry of Natural Resources and Tourism which is responsible for forestry in mainland Tanzania. On the other hand, the Royal Norwegian Embassy emphasises that the Government was indeed involved in the setting up of the REDD+ programme. The National REDD+ Task Force had representation from different line ministries, and was chaired by the Director of Environment, Vice-President's Office, which is the government entity holding the mandate for the climate change agenda in Tanzania, including REDD+. Therefore, the embassy states that even if funding was not given to MNRT or other government entity directly, the structure was set up in order to ensure government directions and involvement.

Stakeholders from both the Vice Presidents' Office and the Ministry of Natural Resources and Tourism noted that processes had initially been driven by donors and United Nations agencies rather than by national government. However, Government stakeholders argued that the Ministry has enhanced its understanding of the requirements of REDD+ and is better equipped to coordinate future REDD+ efforts in future.

which means that the funds are technically transferred through the Exchequer. It should also be noted that Sokoine University of Agriculture and the University of Dar es Salaam are considered to be state institutions.

Coordination between the different elements of NICFI support had limitations

Some respondents from government and NGOs acknowledged that there were overlaps in design between the NICFI-supported activities of the Institute of Resource Assessment and the UN-REDD national programme.

The mid-term review of Sokoine University's Impacts, Adaptation and Mitigation (CCIAM) programme (Deloitte, 2012e) found that this research project was only marginally engaged within Tanzania's climate change community at policy, community and overall awareness levels. In response, project staff from CCIAM argue that this engagement and awareness phase will follow the conclusion of research which has taken time to generate findings. However, other stakeholders, including those from two NICFI supported civil society pilot projects argued that their cooperation with the CCIAM project has been beneficial. The below ground carbon assessment and allometric equations were cited as particularly useful.

Future plans for Government coordination need attention to avoid duplication of effort

Interview respondents consider that the Government of Tanzania is in a better position to now jointly design the continuation of the activities with the Royal Norwegian Embassy and UN-REDD. They also agree that the Vice-President's Office is in a better position to mainstream REDD into Tanzanian institutions and to sustain its future development, as it has the legal and institutional mandate to lead and coordinate REDD issues. As the Ministry of Natural Resources and Tourism is still a key player in the REDD+ process in the country, the Vice President's Office has agreed that a possible second phase of UN-REDD should be coordinated by the Ministry of Natural Resources and Tourism. Both the Vice President's Office and the Ministry of Natural Resources and Tourism confirmed that they will increase the efforts to mitigate the risk that funds will be used to support overlapping activities across the two modalities.

3.2. Results on financial modalities and processes

The embassy put in place appropriate fiduciary risk management measures which successfully identified and addressed the misuse of funds

Fiduciary risk controls put in place by the Royal Norwegian Embassy in Tanzania included: i) conducting regular audits; ii) hiring an independent organisation to perform special audits when the embassy sees the need for more information, clarity or suspected weaknesses or mismanagement; and iii) carrying out unscheduled visits to the project partners to review financial record-keeping. The team was made aware of two instances where the embassy was able to identify and correct cases of mismanagement of funds in pilot projects:

- The WWF Tanzania project was suspended for one year due to misuse of finance, but has since put in place additional safeguards to meet Norwegian requirements and has been able to continue.
- The embassy's contract with the Wildlife Conservation Society of Tanzania was terminated after failure to meet contractual obligations. The embassy has been in dialogue with the Tanzania Forest Service about supporting the project sites originally under the WCST pilot project, but no agreement has been signed at the date of publication.

The results achieved from the Tanzanian readiness process do not reflect the level of resource utilised

Considering the resources expended, it is unfortunate that key readiness outcomes have not been achieved. Whilst a REDD+ task force is functional and a national strategy has been developed, there is no functional system for measurement, verification and reporting, no reference level, and no national financial mechanism. There has only recently been a decision made for the Sokoine University of Agriculture to host the National Carbon Monitoring Centre.

The NICFI real-time evaluation on Measurement, Reporting and Verification (MRV) (Lincoln *et al.*, 2013) noted that a key constraint to the development of an MRV system was that there is no agreement for results-based payments with Tanzania, and hence limited incentive for establishing an MRV system; and a lack of financial incentives for government staff to undertake data entry or engage in systematic data management. Despite this, Tanzania has received approximately 24% of the total NICFI funding for MRV.

Finance to pilot projects accounted for around 50% of the total committed funds.¹²⁰ Whilst seven of the nine pilot projects¹²¹ have reported positive outcomes at community level, data available in project reports and the interviews with project staff highlighted that there are concerns around the cost-effectiveness of the emissions reductions achieved via these pilots and the sustainability of payments made to community members.

4. Results of progress towards NICFI objectives

4.1. Objective 1: To work towards the inclusion of emissions from

¹²⁰ An exact figure is not possible given the discrepancies between totals from project proposals and the total reported as expenditure by NICFI.

¹²¹ One project was suspended due to poor reporting and another focused on research activities rather than community level impact.

deforestation and forest degradation in a new international climate regime

Whilst there are gaps in readiness achievements, engagement in REDD+ within the country has been facilitated and a national REDD+ strategy approved

During this evaluation, multiple stakeholders noted that knowledge of REDD+ processes has improved substantially. Stakeholders interviewed by this evaluation, and the mid-term review of the National REDD+ process (Nordeco, 2013), agree that the REDD+ process in the country has initiated a national debate on forest and climate issues.

The approval of the national REDD+ strategy and action plan has been a significant achievement. Stakeholders interviewed agreed that the strategy development process had been a positive consultative and participatory process, which included a large number of stakeholders in the country, namely: civil society, academia, local communities and several Ministries. Respondents also noted that lessons from the REDD+ pilots financed by NICFI had also been used to inform the strategy development process to some extent but that this could have been improved.

Analysis of reports from the UN-REDD and policy projects and the responses of stakeholders highlight that there are still important gaps not addressed by the readiness process. These include, full analysis of the drivers of deforestation, the development of a system for measurement, reporting and verification, the establishment of a reference emissions level, the development of a national finance mechanism and rules for carbon tenure and benefit sharing mechanisms.

A lack of high level political leadership is identified as a major reason for readiness gaps

Despite several activities designed to engage high-level Government stakeholders such as ministerial consultation on the strategy and study tours to pilot projects for Permanent Secretaries, many respondents identified a lack of government ownership as a key challenge for Tanzania's REDD+ process. It was suggested by non-governmental stakeholders that it is an absence of Government decisions and leadership that has delayed the establishment of a national financing mechanism, reference emissions level, and national carbon monitoring centre. Government respondents also agreed that the process had initially been driven by NICFI funds and the UN agencies.

Government stakeholders highlighted the fact that funds had by-passed Tanzanian institutions and this was a reason for lower Government ownership. Whereas non-governmental and academic respondents cited institutional rivalries between the Ministry of Natural Resources and Tourism and Vice President's Office as potential reasons for delays in the establishment of key institutions. Others noted that political commitment is unlikely to

survive without continued donor funding and the future of REDD+ finance is currently unclear. Respondents from the Vice President's Office noted that they do not have the political leverage required to allocate Government funds to REDD+ so are dependent on donor funding and are unlikely to create institutions that they cannot guarantee will be sustained.

A NICFI staff member noted that delays in achieving an international agreement within the United Nations Framework Convention on Climate Change and a re-shuffle that brought a new Minister for Natural Resources and Tourism in 2010 were also key in limiting the ability of NICFI's support to secure high level political ownership.

Many respondents noted that high-level decision makers are still not completely convinced that REDD+ will bring livelihood benefits (which is a country priority) or that Tanzania will be able to access results-based payments that will be sufficient to enable the establishment and maintenance of these institutions.

Lessons learned from REDD+ processes within Tanzania have been documented and shared internationally, but these have not informed Tanzanian negotiators

Tanzania was one of the first African countries to receive substantial support for REDD+ and one of the few countries to initiate pilot projects alongside readiness efforts at the policy and institutional levels. It has therefore generated a range of lessons about REDD+ that are particularly relevant to other African countries with open forest. For example, delegations from Malawi and Zimbabwe have visited Tanzania to learn lessons from the Tanzania REDD+ process.

In addition, 90+ documents have been uploaded to the online knowledge sharing website at <http://www.reddtz.org/>, managed by the Institute of Resource Assessment. The majority of these documents were produced with NICFI support.

Presentations have been made of the Tanzanian experiences at international events. For example, during the 2012 Conference of Parties for the UNFCCC, the Tanzanian National REDD+ Task Force hosted a side event highlighting the national REDD+ Strategy and Action Plan and sharing experiences on aspects of designing MRV systems and REDD+ test payments by civil society pilots. A project implemented by the Tanzania Forest Conservation Group was presented by the international REDD+ Safeguards Working Group as a best practice case study at the 2013 UNFCCC conference of parties.

Despite this, government respondents argued that more effort should be made towards briefing Tanzanian negotiators about the REDD+ activities being developed in the country.

There is no evidence that the Government of Tanzania has leveraged additional funds for national REDD+, but universities and civil society organisations have used their experiences gained from NICFI support to seek further funding for related activities

There is no evidence of substantial effort being made to leverage additional funds for REDD+ from public or private sources. Many non-governmental stakeholders interviewed stated that the scale of the funds available from NICFI had removed the sense of urgency for Government Officials to source additional funds.

Now that readiness financing has finished, Tanzania has expressed an interest in receiving funds from the Forest Carbon Partnership Facility (expression of interest received in November 2013 according to FCPF dashboard). Tanzania's decision not to adopt the World Bank's Strategic Environmental and Social Assessment (SESA) process as part of its national approach to safeguards may act as an obstacle for accessing FCPF funds.

In contrast to this, respondents from Sokoine University stated that capacity building and networking conducted with NICFI support, they and other universities (such as Ardhi University and the University of Dar-es-Salaam) have been successful in accessing other research financing e.g. from USAID and the European Union.

Representatives from Tanzania Forest Conservation Group and the Africa Wildlife Foundation noted that NICFI support had enabled them to access financing from Switzerland, Italy, Deloitte Company, the European Union and USAID. Although not all of this was related to REDD+ activities.

Conclusions

Even though several international events showcased the Tanzanian experience, there is no evidence that lessons from these have reached Tanzanian negotiators or impacted the negotiations process, with the exception of the fact that the Director of Environment in the Vice-President's Office is the Chair of the REDD+ Task Force and Lead Negotiator.

NICFI support has been the driving force behind the national readiness process, but there is no evidence yet that the Tanzanian government is able to commit to building sustainable and permanent institutions without continued external support, for example from Norway.

There is no evidence that NICFI support has helped leverage additional investments in the national Government's REDD+ process, rather they may have deterred Government from seeking funds. However universities and civil society organisations do report using knowledge and networks gained from NICFI support to leverage additional resources.

4.2. Objective 2: To take early action to achieve cost-effective and verifiable reductions in greenhouse gas emissions

While no national level emissions reductions have been reported, this is to be expected given that emissions reductions were not an anticipated result of the readiness activities undertaken

Readiness activities were not anticipated to achieve verified emissions reductions and there is currently no arrangement in place for Tanzania to receive payments for emissions reductions.

Due to the nature of Tanzanian forest, one respondent highlighted that based on preliminary results of the national forest assessment project deforestation continues at some 400 000 hectares per year. The Chief Technical Advisor of the NAFORMA project expressed the view that Tanzania would be unlikely to achieve emission reductions at national level, due to (i) fast growing population, (ii) increasing demand for food and therefore for farming land, and therefore (iii) increasing incidents of land use conflicts, and (iv) likely continuation of deforestation / land conversion from forest to agricultural land.

He elaborated that the only feasible approach to securing large-scale national-level emissions reductions would be through the conversion of slow growing (and degraded) natural forests into fast growing plantations. However, he agreed with the assertion of four informants from civil society that landscape level / project based emission reductions would be achievable in Tanzania, particularly in Southern Highlands and Iringa where significant afforestation / reforestation is taking place with fast growing tree species, but also elsewhere where population pressure is less intensive and improvements in forest management with co-benefits can be achieved.

NICFI supported pilot projects have reported emissions reductions but these were expensive to achieve and may not be sustainable

Four pilot projects, implemented by the Jane Goodall Institute, African Wildlife Foundation, and Tanzania Forest Conservation Group (two pilot sites) have reported emissions reductions in their respective project sites. For example, informants from the Tanzania Forest Conservation Group reported in their Mjumita Lindi pilot project site, that emissions were 25% below the baseline; however we have not seen documentation to substantiate this figure. The group is in the process verifying these reductions using the streamlined Verified Carbon Standard and Climate, Community and Biodiversity Alliance standards.

These organisations, and the Tanzania Traditional Energy Development and Environment Organisation (TATEDO), have also all paid test payments to villages or families / individuals (all with slightly different procedures) as part of efforts to examine 'benefit sharing mechanisms.' An internal assessment of the African Wildlife Foundation found that their direct payments to families had raised expectations of continued payments. Unfortunately such payments cannot be sustained in the absence of ongoing grant finance, as even if the

reductions are validated and sold the project's transaction costs will mean that it will not be profitable¹²².

Several interviewed stakeholders stated that the civil society pilots had indeed achieved good results, but many questioned the cost efficiency of the results. This makes it challenging to scale-up because the cost would become prohibitively high.

A representative from the Tanzania Forest Conservation Group noted that cost-efficient solutions to address drivers of deforestation is the highest priority but that a more detailed cost-effectiveness analysis of the activities developed in the pilots needs to be conducted. The African Wildlife Foundation representative said that they estimated projects would need to cover at least 100 000 hectares in order to be cost effective and to be able to pay the transaction costs from the emission reductions.

Readiness and piloting activities supported by NICFI may contribute to the revision of the national forest policy

The Tanzania Forest Service respondent highlighted that the Forest Policy of Tanzania and National Forest Program of Tanzania are currently being revised. This interviewee noted that the process of revision has been delayed to allow lessons from the REDD+ pilots to be included and that the importance of participatory/ community-based forest management had already emerged as one important lesson from the pilots.

Multi-stakeholder coordination has been recognised as important in delivering readiness progress, but the participation of forest-dependent people and private sector has been limited

With NICFI support, the National REDD + Taskforce was formed in January 2009. In 2011 the membership increased from seven to twelve members through the inclusion of representatives from key sectors such as Agriculture, Energy, Livestock, Water, Lands and civil society. The REDD+ Secretariat housed at the Institute of Resource Assessment was also strengthened to include a larger and more competent team. This has enabled the organisation of consultations, trainings, and the production of a number of reports and documents (Mid-term review of national REDD+ process 2013).

However, there are no task force members that represent forest dependent communities, or indigenous peoples, who are only included in the technical working group. The Norwegian Embassy requested that gender balance was taken into consideration when the National REDD+ Task Force was expanded, although respondents suggest that the request was taken to mean that some of the new members, such as the Ministry of Finance, should have a female representative in the Task Force. The evaluation team was told that the Ministry of

¹²² To date, prices in the voluntary carbon market have been too low to cover the actual costs. On the other hand, the Embassy has granted no-cost extension to MCDI, TFCG, CARE and AWF in order to allow them more time to work on the issues of sustainability and prepare to sell their carbon on the voluntary market. Both CARE and MCDI are in the final stages of approval of the methodologies they have developed for VCS, and MCDI's new methodology on fire management has the potential to be relevant for large areas of Africa with miombo woodland forests.

Finance has not participated systematically in the task force meetings because of this request.

The original Letter of Intent with NICFI mentions the importance of engaging the private sector and output eight in the Institute of Resource Assessment policy project relates specifically to this. Despite this, the involvement of the private sector was not clearly foreseen in the policy project design and the involvement of private companies has therefore been minimal.

In addition to the national taskforce, five technical working groups were created. These were intended to provide technical guidance to the task force in the following areas: (i) Legal & Governance; (ii) Measurement, Reporting and Verification (MRV); (iii) Financial Mechanisms; (iv) Energy Drivers; and (v) Agriculture Drivers. A wide range of respondents noted that they have not met regularly or provided an advisory function. According to government officials and some civil society organisations, lack of budget allocations prevented more frequent and more active meetings.

Even though the representation of the taskforce has increased, there is no evidence yet of mainstreaming REDD priorities into different ministries' agendas. The task force members are senior level technical experts without sufficient decision making power. However, stakeholders interviewed claimed that members of the taskforce are starting to raise REDD+ issues during the debates around redesigning policies in other sectors. Interviewed government officials mention that there is scope for changes in national policies to happen in the future.

Capacity to implement activities relevant to REDD+ has increased amongst government and research staff and in civil society organisations

The UN-REDD country programme evaluation (Gapare and William, 2013) found that appropriate capacity building activities had been selected, which included training Ministry of Natural Resources and Tourism and Tanzania Forest Service staff on remote sensing, MRV, REDD+ safeguards, soil analysis and mapping, data management, forest inventories, reference emission levels, allometric equations, and REDD+ implementation, among others. Although a manual has been produced to provide ongoing guidance for the Ministry of Natural Resources and Tourism, the evaluation noted that the training sessions were conducted as one-off activities with no long term strategy for follow-up ongoing professional development. Two 'training of trainers' courses were also organised: One for about 100 staff from the central Government key sectors and another for around 50 foresters in March 2012, but no information was provided on follow-up training workshops organised. Pilot projects have also all conducted training of different types, for example WWF's partner, University of York provided training on data analysis for 15 local experts from different organizations (Deloitte, 2012a).

The capacity needs assessment and the assessment of the cost elements of REDD+ projects in Tanzania conducted by UN-REDD were highlighted as valuable by the UN-REDD evaluation (Gapare and William, 2013). The evaluation found that the outcomes of these

activities have contributed to the thinking around the capacity development planned for the period 2012-2017.

Research capacity was also strengthened through the Climate Change Impacts, Adaptation and Mitigation project. This conducted training at post-graduate levels, which aimed to reach 50 Master's and 18 doctoral students. It also supports 15 ongoing research projects (mostly linked with the civil society pilots or studying the pilots) (Deloitte 2012e).

All stakeholders interviewed confirmed that NICFI support has increased the capacity, within key ministries, academia, and civil society, as well as at political levels to address and act upon climate change and REDD+ related issues. Many stakeholders stated that Norwegian support has been instrumental in capacity building. On the other hand, the Tanzania Forest Service/ Ministry of Natural Resources and Tourism representative was of the opinion that the decision to channel Norwegian financing predominantly through non-governmental organisations has limited institutional capacity building. The respondent commented that individuals in the government ministries have been trained but institutional capacity is still lacking.

Awareness and knowledge in relation to REDD+ processes has increased amongst high level officials and the general public

Respondents noted that there has been an increase in awareness of REDD+ processes and requirements for REDD+ amongst higher level officials and the general public. This can be attributed in large part to the NICFI funded awareness creation activities.

Higher level officials were targeted through policy briefs for MPs and UN-REDD sponsored study tours. In particular, seven Permanent Secretaries; Directors and Senior Staff from key Ministries visited two REDD+ pilot projects in Kisarawe and Kahama. Task Force Members also conducted several field visits to REDD+ Pilot Projects. In Zanzibar the entire house of representatives was involved in reviewing and debating the REDD+ strategy. The parliamentarians were mainly interested in the development impacts and impacts on the livelihoods of people, as well as the issues of land tenure and carbon tenure (interview with Institute of Resource Assessment representative). In addition, stakeholders noted that the President of Tanzania had been kept informed on the REDD+ process and could use this knowledge in his role as chair of the African Heads of State meeting on Climate Change.

Zonal Consultation meetings were carried out in 2012 to finalise the strategy and to raise awareness amongst sub-national government officials.

Drama, sports and audio-visual shows were organised in seven zones along with the broadcast of radio programmes across the country to raise awareness amongst the general public about the drivers of deforestation and forest degradation. Thirty journalists and specialized institutions were trained on providing extension and advocacy to the public about REDD+ related issues¹²³.

¹²³ REDD Secretariat and Institute of Resource Assessment report from the period 1st October 2011 to 30th September 2013.

Civil society organisations have also worked directly with communities to design REDD+ pilots and benefit sharing mechanisms. The majority of civil society respondents noted that REDD+ is complex and not easily understood by communities. Some stakeholders argued that community communications were more effective if they focused on sustainable forest use and co-benefits, rather than explanations of climate change and REDD+.

Despite substantial work in relation to the establishment of a reference emissions level (REL) and system for measurement, reporting and verification (MRV), neither has been formally established

The National Forestry Resources Monitoring and Assessment (NAFORMA) project implemented by FAO with Finnish financing provides a substantial contribution to the development of an MRV system. As noted in the previous real-time evaluation of NICFI's support to MRV, NICFI's projects in Tanzania were mostly aligned with this activity and Tanzania's needs. For example the Zanzibar Woody Biomass Survey was implemented in order to address an identified gap in carbon stock data whilst the Climate Change Impacts Adaptation and Mitigation research project provided allometric equations for five vegetation types which were not previously available and were then used by NAFORMA for biomass measurements.

However, some other NICFI investments were found less relevant at national level. For example, the MRV real-time evaluation (Lincoln *et al.*, 2013) found that the LIDAR Project, implemented via Sokoine University had high costs and would not be sustained due to a lack of in-country capacity. It was seen by some respondents as primarily of interest to the scientific community, but had less practical value to the national MRV system.

The UN-REDD project in Tanzania has provided general training in skills related to MRV and the project was also expected to produce Reference Emission Level (REL) for Tanzania, but instead was only able to produce a roadmap for the development of REL (Gapare and Williams, 2013 and personal communication with UN-REDD representative). One reason given for the failure of the UN-REDD project to achieve this was that consultants hired to conduct repeat data from earlier established sample plots could not find a statistically representative number of these plots from which to take measurements (personal communication by Almas Kashindy, ex-UN REDD Tanzania consultant). NAFORMA data has since become available and future work on a national REL would not meet the same data limitations.

Several civil society pilots have also worked on generating detailed landscape level data. For example, the Jane Goodall Institute has established a project baseline (Deloitte 2012d) and the WWF pilot has also worked with NAFORMA to develop a project-level reference level and MRV system (Deloitte 2012a). These pilots were not designed to contribute to the national MRV system but rather to provide examples of how REDD+ could work at community level. They are therefore pursuing Verified Carbon Standard certification at a project level in the absence of a national system.

According to the NAFORMA Chief Technical Advisor, the elements for the national MRV system are available but delays in finalising an operational system stem from the lack of a

government decision on the precise specification of the system and an unwillingness to create institutional arrangements that will make the system operational and sustainable. The Royal Norwegian Embassy noted that the lack of an international agreement on REDD+ is one of the main causes of limited incentives for Tanzania in the REDD readiness process (including the establishment of an MRV system).

Both Government and Embassy stakeholders note that the National Carbon Management Centre should be able to operationalise an MRV system, but its creation is pending the finalisation of an agreement with Sokoine University of Agriculture to host the National Carbon Management Centre.

NICFI has supported progress towards the establishment of a national safeguards system but further development and agreement is needed

Safeguards discussions started in the first phase of NICFI support to the national REDD policy process. In 2011, a national workshop was held in Arusha to stimulate a national debate on the topic and the Tanzania Forest Conservation Group also published a policy brief on integrating REDD social and environmental safeguards and standards in Tanzania (TFCG 2011b).

During the second phase of the Institute of Resource Assessment Policy Project, a new output was created, namely: 'social and environmental safeguard process for REDD+ established and implemented'. This launched a process via the Safeguards Technical Working Group of the REDD+ task force. The task force appointed a consultant to facilitate this process and propose a national road map for developing a unified national system (United Republic of Tanzania 2013). The roadmap borrows heavily from the ten steps outlined in the REDD Social and Environmental Standards guidelines developed by Care International and the Climate Community and Biodiversity Alliance. As of February 2014, Tanzania had completed six of the ten steps for adaptation of Social and Environmental Safeguards to the country context¹²⁴ but had not yet produced an assessment report or established an ongoing safeguards information system.

The NICFI supported pilot projects have also tested several safeguards (for example, in relation to free prior and informed consent and good governance, improved livelihoods, natural forest conservation and biodiversity protection and benefit sharing). The pilots have been, to a certain extent, channelling lessons to the readiness process. For example, a document was produced by the civil society organisations to providing comprehensive recommendations in relation to national safeguard development and sharing experiences in relation to land ownership and tenure, gender equality and equitable benefit sharing (African Wildlife Foundation *et al.*, 2011).

The National REDD+ strategy has a section devoted to social and environmental safeguards. It stipulates that the implementation mechanism is expected to contribute to

¹²⁴ These steps include establishment of a governance system for safeguards and the interpretation of the safeguards into the national context. The remaining steps relate to the 'assessment' phase which relates to the collection of information to assess performance in implementation of the safeguards (REDD-SES 2012).

multiple benefits, depending on the location and type of REDD+ activity, which include poverty alleviation, maintenance of forest dependent communities' rights, improved community livelihoods, technology transfer, sustainable use of forest resources and biodiversity conservation.

Grievance or complaints mechanisms are referenced in both the national REDD+ strategy and the draft REDD+ Social and Environmental Standards document, but these are not yet operational at the national level.

The UN-REDD Programme also contributed to awareness and capacity around safeguards as it organised several training sessions in 2013 in conjunction with other stakeholders, and organised and supported several training sessions to brief the national REDD+ task force on the needs and opportunities for developing social and environmental safeguards for REDD+ in Tanzania. The UN-REDD country programme evaluation concluded that a safeguards monitoring system still needs to be further developed (Gapare and Williams, 2013).

Even though the Tanzanian Readiness Preparation Proposal to the Forest Carbon Partnership Facility mentioned potential adaption of the World Bank's Strategic Environmental and Social Assessment (SESA), a stakeholder meeting held in February 2011 decided that other environmental assessment options such as the Social and Environmental Standards (SES) and the UN-REDD Social and Environmental Guidelines should be considered so that a nationally appropriate system could be developed. Government respondents interviewed were aware that not adopting the World Bank's SESA approach may impact the country's eligibility under the FCPF Carbon Fund.

Most interviewed stakeholders argue that further work needs to be conducted to establish a functional safeguard system; in particular efforts should also be made towards developing guidance on how to implement the safeguards at local level. Respondents from NAFORMA and civil society also stressed that the system and guidance must be simplified to allow easier implementation.

NICFI support for the creation of a national financial mechanism is pending agreement about the institutional arrangements for the fund

The NICFI supported Policy Project has convened discussions on the national financial mechanism within the National REDD+ Task Force. Support was also provided to the Ministry of Finance to establish a committee of Private Secretaries which had several meetings and commissioned consultants from the Institute of Resource Assessment to explore options for the creation of a national Fund (Mugrusi and Shemdoe, 2013).

Interview respondents revealed some of the different views expressed in relation to the model. The Vice President's Office noted that the preferred model is for a National Trust Fund, but there is not yet consensus on which organisation would host the fund. According to the Institute of Resource Assessment, the Ministry of Finance argues that it should host the Fund, whilst the Vice President's Office argues that the Fund should be the "National Environmental Trust Fund", stipulated in the Environment Act and hosted by its own Environment Division.

Some others (e.g. Ministry of Natural Resources And Tourism representative) argue that the Fund should be a semi-independent trust fund. A respondent from the Norwegian Embassy expressed a preference for a fund managed by (or setup with) technical support from either the World Bank or UNDP to ensure the necessary fiduciary standards to allow capitalisation from development partners.

Conclusions

A lack of national government ownership has limited the extent to which readiness outcomes have been achieved.

A task force and national strategy exist, but there is no functional system for Measurement, Reporting and Verification of emissions reductions nor an agreed set of social and environmental standards or safeguard information system. The establishment of the national finance mechanism is also awaiting an agreement on appropriate institutional arrangements.

NICFI's support to pilot projects has contributed lesson learning on approaches to reducing deforestation and has led to the development of project-level MRV systems and testing of benefit sharing mechanisms/arrangements. The projects are relatively high cost and not all elements will be scalable. In particular, the benefit sharing approaches tested may have raised unrealistic expectations amongst communities. Lessons from these projects have, to some extent, informed the national strategy and may also inform the review of national Forest Policy that is underway.

4.3. Objective 3: To promote the conservation of natural forests to maintain their carbon storage capacity

The draft national safeguards system, developed with NICFI support, includes a safeguard in relation to the conversion of natural forest

Principle Seven of the draft Tanzania REDD+ Social and Environmental Standards specifies that national REDD+ activities should maintain, promote and enhance the conservation of the country's natural forests for their biodiversity and other ecosystem services (co-benefits) while meeting the needs of forest dependent communities. There are two criteria which sit beneath this guiding principle, namely:

- REDD+ activities protect natural forests from degradation and conversion to other land uses including forest plantations
- REDD+ activities ensure restoration of degraded areas using indigenous species

The draft document then proposes measuring these criteria against a set of five indicators. However, efforts to monitor the implementation of these safeguards have not yet begun.

Specific activities to protect natural forests have been implemented by all the NCIFI funded pilot projects

The Deloitte Mid-Term Review of NICFI's support to pilot projects noted that all the projects contained some activities in relation to natural forest protection (Deloitte 2012c). This included:

- Jane Goodall Institute trained and equipped forest guards to use geo-referenced mobile phones to document and report illegal activities in village forests
- Jane Goodall Institute and the Mpingo Conservation and Development Initiative both supported forest fire management efforts. According to Jane Goodall Institute, fire incidences in its project area have decreased, based on NASA satellite data, from 2009 to 2013.
- Both the Jane Goodall Institute and the African Wildlife Foundation supported livelihood development through beekeeping and support to agricultural extension services respectively. JGI supported communities in beekeeping activities in natural forest which lead to increasing motivation to protect the forests from fire and illegal harvesting. These activities are reported as encouraging greater conservation of natural forests.

Whilst it is not connected with the NICFI work, there is also a fire management project supported by GIZ which includes the Ministry of Natural Resources and Tourism. This project has no direct link with Norwegian REDD+ work but may provide an opportunity for collaboration in future phases of NICFI support.

The definition of forest may make the application of safeguards on natural forest conversion challenging

Tanzania's forest cover is largely woodland, with 57% found on general land with open access. The 2002 National Forest Law does not stipulate a minimum area or tree height, but defines a 'forest' as an area of land with at least 10% tree crown cover and/or 50% of shrub and tree regeneration cover. The NAFORMA manual used to generate national forest cover data defines shrubs as woody perennial plants of more than 0.5m, and trees as a perennial wooded plant with a distinct stem capable of reaching 5m in height *in situ*.

Two respondents noted that this definition had two problems. The first is that it requires the use of very accurate satellite images, which are expensive. It also means that large area of land is considered 'forest' and respondents expressed concerns that this meant that establishment of almost all forest plantations are therefore categorised as 'conversion of natural forest' which limits the ability to meet REDD+ safeguarding requirements or achieve Forest Stewardship Council certification.

Conclusions

With the exception of one project, forest conservation is an integral element of all of the pilot projects and is mentioned in the draft social and environmental standards. However the implementation of the safeguards is not yet underway and it is not clear whether piloted approaches can be scaled up.

4.4. Objective 4: Contribute to the general objectives of Norwegian development cooperation

NICFI agreements with Government of Tanzania stress the importance of both development and environmental objectives

The Letter of Intent signed between Norway and Tanzania in 2008¹²⁵ emphasises that climate change poses challenges to sustainable livelihoods and economic development. It also stresses that issues such as conservation of biological diversity, land tenure, sustainable land use, and benefit sharing mechanism, will be taken into account.

Measures to protect biodiversity are included in pilot projects and the draft national safeguards

Principle 7 of Tanzania's draft Social and Environmental Standards aims to ensure the conservation of natural forests for their biodiversity and other ecosystem services, and two criteria and ten indicators relate to this. However these have not yet been implemented.

The Mid Term review from Deloitte noted that pilot projects had made positive impacts in relation to biodiversity conservation, for example:

- WWF included biodiversity indicators in its framework for measurement, verification and reporting with the assistance of the World Conservation Monitoring Centre and the United Nations Environment Programme (non-NICFI funded support).
- The Jane Goodall Institute trained and equipped forest guards to use geo-referenced mobile phones to monitor populations of indicator species and threats to biodiversity (e.g. poaching, animal traps, etc.).

¹²⁵ Letter of Intent between the United Republic of Tanzania and the Kingdom of Norway on a Climate Change Partnership with a Focus on Reduced Emissions from Deforestation (2008). 21st April 2008, Dar es Salaam, Tanzania

The national REDD+ strategy contains a commitment to improve national governance for REDD+ and NICFI supported pilot projects have enhanced local level forest governance

One of the nine objectives of the National REDD+ strategy is to strengthen a national system for governance and coordination of REDD+ processes.

Almost all of the portfolio projects have created community level institutions to manage and implement the project activities, which improves forest governance, for example:

- The Jane Goodall Institute project facilitated formation of an inter-village forest management community based organisation which covered seven villages located along the shore of Lake Tanganyika. A total of 72 participants were trained on the concept of organisation formation, constitution development and forest governance.
- The African Wildlife Foundation project organized and brought together 19 villages to create a joint forest management plan in collaboration with the district and local government.

The national REDD+ strategy includes a commitment to review and reform national land tenure systems. The NICFI supported pilot projects have supported communities to secure land tenure and user rights for substantial areas of forest and work to improve the resolution of land conflicts

Under Result Area 6, the national REDD+ strategy includes a commitment to review and revise land tenure systems and make necessary reforms. The evaluation did not find evidence that action had been taken at the time of the field visit.

Pilot projects have supported communities in gaining land tenure and user rights for significant areas of forest on a range of land types including general land, community land, and government forest reserves. For example, the project implemented by Care International has promoted a decentralised national forest management system that grants forest management rights to local communities.

In some cases, land use mapping activities have resulted in disputes over land between villages and individual farmers. In these instances, project implementers have worked with district government officials to mediate the conflicts. For example, the Tanzania Forest Conservation Group project worked towards resolving village boundary conflicts. They invited members from each village including Village leaders (Chairperson and Village Executive Officer), elders and members from Village Land Use Management Committee, as well as district staff. After reviewing the steps that had been taken during participatory land use planning process in the respective villages and after each village had the opportunity to present their perspective, the participants looked at the satellite image for the areas and reached an agreement.

In addition, Tanzania Forest Conservation Group and the Centre for People and Forests (RECOFTC) provided training on conflict management and resolution. The training involved 5 government staff and 18 staff from five civil society organisations receiving NICFI support.

Pilot projects have promoted economic development and benefit sharing mechanisms and have tried to channel lessons to national processes

The Jane Goodall Institute disbursed US \$ 200,000 as a trial payment demonstrating the benefit sharing mechanism to the target communities as a result of community efforts in conserving the Masito forest. Target communities agreed to use the incentive funds to construct social infrastructure such as school classrooms, teachers' houses and village offices. Disbursement of financial incentives through the inter-village community-based organisation was also to test the effectiveness of the benefit sharing mechanism in preparation for future carbon funds. The African Wildlife Foundation and Tanzania Forest Conservation Group have made substantial trial payments to the participating communities.

The Wildlife Conservation Society has been promoting woodlots as a way to generate income and create alternatives to natural forest wood products.

African Wildlife Foundation is promoting training on conservation agriculture with focus in maize, pigeon peas, sunflower and millet in 19 villages. Training in business planning and market linkages was also provided to 201 men and 287 women in 11 villages. The training has resulted in an increase in yields of the farmers participating in the African Wildlife Foundation pilot project. For example, during the 2013 season it was estimated that the maize yield of 150 of 240 trained farmers increased by 20 bags of maize per acre.

Care International developed a gender sensitive benefit sharing mechanism by all key project stakeholders and used for sharing the carbon incentive funds to all communities with Community Forest Management Agreement.

The Tanzania Forest Service is also developing its own benefit-sharing mechanism to be included in the revised version of the national forest policy, whereby 50% of forest revenue will be shared with adjacent villages. This will be applicable also to REDD+ payments.

NICFI support has enabled the inclusion of gender considerations in the national REDD+ strategy and there is evidence that NICFI partners were encouraged to consider gender in pilot project implementation. This was included to varying extents in different projects.

Among the nine objectives of the national REDD+ strategy, there is one objective which seeks to ensure that gender is mainstreamed in the implementation of REDD+ process and Action Plan. In particular, there is a focus on gender and land tenure reform. NICFI resources were used for a consultant who was hired to make the document 'gender sensitive.'

An independent review of the Royal Norwegian Embassy in Dar-es-Salaam was conducted by Norad in 2012. This reviewed the project design documentation of two of the pilot projects which were selected on the basis that they were at opposite ends of the spectrum, with the Care International having mainstreamed gender across its activities, whereas the Mpingo

Conservation and Development Initiative had not. The review found that the Norwegian Embassy had initiated a Gender and Empowerment self-assessment among the nine civil society pilots in March 2011 and had taken a number of steps to rectify shortcomings in the project design and implementation. However it noted that these measures had only been moderately successful, which points to the importance of following Norad processes and ensuring that projects are only approved once gender analysis has been included in a substantive way.

The Embassy staff highlighted that through the pilot projects, they have a practical opportunity to work on gender issues in the country and that progress reports and studies under CCIAM programme (unseen by the evaluation team) have shown good achievement on gender mainstreaming under pilot projects since the 2011 review was undertaken.

Delivering funds in line with the OECD Paris Declaration on Aid Effectiveness is extremely challenging in the Tanzanian governance context. Whilst it is understandable that the Norwegian Embassy was not able to channel funds via Government systems, pressure to disburse funds rapidly via both UN-REDD and Institute of Resource Assessment resulted in a donor-driven process.

Some government officials expressed concerns that the UN agencies largely drove the design process for the REDD+ investments and the consultation process was insufficient, too short and perceived as seeking endorsement of preconceived ideas. However, government officials and civil society organisations acknowledge that the country did not have enough capacity on REDD+ issues at the start of the project, and therefore, did not have clear ideas of what kind of activities would need to be supported.

The situation has changed, and the government considers that it is now in a better position to jointly design the continuation of the activities with the Royal Norwegian Embassy and UN-REDD. However, fiduciary risk management remains critical in determining the channels for financial support.

Conclusions

NICFI support to REDD+ in Tanzania has consistently stressed the importance of both climate and development results, this is reflected in the contents of the national REDD+ strategy and the pilot projects.

The pilot projects have tested approaches to improving forest governance, benefit sharing and tenure reform at pilot level, but it is not clear whether these approaches can be scaled up and because six of the nine projects are still in the implementation phase, there is not yet a document which systematically evaluates these projects and identifies approaches for scale-up.

There is at least one pilot project with good lessons in relation to gender mainstreaming in REDD+ at the local level. The Norwegian Embassy has attempted to improve other projects' ability to integrate gender issues. By 2011 this had only been moderately successful and not all pilots had delivered results in relation to improved gender equality. There is suggestion that this has since improved, though this evidence was not seen by the evaluation team.

5. High Level Questions

High Level Question 1: Is it possible to achieve climate objectives and payment for results with the existing financial set-up?

Identifying an appropriate financial mechanisms to reward Tanzania for national REDD+ results has proved challenging due to the pressure on Tanzania's forest cover and its weak governance system

The existing financial set up is insufficient for Tanzania to be rewarded for *national* level emissions' reductions from reduced deforestation. There is limited evidence to suggest that high level political decision-makers are convinced that investing in REDD+ would be beneficial for livelihoods and national development, given ongoing population growth and reliance on smallholder agriculture. The lack of an international agreement in the UNFCCC further reduces confidence that Tanzania could benefit from international finance in future.

In addition, efforts to establish national systems have also been delayed through lack of political ownership and institutional rivalries. The stronger involvement of the Ministry of Finance in the design of the financing mechanism might have offset this but technical level involvement would not be a substitute for genuine political leadership and inclusion of a commitment to REDD+ within the country's wider economic growth planning. Leveraging such commitment through development finance, may not be possible in governance contexts such as that found in Tanzania.

The pilots implemented with NICFI support demonstrate that project level performance-based payment can work but sustainability of these approaches would need more cost-effective delivery approaches at a larger scale accompanied by a focus on non-climate benefits and revenue

The existing national level financial set-up in Tanzania is insufficient for securing the delivery of climate objective and payments for results at national level. At project-level / micro-level it would be possible but the project approaches currently underway would not be cost-effective enough to be sustained by the sales of emissions reductions in voluntary markets.

On the other hand, some interviewed stakeholders (e.g. Institute of Resource Assessment and World Wildlife Fund) were of the opinion that the civil society pilots are not likely to be scaled up as the costs would be prohibitively high. In particular, those pilots which are working in areas with pre-existing grant support from Finland and Denmark for Participatory Forest Management have achieved the best results. These respondents noted that it is essential to manage expectations around the level of climate finance likely to be available and design programmes with concrete co-benefits for livelihoods at the centre.

High Level question 2: To what extent is it possible to integrate and deliver on both the climate and development objectives?

Tanzanian stakeholders have increasingly focused on development benefits in the absence of any certainty around payments for emissions reductions

NICFI funding has enhanced national capacity to discuss, analyse and address all key issues related to REDD+, and has been instrumental in building national capacity to examine the likely climate and development benefits of REDD+ investments in the country. NICFI's support to the pilot projects has demonstrated that REDD is not just about climate issues but it can also have significant positive impacts on people's livelihoods. Such messages and evidence are crucial in Tanzania in winning the commitment and support of the high level decision makers and also of the ordinary people. Increasingly the discussions in Tanzania are moving from "climate" to "development"; *i.e.* many stakeholders interviewed are of the opinion that REDD+ does not have future in Tanzania if the focus continues to be on emission reductions (climate objectives); instead successes may come from developmental approaches where better (landscape level) forest and land management would bring both development and climate objectives.

7. Summary of NICFI support to Tanzania

Support to REDD+ Policy processes

Implementer	Institute of Resource Assessment, in collaboration with the National REDD+ Task Force
Timescales	March 2009 - August 2011 October 2011 – September 2013
Budget	March 2009 - August 2011: NOK 13.5 million Oct 2011 - Sept 2013: NOK 30 million
Project names	2009-2011: 'Facilitation for the Preparation of a National REDD Strategy in Tanzania' 2011-2013: 'REDD+ Strategy Development and Implementation Process in Tanzania'
Project purpose	<p>Goal: To ensure that Tanzania actively participates and benefits from global funding opportunities for ecosystem services, in particular carbon related activities, as a result of reduced carbon dioxide emissions from deforestation and forest degradation in the context of climate change.</p> <p>Purpose:</p> <p>2009: To facilitate the National REDD Task Force in collaboration with other stakeholders in developing a National REDD Strategy, Action Plan and implementation process for the plan</p> <p>2011 – To further develop the national REDD+ strategy and implementation process through the national REDD Task Force in collaboration with other stakeholders.</p>

	<p>2009-2011</p> <ol style="list-style-type: none"> 1. Facilitator for the National REDD Task Force and facilitation process established 2. REDD Demonstration projects established 3. Knowledge base on REDD and climate change developed 4. Co-ordination mechanisms to facilitate the development of a national REDD strategy developed 5. Conceptual framework for national REDD Strategy developed 6. National and local level consultation on REDD process established 7. Study tours in country and internationally conducted 8. A transparent and independent mechanism for a possible national REDD Fund and carbon market developed and operational <p>2011-2013</p> <ol style="list-style-type: none"> 1. National REDD+ Secretariat strengthened 2. Mechanisms to coordinate, implement and monitor REDD+ processes strengthened 3. National and local level consultation and awareness creation on REDD+ processes established and implemented 4. REDD+ lessons learning networks established & information management strengthened 5. Social and environmental safeguard processes for REDD+ established and implemented 6. National REDD+ strategy finalized & action plan prepared and mainstreamed 7. National Carbon Monitoring Centre and National REDD+ financing mechanism developed and operational 8. Engagement of public, private and public – private partnerships
Activities	
Outputs	Most outputs were delivered, but some were too ambitious and partly outside the direct mandate of the project implementing institution (IRA as Secretariat). Specifically, output 5, 6 and 7 of the 2011-2013 project.

REDD+ Pilot Projects

Implementer	Jane Goodall Institute
Project Name	Building REDD Readiness in the Masito Ugalla Ecosystem Pilot Area in Support of Tanzania's National REDD Strategy
Timescales	January 2010 – December 2012, plus a six month extension to July 2013 (3.5 years)
Budget	NOK 19,320,000 (USD 2,759, 641+ an additional amount of USD 580,000 was allowed to be allocated due to exchange rate and good use of project finance. This led to a 6-month extension of the first phase.
Project objectives	<ul style="list-style-type: none"> • To enable communities and high bio-diversity value forests in western Tanzania benefit from REDD based global approaches to climate change mitigation • To build awareness and enhance capacity and governance mechanisms for local communities and government institutions to administer and benefit from REDD-related obligations and opportunities in the Masito Ugalla ecosystem in support of national REDD readiness.
Activities	Training, MRV, Community engagement, Participatory forest management, benefit sharing, Income generating activities and livelihoods support, meetings and workshops, networks and collaboration.

Outputs Six outputs were foreseen:

Output 1: A cadre of local trainers comprised of stakeholders from the project area empowered to facilitate broad stakeholder participation in REDD project design and management.

Output 2: Inter-village forest conservation CBOs formed and empowered to manage forests on general lands in support of a national REDD accounting program

Output 3: A replicable and scalable methodology for remote sensing/GIS/GPS based forest and carbon accounting at village scale, developed, analysed tested, verified, documented and disseminated.

Output 4: Communities and CBOs are provided with the tools and skills to monitor forest biomass and carbon stocks

Output 5: A community based equitable benefit sharing mechanism developed and practiced.

Output 6: Remote sensing and GIS capacity for carbon mapping and monitoring at the project scale supported, strengthened and disseminated

Implementer **Tanzania Forest Conservation Group**

Project Name Making REDD work for Communities and Forest Conservation in Tanzania

Timescales August 2009 – August 2014

Budget NOK 41,400,000 (USD 5,914,353)

Project objectives The goal of the project is to reduce greenhouse gas emissions from deforestation and forest degradation in Tanzania in ways that provide direct and equitable incentives to rural communities to conserve and manage forests sustainably. The purpose of the project is to demonstrate at local, national and international levels, a pro-poor approach to reducing deforestation and forest degradation by generating equitable financial incentives from the global carbon market for communities that are sustainably managing or conserving Tanzanian forests at a sub-national level.

Activities Activities included establishment of community forest management processes and a community carbon cooperative; training to communities, design of a project and MRV system which meets Verified Carbon Standards requirements, conducting research and advocacy in relation to carbon finance.

Outputs

- Replicable, equitable and cost effective models developed or tested at the group or community level for REDD on village and government forest land in ways that maximise benefits to communities, forests and the nation.
- Replicable, equitable and cost effective models developed that are designed to reduce leakage across project sites and provide additional livelihood benefits to participating rural communities
- Monitoring evaluation and documentation processes supported that assess the overall impact of the project at local and national levels, and communication of the findings undertaken
- Advocacy process supported at the national and international levels that promote equitable and effective REDD benefit sharing mechanisms and in particular with regard to forest managers at the community level

Implementer **Tanzania Traditional Energy Development and Environment Organisation (TATEDO)**

Project Name	Community Based REDD Mechanism for Sustainable Forest Management in Semi-Arid Areas
Timescales	January 2010 – December 2013
Budget	NOK 14,090,000 (Presented in Baseline study) USD 2,012,752 (Presented in Project Document)
Project objectives	The goal of the project is to reduce greenhouse gas (GHG) emissions through sustainable forest management and carbon market incentives. The purpose of the project is to assist 6000 Ngitili owners in 10 villages of Shinyanga rural and Kahama districts to establish a robust local institutional framework that effectively manage the restoration of Ngitilis to capture the benefit arising from REDD.
Activities	<p>Activity 1.1: Mobilize community to participate in the REDD implementation</p> <p>Activity 1.2: Strengthen institutional structures and processes for REDD implementation</p> <p>Activity 1.3: Capacitate institutional structures for effective implementation of REDD at community level</p> <p>Activity 2.1: Socio-Economic Survey</p> <p>Activity 2.2: Determine carbon emission levels from different sources and propose mitigation measures</p> <p>Activity 2.3: Develop carbon monitoring, reporting and verification plans.</p> <p>Activity 3.1.1: Create and raise awareness on alternative and energy efficient technologies</p> <p>Activity 3.1.2: Build capacity of communities on production and use of alternative and efficient energy technologies</p> <p>Activity 3.2: Increase use of improved farming and processing techniques/technologies to increase productivity</p> <p>Activity 3.3: Introduce and promote practices for reducing overgrazing in Ngitilis.</p> <p>Activity 4.1: Assess different mechanisms for benefit sharing</p> <p>Activity 4.2: Linking Ngitilis associations to potential carbon markets</p> <p>Activity 5.1: Monitor project progress, including performance-based milestones</p> <p>Activity 5.2: Project supported and effectively coordinated</p>
Outputs	<p>Output 1: Institutional framework for REDD implementation at community level formalized and capacitated (Almost complete)</p> <p>Output 2: Baseline Scenarios for potential carbon source established (almost complete)</p> <p>Output 3: Measures for addressing drivers of degradation and forest deforestation developed and implement (more than 50% complete)</p> <p>Output 4: Mechanisms for benefit sharing established and Ngitili groups empowered (50% complete)</p> <p>Output 5: Project performance and impacts monitored, evaluated and documented (indicators are in place and monitored at the project level)</p>
Implementer	Mpingo Conservation and Development Initiative
Project Name	Combining REDD, PFM and FSC certification in South-Eastern Tanzania
Timescales	4.5 years
Budget	
Project objectives	Pilot the integration of new financial flows from carbon offsetting activities under REDD with PFM and forest certification with sales of carbon offsets providing another SFM revenue stream alongside timber.

- Activities**
- Signing of carbon agreements with communities
 - Expansion of PFM and FSC certification to six new villages
 - Participatory Monitoring of biodiversity that is responses to early burning.
 - Design of VCS methodology around GapFire model of fire regime impacts on tree stem biomass and support it through the double-approval process (still in process) then seek combined VCS-CCB validation
 - Assessment of stem and root biomass carbon
 - Monitoring effects of fire on forest biomass and carbon balance
 - Integration with developing national standards and systems for sales, monitoring, assessment, reporting and verification of carbon credits
 - Development of market linkages through Carbon Tanzania and international carbon exchanges
 - Community-based fire management in community forests
 - Monitoring of village Governance and socio economic impacts at Household level
 - Monitor of villagers' perceptions of changes achieved Policy analysis
 - Result dissemination

- Outputs**
- Quantitative and descriptive analysis of local drivers of deforestation in Kilwa
 - Introduction of techniques for large scale early burning
 - Detailed biomass and fire history maps of Kilwa with baselines for future monitoring
 - Method for participatory monitoring of burned area and large tree mortality
 - Amended GapFire model to track impacts of different fire regimes
 - Draft VCS method for determining carbon savings through early burning in dry land forests
 - PFM expanded to 4 new villages (2 more pending)
 - Method for monitoring changes to village governance
 - Baselines for monitoring changes to village governance and household socio-economic status
 - 3 annual 'REDD in Tanzania' policy analyses

Implementer Wildlife Conservation Society of Tanzania (WCST)

Project Name Piloting REDD in Pugu and Kazimzumbwi Forest Reserves

Timescales April 2011 – March 2015

Budget USD 3,936,048

Project objectives The goal of the project is to manage the Pugu and Kazimzumbwi forest ecosystem reserves so that they can support surrounding livelihoods and ecosystem services. The purpose of the project is improved forest vegetation to reduce emissions and enhance forest carbon stocks.

Activities Conflict resolution, boundary demarcation, socio-economic studies, baseline biomass survey, governance, MRV

Outputs The project ran into some difficulty because of land conflicts between communities and forest encroachments. The project was suspended, and a decision has been made to hand over the management of the remaining part of the project to the Tanzania Forest service. The contract between the Royal Norwegian Embassy and WCST has been terminated due to WCST's failure to meet contractual obligations.

Implementer	WWF Tanzania
Project Name	Enhancing Tanzanian Capacity to Deliver Short and Long Term Data on Forest Carbon Stocks Across the Country
Timescales	January 2011 – December 2013 Note: the project was suspended for 1 year due to misuse of finance, but has since put in the necessary safeguards and met NICFI's requirements and is able to continue with the work program.
Budget	USD 1,978,509
Project objectives	The goal of the project is to contribute to the establishment of a national Tanzanian carbon trading system that seeks to reduce GHG emissions from deforestation and degradation of Tanzanian forests thereby slowing climate change. The purpose of the project is to contribute core data to the Tanzanian national MRV system that forms a part of the comprehensive forest carbon monitoring system for the country.
Activities	<p>1.1 Establishing 120 one hectare carbon monitoring plots in 10 different vegetation types across Tanzania</p> <p>1.2 Analysing data from new (120)and old (18) carbon monitoring Plots</p> <p>1.3 Spatial analysis of carbon distribution at National level.</p> <p>2.1 Taking Hemispherical photographs and SunScan measurements in each of 120 carbon plots</p> <p>2.2 Comparison of results with remote sensing, LiDar, plot measurements</p> <p>3.1 Flying LiDar flight over existing 18 carbon plots in Udzungwa Mountains</p> <p>4.1 Collection and analysis of Soil carbon samples from 120 carbon plots</p> <p>5.1 Conducting stakeholders' workshops for developing future land use/cover change scenarios in six zones in Tanzania, and assessing potential REDD+ impact at national level.</p> <p>5.2 National land cover map updated and used to develop baseline carbon map for year 2010</p> <p>6.1 Train Tanzanian scientists in application spatial modeling of carbon storage under socio-economic and climate change scenarios</p> <p>6.2 Train district staff and researchers on field carbon assessment, data analysis and monitoring</p> <p>6.3 Develop, disseminate and communicate extension materials for various stakeholders, including policy makers</p>
Outputs	<p>120 Baseline carbon plots established in 10 different vegetation types across Tanzania</p> <p>Hemispherical photographic and Sunscan survey of 120 carbon plots established in 10 different vegetation types in Tanzania</p> <p>Utility of LiDar technology further tested in Udzungwa Mountain in Tanzanian forest habitats</p> <p>Soil carbon surveyed in 10 vegetation types across Tanzania</p> <p>A range of future scenarios for changes in carbon stock produced</p> <p>Capacity building, dissemination and communication of project outputs undertaken</p>
Implementer	Wildlife Conservation Society
Project Name	REDD Readiness in Southwest Tanzania
Timescales	July 2010 – June 2014
Budget	NOK 9,300,000 (USD 1,350,000)

Project objectives	<p>The objective of the project is to develop the capacity and knowledge for Tanzania to participate in REDD activities in the Southern highlands while establishing sustainable alternatives to forest resource use.</p> <p>The purpose of the project is to design and carry out a robust baseline study to provide methods for estimating degradation, deforestation, carbon sequestration, emissions and leakage in southwest Tanzania's four most important forests covering 52,680 hectares. Using a range of remotely-sensed and ground-truthed techniques, as well as participatory monitoring methods, this pilot will provide substantial carbon data and demonstrate to relevant national authorities by the end of 2013 appropriate tools for implementing REDD strategies and monitoring forest degradation. The project will also implement economic incentives reaching at least 50,000 people that provide benefit sharing to local communities, environmental education and alternative forest resource provision, which together will help to address the main drivers of local forest degradation. Collectively the project will provide an estimate of the levels of emission reductions that could be expected should the target forests be included in a national level REDD initiative.</p>
Activities	Full Carbon Inventory, Alternative livelihoods honey initiative, fuel wood & building materials usage survey, Environmental education, Tree planting (indigenous & woodlot), Fuel efficient stoves, Fire management system
Outputs	<p>Output 1: Background knowledge and resource allocation to implement project activities</p> <p>Output 2: Data collection, analysis and calculations to estimate degradation, deforestation, carbon sequestration and emissions.</p> <p>Output 3: Addressing local drivers and impacts of degradation and deforestation</p> <p>Output 4: Development of a fire, forest degradation and leakage monitoring system</p>
Implementer	African Wildlife Foundation
Project Name	Advancing REDD in the Kolo Hills Forests (ARKFor)
Timescales	3 years: January 2010 – December 2012)
Budget	NOK 14,430,000 (approx. USD 2,566,181)
Project objectives	<p>The objective of the project is to contribute to poverty reduction and climate change mitigation by enhancing Tanzania's capacity to use REDD as a mechanism for rural communities to reap tangible benefits from improved forest management and conservation. The purpose of the project is to support targeted communities and district government partners in the Kondoa district Tanzania, to prepare for participation in the voluntary and (when available) official REDD markets based on high value well conserved forest resources and effective joint forestry management. More specifically to REDD+ MRV, the project aims to test the methodologies, investigate REDD+ as a method of securing wildlife corridors, improve community agriculture, improve water ecosystem services and reduce forest degradation through charcoal production.</p> <p>Goal: Contribute to Climate Change Mitigation, watershed protection and Poverty Reduction</p> <p>Purpose: Support local stakeholders to participate in REDD Markets</p> <p>Result Area 1: Carbon Assessment and co-benefits facilitated</p> <p>Result Area 2: Stakeholders capacity on REDD developed</p> <p>Result Area 3: Land and Forest Management Improved</p> <p>Result Area 4: Livelihoods diversification and benefit-sharing facilitated</p> <p>Result Area 5: Learning and networking to inform policies and practices</p>

- Activities**
- Carbon quantification and qualification
 - REDD capacity building
 - Participatory forest management and land use planning
 - Diversification of livelihoods and development of fair and equitable benefit sharing mechanism

Participation in REDD forums for learning and networking

- Outputs**
- Carbon measurement completed – based on previous version of VM0006
 - Formal training/capacity development to 770 people
 - 17 villages facilitated to develop land use plans
 - Joint Forest Management achieved in the project area
 - Livelihood interventions achieved
 - Sustainable agriculture
 - Sustainable charcoal
 - Improved cook stoves
 - Tree planting
 - Sustainable building materials
 - Contributions to REDD forums

Implementer Care International

Project Name HIMA: Piloting REDD in Zanzibar through the community forestry project

Timescales April 2010 – March 2014

Budget NOK 38,775,000

Project objectives The goal of the project is to reduce greenhouse gas emissions from deforestation and forest degradation in Zanzibar, and generate carbon income which will provide direct and equitable incentives to communities to conserve forests sustainably. The purpose of the project is to promote a pro-poor, gender equitable approach to community forest management in Zanzibar including piloting of carbon financing for REDD, which provides forest dependent communities with secure property rights, equitable rewards for providing ecosystem services and other livelihood benefits, and which informs the priorities of Zanzibar in the national REDD strategy.

- Activities**
- Enhancing community forest management
 - Strengthen capacity of local government and CSO institutions on REDD+ and climate change
 - VCS and CCBA project documentation
 - Leakage abatement strategies
 - Monitoring, evaluation, documentation and advocacy processes supported with particular emphasis on social equity and experience/lesson disseminated at community level and to a wider audiences

Outputs Project monitoring and evaluation communication plan, leakage strategies at the community level, social impact monitoring system, energy switch from fuel wood to LPG, benefit sharing modalities piloted

Support to Research Projects

Implementer	Led by Sokoine University of Agriculture, in partnership with the Norwegian University of Life Sciences through its Department of International Environment and Development Studies (Noragric), University of Dar Es Salaam, Ardhi University and the Tanzanian Meteorological Agency
Project name	Programme on Climate Change Impacts, Mitigation and Adaptation in Tanzania (CCIMA)
Timescales	5 years (2009-2014)
Budget	NOK 93,879,100
Project purpose	The overall goal of the CCIAM project is better management of natural resources and the environment through appropriate adaptation and mitigation strategies and participation in climate change initiatives, in particular REDD+. The purpose of the CCIAM program is to develop and sustain adequacy in national capacity to address the effects and challenges of climate change in Tanzania.
Activities	<ul style="list-style-type: none"> • To develop and sustain adequacy in national capacity to participate in climate change initiatives and address the effects and challenges of climate change with particular emphasis to the REDD initiative • To determine and develop appropriate climate change mitigation and adaptation strategies in forestry, other land uses, ecosystems and biodiversity management • To assess climate change impacts on and vulnerability of ecosystem services and livelihoods under REDD initiatives • To conduct policy and legal framework analysis of climate adaptation and mitigation with emphasis on economic efficiency, ecological effectiveness and wider political legitimacy • To develop and undertake capacity building, dissemination and strategic interventions for adaptation and mitigation to climate change
Outputs	<p>The following outputs:</p> <ul style="list-style-type: none"> • Digital Open Access Repository website www.taccire.suanet.ac.tz developed and operational • Proceedings of the First Climate Change Impacts, Adaptation and Mitigation Program Scientific Conference (2012), Allometric models and C estimation models (both above and below-ground) for 5 vegetation types • Opportunity costs of forest conservation for REDD+ for the different forest types established. • Allometric equation models for five vegetation types developed and disseminated. The developed models are used by National Forestry Resources Monitoring and Assessment (NAFORMA) for biomass measurements and LiDAR projects. • Below-ground Carbon stock models have been developed for the first time in Tropical Montane Forest and Miombo woodlands of Tanzania, with permanent plots for monitoring carbon established. • 58 MSc. /MA. studies fully and partially (research work) sponsored by the programme • 22 PhD students fully and partially (research work) sponsored by the programme • Critical mass of researchers and students and policy makers built in Tanzania through capacity building activities of the Programme • Information Communication and Management Strategy (ICMS) developed. • REGALIA Media engaged to disseminate stories from CCIAM

Implementer	This was led by Sokoine University of Agriculture (SUA), Tanzania, with partner institutions including the University of Dar es Salaam (UDSM) Norwegian Universities of Life Sciences (UMB), Kongsberg Satellite Services (KSAT), Northern Research Institute, Tromsø (Norut), Norwegian Computing Centre, Norwegian Forest and Landscape Institute (NFLI), and University of Tromsø (UoT).
Project name	Enhancing the Measuring, Reporting and Verification (MRV) of forests in Tanzania through the application of advanced remote sensing techniques
Timescale	2011-2014
Budget	NOK 27,532,200
Project objectives	<p>The overall project goal is to test efficient methods for MRV utilising a combination of ground data and remote sensing techniques developed/developed, enabling GoT to benefit from these techniques as part of their MRV system for REDD.</p> <p>The project objectives are to:</p> <ol style="list-style-type: none"> 1. Test and document the accuracy of airborne LiDAR measurements for biomass and carbon stock estimation in tropical rain forests with high biomass density. 2. Develop, implement, test and validate a statistically sound sampling-based application for regional biomass/carbon stock change estimation utilizing a combination of ground samples and samples (strips) of airborne LiDAR data collected over NAFORMA ground plots across a selected district of Tanzania. 3. Deliver pre-processed optical and SAR (Synthetic Aperture Radar) data for forest monitoring and develop an automated chain for pre-processing. 4. Develop and test methods to monitor changes in forest areas based on the use of satellite data. 5. Estimate above-ground biomass for different forest types, based on different combinations of satellite data and including different processing methods. <p>Develop allometric models for total above-ground and below-ground biomass for selected vegetation types in Tanzania for improved biomass and carbon stock estimation.</p>
Activities	The project will be based on data from conventional ground observations of biomass converted to carbon, airborne LiDAR data from a sample survey in a selected district and tied to the ground observations through a statistically sound sampling design, and wall-to-wall land cover data of the entire territory extracted from optical and synthetic aperture radar (SAR) images from space-borne platforms. Six technical Work Packages (WPs) have been identified as important to enable enhanced MRV of tropical forest in Tanzania. The rationale for each of them is presented below.
Outputs	Estimation of biomass on selected sites, precision and cost estimates studied, "test bed" for satellite based remote sensing methods established, training on LiDAR technology.

Activities of UN-REDD

Implementer	UNDP, UNEP and FAO
Project name	UN-REDD National Programme Of Tanzania
Timescales	January 2010 – December 2013
Budget	USD 4.28 million

Project purpose To assist the Government of Tanzania with the development of National REDD+ systems and infrastructure.

Activities Capacity development, MRV, testing of methodologies, awareness raising, training, policy advice and development

- Proposed outcomes**
- Outcome 1: A national governance framework and institutional capacities strengthened for REDD+ - (achieved in a moderately satisfactory manner).
 - Outcome 2: Increased capacity for capturing REDD+ elements within National Monitoring, Assessment, Reporting and Verification systems – (completion of activities was delayed due to procurement problems, dependency on NAFORMA data for completion of outputs, staff changes, sub-standard and slow delivery of some outputs from collaborating partners and consultants)
 - Outcome 3: Improved capacity to manage REDD+ and provide other forest ecosystem services at district and local levels – (achievements are relatively limited)
 - Outcome 4: Broad based stakeholder support for REDD+ in Tanzania – (contributed to an increasing level of stakeholder participation in debate and dialogue)

Annex 11 High Level Informants

1. Introduction

1.1. Scope

This annex contains additional responses in relation to NICFI's operational functioning and the results against the NICFI objectives from donor partners of NICFI from the US, UK and Germany in a backward looking section. It also includes a forward-looking section which analyses responses to the strategic questions posed in the Terms of Reference from a wide range of respondents, including donors, multilaterals, civil society and independent stakeholders.

1.2. Methodology

This annex draws on data collected through face to face and telephone interviews between January and March 2014, which included informants from US State Department and Forest Service, the UK's Department for Energy and Climate Change (DECC) and Department for International Development (DFID) and various representatives from the Ministry of the Environment and Ministry of Development, in Germany as well as KfW and GIZ.

2. Backward-looking section

2.1. Operational and management issues

The scale of the Norwegian contribution has huge leverage and political weight but there is a perception that this is not matched by technical and operational capacity

All respondents noted the political importance of NICFI's contribution to international REDD+ policy and usually this was linked to the scale of support that Norway was able to provide across a wide range of modalities and countries. Donor partner respondents also noted that Norway has relatively less operational experience in some of its bilateral countries. German respondents noted the positive benefits of partnership with GIZ in relation to the Rapid Early Movers Initiative, which enabled access to additional operational capacity.

NICFI staff are regarded as dedicated and effective by other donors, but the number of staff is perceived as small, particularly in countries with large bilateral programmes

Most respondents noted that the Oslo-based NICFI staff were seen as well-informed, effective and credible. The leadership was particularly well-regarded for the work done in convening other actors and in developing key concepts and ideas on REDD+. Positive comments were also made in relation to the contributions made by NICFI staff during the FCPF methodological framework discussions and design of the UN-REDD programme.

Respondents also commented on the small numbers of staff responsible for implementing NICFI's large investment portfolio. In some cases this reflected admirable efficiency, but in others was perceived as a potential risk if there was inadequate time for detailed political analysis and monitoring. This was noted in relation to the country teams, and in Indonesia, in particular. However, one donor informant recognised that NICFI had been very careful in collecting institutional information to inform its planning in relation to some of the new partnerships in contrast with its early partnerships. This suggests that lessons from the establishment of the early partnerships have been learnt.

NICFI has been able to respond very quickly and flexibly to new opportunities in comparison with other donors

Respondents remarked on NICFI's ability to move quickly and make large commitments in ways which generated momentum for REDD+. One donor emphasised that NICFI was particularly appreciated for being 'fleet of foot' and responsive. Another donor commented that NICFI was able to do things in six weeks that they might take 12 months to do, as other donors needed to process opportunities more extensively before a funding decision could be reached. The example of NICFI's support to the BioCarbon fund was given as a particularly good example of Norwegian ability to commit funds within a shorter timeframe than other donors.

The corollary of this is where decisions are made so rapidly that political goals may compromise the value for money of investments. For example, the selection of Tanzania as a country partner prior to the establishment of NICFI was cited by one confidential respondent as a decision which risked compromising existing efforts to improve forest governance and tackle corruption by bringing in new money, emphasising fast disbursements and ignoring ongoing Government-Partner dialogue.

Other donors are not able to make commitments at the same size or timescale as NICFI

At the Warsaw COP in 2013, Norway made a commitment to maintain current funding levels until 2020 while Germany and UK were only able to match this with a commitment to 2018. Other donors also noted that they were not able to approve bilateral commitments of comparable size to those of NICFI.

2.2. Evidence of progress towards NICFI objective 1: To work towards the inclusion of emissions from deforestation and forest degradation in a new international climate regime

It is a widely held view that NICFI's work has been fundamental to the progress made globally in relation to REDD+

Several respondents noted that Norway is the most important player in international REDD+ policy, one observed that *"there would be no REDD+ without Norway."* All stakeholders agreed that the level of political engagement and financial investment from Norway had been highly instrumental in shaping the current international REDD+ regime.

Stakeholders commented positively on a number of aspects of the Norwegian approach to achieving this global progress, particularly Norway's willingness to communicate clearly their position and to coordinate proactively with other countries prior to formal negotiations. Stakeholders also confirmed that the negotiations team were highly regarded in the international community and seen as their most important partner.

Since NICFI had strong relationships through its bilateral partnerships, it was able to use lessons learned from this work to contribute to the negotiations and to technical work via the FCPF. NICFI's decision to finance key analytical work on MRV and on the drivers of deforestation was also considered important, especially given that there were no resources elsewhere to finance these studies.

Perceptions of the performance of some of the multilateral institutions supported by Norway are mixed, with two institutions highlighted as problematic

There is a perception that UN-REDD has higher levels of operational inefficiency and will therefore struggle to attract financing from other major REDD+ donors. Similarly, progress made by the Congo Basin Forest Fund was impaired by the selection of the African Development Bank as delivery institution.

NICFI's efforts to coordinate with other donors are valuable in mobilising financial commitments and testing new approaches

All donor partners recognised the value of the 'Five Donor Statement' which was launched at a meeting in 2012 hosted by the Prince of Wales. Alongside the UK, Norway was highlighted as one of the major architects of this. Two German stakeholders also stated that Norway was responsible for raising the profile of REDD+ in Germany. In the UK, the ability to

transition from this joint statement to a joint programme in Colombia in a relatively short period of time was seen as an important achievement.

Whilst many countries have engaged in REDD+ processes, only a few countries are making substantial progress towards benefitting from results-based payments

Several respondents noted the problem of engaging with such a large number of countries in REDD+ processes, several highlighting the fact that the number engaged had considerably exceeded initial expectations. One remarked that it was possible to see a few emerging 'leading lights' followed by a long tail of countries making slower progress. The possibility that different REDD+ approaches might be needed for different country contexts was mentioned by at least one interview respondent.

2.3. Evidence of progress towards NICFI objective 2: To take early action to achieve cost-effective emissions reductions

NICFI's support has generated a large body of lessons learned about the scope of REDD+ and its implementation

Donor respondents highlighted the value of NICFI's large contribution in catalysing the development of REDD+ processes and the intellectual contribution of key NICFI staff to defining the scope of REDD+. The ability of NICFI to invest in a wide range of modalities and countries was also recognised as critical in generating knowledge and lessons learned.

Several respondents noted that NICFI experience in Brazil had enabled them to engage more effectively in the development of the Carbon Fund's methodological framework and that this experience had also been very valuable during UNFCCC negotiations on Measurement, Reporting and Verification.

The selection of bilateral country partners has generated learning from a range of contexts, although not all will benefit from results-based financing

Donor partners appreciated the fact that Norwegian bilateral partnerships covered a range of country contexts and felt that this generated useful political momentum for REDD+ by increasing the perception that it can include a large number of countries. Respondents noted that while working with middle-income countries such as Brazil could cause resentment in countries reliant on development aid finance, it was essential for meeting climate goals and

the relationship with Brazil was viewed as important for engaging other Amazon Basin countries in REDD+. This is supported by the fact that the Amazon Fund has provided finance to international projects involving these other Amazon Basin countries.

Guyana was highlighted as important for demonstrating the potential for REDD+ in a country with high forest cover but low deforestation rates. Similarly, the inclusion of Tanzania in the bilateral portfolio reflects a desire to explore the implications of REDD+ in an African dry forest context where the land use system is dominated by smallholder agriculture. However, it was noted by donor stakeholders that countries like Tanzania may not benefit from payments for results in REDD+ as it is currently configured (mainly due to high transaction costs and relatively low returns) and there needs to be a greater clarity about the focus of REDD+ readiness processes in such countries.

Norway's bilateral country programmes demonstrate the potential to achieve emissions reductions. However several donor stakeholders perceived that Norway may have been overly optimistic initially about the speed with which results-based payments for emissions reductions could flow

It was widely recognised that the Norwegian bilateral partnership in Brazil was politically important in demonstrating the feasibility of performance payments for emissions reductions. The view was also that more examples were needed to demonstrate the feasibility for this in other contexts and to demonstrate the process by which national reference levels and payment rates could be negotiated.

While it was recognised that it will take several years for payments for results at national level to materialise, it was noted that NICFI had incentivised countries like Brazil to pursue this by giving a clear signal that the resources will be available to reward them for time and funds invested in the development of reference levels and MRV systems.

Nevertheless, there was also perception amongst donor partners that NICFI's initial position was that all REDD+ countries should progress rapidly from readiness into accessing results based payments for emissions reductions. One donor commented that it was perceived that there was a strong ideological commitment to payments for emissions reductions as the ultimate focus and that this had been seen as inflexible and unhelpful.

However, as the number of countries engaged in REDD+ has grown, there has been a softening of this view over time to greater recognition of the intrinsic benefits from REDD+ processes and the fact that, ultimately, not all countries may be able to benefit from results-based payments for emissions reductions. This softening was reported to have strengthened the relationship between NICFI and the UK, but one multilateral stakeholder noted this change had also led to some inconsistency in communications from NICFI about the priorities for readiness investments.

Testing new approaches to encourage private sector engagement is important

Financing was widely considered to be the key constraint to the implementation of REDD+. Donor respondents recognised that political barriers in their own countries limited their ability to make long-term, large-scale financing commitments on the scale of NICFI.

Respondents were positive about the joint work between NICFI, UK and USA on the BioCarbon Fund Initiative for Sustainable Forest Landscapes, as this provides a much needed opportunity to learn about the practical implications of undertaking landscape level approaches that could expand sustainable land management practices and technologies for forest protection and climate-smart agriculture. This was noted as particularly valuable in addressing finance constraints as it brings in private sector partners from the beginning and aims to leverage greater private sector investment into sustainable land management.

2.4. Evidence of progress towards NICFI objective 3: To conserve natural forests and biodiversity

There is limited awareness that this is a particular REDD+ priority for NICFI but some knowledge of specific examples of how it has been encouraged

Donor respondents had a mixed response on learning that this was a NICFI priority. Some respondents were unable to cite specific examples of how this had been emphasised beyond the natural relationship between REDD+ and conservation of forests. However, a small proportion of respondents noted some specific examples of how this had been promoted.

For example, one respondent noted that NICFI had pushed for a greater focus on environmental integrity in the development of the methodological framework for the Carbon Fund and in the need to push for a gross deforestation metric (rather than net deforestation) in the establishment of a reference level for joint work in the Rapid Early Movers initiative in Ecuador. Two other donors noted that this is also well reflected in Norway's contribution to UNFCCC discussions on safeguards.

2.5. Evidence of progress towards NICFI development goals

NICFI has been consistent in its approach to safeguards that aim to ensure REDD+ processes protect human rights and contribute to sustainable development

All donors noted that Norway had given clear and consistent messages in support of the UNFCCC agreements on safeguards and that this had been reflected in dialogue with the multilateral institutions and bilateral country programmes receiving support from NICFI. One donor respondent noted that a greater emphasis on free and prior informed *consent* within donation agreements would have been welcomed.

Support to civil society was also highlighted as having been important in enhancing the capacity of indigenous people and NGOs to participate in the development of the institutional arrangements at global and local levels.

Other donors perceive that NICFI has signalled its interest in generating a new narrative that focuses on REDD+ as one part of efforts to create a socially inclusive green economy. However there is, as yet, no programme which demonstrates how this would look operationally

It was widely recognised that NICFI has often acted as a thought leader on the development of REDD+ narratives. One donor respondent noted that Norway has tended not to highlight in detail the issues where it does not have significant operational experience – for example in relation to tackling land tenure conflicts. This, and other similarly complex issues, is increasingly important in REDD+ programming.

Several donor respondents noted that NICFI had signalled its understanding of this in discussions with donor partners that hinted at the need for a REDD+ narrative putting REDD+ into the wider plans for Socially Inclusive Green Economy. However, they noted that, whilst the BioCarbon Fund presented one opportunity to explore this, the full picture of how this would be operationalised in developing countries had yet to be explored.

Support to the Amazon Fund is seen as effective implementation of the Paris Declaration on Aid Effectiveness

NICFI willingness to finance a nationally-led financing facility was highlighted by two donors as good practice in relation to the Paris Declaration on Aid Effectiveness. It was stressed that where national capacity for the management and coordination of joint donor investments into a coordinated approach is feasible, it should be encouraged. The potential for the national financing facility in Indonesia to deliver the same result was seen as more uncertain.

3. Forward-looking section

3.1. Question 1: How successful has NICFI been at achieving climate objectives and payment for results within the existing financial set –up?

There is a divergence of views around the importance of results-based payments as the end-point of REDD+

There are divergent views between those respondents that regard results-based payments for emissions as fundamental and those that see payments for emissions as the ‘icing on the cake’ once the fundamental work had been achieved

Most donors interviewed felt that NICFI had taken rather a strong ideological view regarding payments for emissions reductions as the ultimate focus the early years of NICFI and perceive and welcome a “softening” of this strong view towards one which acknowledges the complexity of improving forest governance and the need for various types of complementary support.

NICFI’s investments into the Amazon Fund are appreciated as unique amongst the REDD+ donor community and as important for generating lesson learning on the administrative requirements for payments for emissions reduction

Donor partners noted that NICFI’s bilateral partnership with Brazil was unique in having made bilateral payments for emissions reductions achieved at this scale. Whilst Germany had made a smaller payment for emissions reductions in Acre State, Brazil the scale of this was much smaller. Other donors had simply channelled their resources into the FCPF Carbon Fund.

3.2. Question 2: To what extent is it possible to integrate and deliver on both the climate and development objectives?

All respondents had experienced tension between climate and development objectives in the way they spent climate finance

The creation of working relationships between Ministries of Environment and Ministries of Development was common amongst the European donors interviewed. The tension between the need to work in middle-income countries to achieve climate objectives and in low-income countries to focus on poverty reduction was common across respondents.

In the UK, a separate fund was created under the management of Department of Energy and Climate Change for work on climate objectives in countries separately from the Department for International Development.

Several respondents expressed the view that climate and development results are not mutually supporting in all circumstances

Several respondents from both donor and multilateral groups challenged the assumption that reducing deforestation will always bring social or livelihood benefits. There may be situations where other land uses result in greater economic and social benefits to communities and to states.

In addition, it was acknowledged that REDD+ programmes had not always succeeded in articulating effectively the economic case for reducing deforestation. Stakeholders therefore expressed the need to design programmes with both objectives in mind, to be more realistic about the potential trade-offs and to strengthen the economic value of forests via intrinsic benefits in cases where payments for emissions reductions may not provide the required economic incentive on their own.

There is a perception that greater technical engagement is needed to ensure that NICFI investments contribute to activities where climate and development results are mutually supporting

Several donor respondents noted that NICFI is perceived as a 'hands off' donor, which may present a challenge to ensuring development results are achieved. There was a sense that greater operational capacity would be beneficial in making this a reality as funds are disbursed and spent in country. A multilateral respondent also remarked that in one of the UN agencies implementing the UN-REDD programme, funds from other donors were subject to more stringent monitoring and planning processes than were those from NICFI. This resulted in more effective implementation and more efficient use of funds. There is a perception among donor stakeholders that NICFI staffing is insufficient to guarantee this.

3.3. Question 3: Does the incentive structure (payments, (possibly substantial) for results) differentiate REDD+ from forest aid more generally?

There is a consensus amongst REDD+ stakeholders that results-based payments for emissions reductions potentially make REDD+ more powerful than forest aid, but that these payments are only a part of the overall package needed

There was a consensus between multilateral and donor respondents that the inclusion of payments for results differentiated REDD+ from traditional forest aid. Several donors are experimenting with cash on delivery or results-based approaches to the financing of aid. However, stakeholders varied in their assessment whether payments for emission reductions should make up the bulk of REDD+ investments or whether they should be just an additional incentive within more traditional grant and loan investments.

Several respondents highlighted that it was the global profile of REDD+ and the systematic approach to multi-stakeholder dialogue involving ministries of finance and agriculture that had enabled REDD+ to make more progress with reforms that are likely to reduce deforestation. Some donor and multilateral respondents hold the view that grant and loan investments to the land use sectors should remain fundamentally important, with results-based payments for emissions reductions being a smaller part of the overall investment.

Donors note that REDD+ incentives need to be at a scale sufficient to achieve policy changes but also affordable to donors

Several donors noted the political limitations on them in terms of making long-term financial commitments but also stressed the critical need to ensure adequate levels of finance to sustain momentum on REDD+. The term 'incentive level' was mentioned by two respondents, one donor and one multilateral. This term recognised the limitations on donor budgets and, in the absence of a UNFCCC agreement, the need to negotiate arrangements for each country that will provide adequate incentives for results whilst remaining affordable to donor countries.

3.4. Question 4: How can NICFI help maintain momentum for REDD+ between 2015 and 2020?

All respondents noted that continuing to build demand for REDD+ emissions reductions and work on mobilising finance would be most important

The majority of respondents mentioned that ensuring adequate finance is available is the key challenge for REDD+ countries. Per-Fredrik Pharo was cited by several donors as instrumental in encouraging discussion with other donors and creating a shared approach to financing. Donor respondents drew attention to the range of political priorities between donors. For example, German respondents expressed a focus on ensuring demand for verified emissions reductions whereas UK respondents were more interested in ensuring finance is available to facilitate governance reform processes.

It has already been agreed that the Green Climate Fund may finance REDD+ but donor respondents noted the need to minimise transaction costs and ensure a transfer of knowledge and tools from the current multilateral processes

One respondent noted that Germany, as co-chair of the Green Climate Fund, had stressed the importance of ensuring the inclusion of REDD+ in the Green Climate Fund to build on the methodological work already done under the Forest Carbon Partnership Facility Carbon Fund. Others discussed the potential risks of high transaction costs and noted the need for ongoing bilateral partnerships to demonstrate REDD+ progress whilst the necessary processes are being completed to establish the Green Climate Fund.

The Ban Ki Moon Summit in September 2014 offers an opportunity for greater coordination between multilateral institutions

One donor and several UN-REDD respondents highlighted the importance of the Ban Ki Moon Summit in 2014 for promoting greater coordination between multilateral institutions working on REDD+. They felt that NICFI would be in a good position to lobby for greater clarity and improved working practices during this summit, as well as to highlight the need for continued efforts on financing.

Continuing to improve in-country coordination with other donors for the bilateral programmes is considered important by some respondents

Several donor and multilateral respondents noted that NICFI had not always communicated with them prior to the announcement of bilateral commitments and that this had resulted in coordination challenges as their programmes had to be re-designed in light of NICFI support. This was reported to have been the case in both Indonesia and Tanzania. One donor felt that coordination had improved over time but several mentioned this as an area where a

greater number of staff at the national level could improve the technical effectiveness of NICFI financial investments.

Annex 12 UNFCCC Negotiations

1. Scope

This annex relates to progress towards NICFI's first objective, which is "To work towards the inclusion of emissions from deforestation and forest degradation in a new international climate regime." It considers both climate and development aspects of REDD+ in the negotiations. It focuses on the United Nations Framework Convention on Climate Change (UNFCCC) negotiations between 2007 and 2013 and covers official submissions, formal and informal meetings in and around the subsidiary bodies of the UNFCCC.¹²⁶ It also covers support to indirect activities including contributions to the development of the international REDD+ architecture (support of the UN-REDD Programme, FCPF Readiness and Carbon Funds, FIP, CBFF), and the piloting of many REDD+ activities (MRV systems, work towards legislative and governance reform and other readiness processes, including small scale REDD+ pilots).

2. Methodology

2.1. Approach

This annex has a slightly different format to the other annexes as it focuses exclusively on findings in relation to the NICFI support to the negotiations¹²⁷ negotiating team. The activities which make up the unit of analysis for this report are specified in section 2.2.

The annex first reviews progress made overall in relation to REDD+ in the international negotiations based on an analysis of outcomes from the UNFCCC negotiations. It then analyses the contribution made by Norway to this general progress.

The literature review commenced by reviewing previous NICFI evaluation documents to establish what had previously been done to assess Norway's contribution the UNFCCC outcomes and progress on REDD+ (Lincoln *et al.*, 2012¹²⁸; Tipper *et al.*, 2010). Documents were then reviewed which could be used to identify Norwegian influence. These documents are included in the full list of references in Annex 2 of the main report, but are also detailed in Section 2.2 as the base documents reviewed for this evaluation.

¹²⁶ The Subsidiary Body for Scientific and Technological Advice (SBSTA) and the Subsidiary Body for Implementation (SBI)

¹²⁷ In this report, we refer generally to Norway's contribution to refer to activities which encompass negotiation and financing. In cases where the discussion refers only to activities which are solely financed by NICFI, we will refer to this more specifically.

¹²⁸ In particular, see UNFCCC Negotiations Annex , which covers NICFI support on MRV and reference levels in the UNFCCC negotiations, and interviews with climate change negotiators

Between the 14th January 2014 and 14th February 2014, six negotiators involved in the REDD+ UNFCCC negotiations from 2009 up to the present were contacted and interviewed following a set of survey questions. Three stakeholders interviewed represented Annex I countries and three stakeholders interviewed represented non-Annex I countries. A list of individuals interviewed is included in Annex 1 of the main report. Stakeholders were identified and selected for their involvement in negotiating REDD+ within the UNFCCC between 2009 up to the present. A further 16 stakeholders were contacted by email but no response was received. Relevant information from interviews with 15 high level informants in Norway, UK and Germany was also taken into account. The limited sample size was taken into account and the information provided was used to triangulate and provide context to the documented evidence.

2.2. Summary of activities reviewed

Table 18 provides a summary of the NICFI supported activities considered by the evaluation. Given the large number of activities across a range of areas, we assessed the overall impact of the portfolio, rather than the impact of each activity.

Table 18 NICFI supported activities for which documentary evidence was reviewed

Formal Submissions	
2008	AWG-LCA ¹²⁹ Submission on Reducing Emissions from Deforestation and Forest Degradation in Developing Countries (REDD)
2009	AWG-LCA submission on enhanced national/international action on mitigation of climate change. This is the Norwegian proposal for the architecture for a REDD mechanism.
2011	SBSTA submission for methodological guidance on activities relating to reducing emissions from deforestation and forest degradation.
2012	SBSTA submission on guidance for REDD+ – forest monitoring, MRV and drivers of deforestation
2012	AWG-LCA Submission on modalities and procedures for financing results-based actions
Analytical Reports (Co)Financed	
Included here are reports cited as important by interview respondents and referenced on the UNFCCC website. NICFI has supported a much wider range of research and analysis on REDD+, in particular 230 published works reported by CIFOR between 2009-2013 and reported in their NICFI co-funded initiative – Learning from REDD: global comparative analysis	
2009	Herold, M. An assessment of national forest monitoring capabilities in tropical non-Annex I countries: Recommendations for capacity building, GOFCC-GOLD
2009	Meridian Institute Reducing Emissions from Deforestation and Forest Degradation:

¹²⁹ Ad-hoc Working Group on Long-Term Cooperative Action

	An Options Assessment Report
2011	Meridian Institute Guidelines for REDD+ Reference Levels: Principles
2011	Meridian Institute Modalities for REDD+ Reference Levels: Technical & Procedural Issues
2012	Kissinger, G., M. Herold, V. De Sy. Drivers of Deforestation and Forest Degradation: A Synthesis Report for REDD+ Policymakers. Lexeme Consulting, Vancouver Canada

Side-events hosted/co-hosted by Norway

2007	Support to three of three of four SBSTA expert workshops on MRV/RLs since 2007
2011	SBSTA expert workshop on safeguards in Panama
2012	UN-REDD Programme: Meeting country needs for concrete progress through REDD+ readiness: Launch of Vietnam-Norway Phase II collaboration
2012	Gender and climate change in Uganda: Who should carry the burden?
2010	The missing link to success: Women in REDD+
2009	Side-event to discuss Meridian Options Assessment report
<i>NICFI's multilateral, bilateral and civil society partners also hosted many REDD+ related side-events, some of which are mentioned in other annexes to this evaluation.</i>	

Other important actions and events

2009	Norwegian chair for SBSTA MRV/REL to get agreement in 2009 (4.CP/15)
2010	Financial support to and engagement in the REDD+ Partnership
2010	Oslo Climate and Forest Conference
2011	Funding for the SBSTA expert workshop on safeguards in Panama
2013	Norwegian chair for SBSTA REDD+ Financing
2013	Joint announcement on REDD+ by Germany, Norway the UK, and the US to announce new funding commitments and joint work in Colombia
2013	Oslo REDD+ Exchange

3. Findings in relation to operational processes

The Norwegian negotiating team is highly regarded within the international community. All high level interviewees and negotiators noted that Norway arrives at negotiation well prepared, delivers consistent messages, and makes substantial effort to develop common ground in side meetings and offline workshops (interview responses). A number of

interviewees mentioned that Norwegian negotiators were usually effective at reaching positive outcomes when chairing discussions.

Norway was perceived as authoritative because of its commitment and approach and few suggestions for operational improvements were offered by interview respondents.

4. Results of progress towards NICFI objectives

4.1. Objective 1 Overall progress towards the inclusion of REDD+ in an international regime

This section contains an overview of progress in relation to the inclusion of REDD+ in the international climate negotiations. It then describes the Norwegian position in relation to REDD+ and presents an analysis of the contribution made by Norway to progress based on the literature review and interviews with key informants.

4.1.1. Progress in the negotiations

Despite the numerous twists and turns of the international negotiations process there has been substantial progress towards the development and inclusion of a results based REDD+ mechanism within the draft climate change agreement. Table 19 sets out some of the key milestones that have been achieved between Bali (CoP 13 in 2007) and Warsaw (CoP 18 in 2013). These were accompanied by sustained progress on the methodological issues, primarily achieved through the work of the Subsidiary Body for Scientific and Technological Advice (SBSTA). All but one of the UNFCCC negotiators interviewed for this evaluation agreed that progress on REDD+ has been consistently more advanced than most other areas of the negotiations.

The culmination of the negotiations to date was the Warsaw Framework for REDD+ (UNFCCC, 2013 FCCC/CP/2013/10, paragraph 44), which reached decisions on seven key areas (finance, co-ordination of support, monitoring systems, reference levels, safeguards, MRV and drivers of deforestation), each with varying degrees of detail. Most negotiators interviewed agreed that this framework covers the main substance of what is needed to finalise a REDD+ mechanism within an overarching climate agreement.

Table 19 Milestones in the REDD+ Negotiations

Key Milestones in the REDD+ negotiation process			
2007	13	Bali	Bali Action Plan paves the way for work on REDD+ in the AWG-LCA (UNFCCC, 2007) ¹³⁰
2008	14	Poznan	
2009	15	Copenhagen	Copenhagen Accord includes methodological Guidance for REDD+ (UNFCCC, 2009) ¹³¹ . This also creates the Green Climate Fund and includes REDD+ in activities it should support
2010	16	Cancun	Cancun Agreement: Agrees on the phased approach, the system requirements for MRV and safeguards and the need for donor coordination. Establishes work programme on financing. Appendix 1 provides more detail on principles and safeguards to be applied (UNFCCC, 2010) ¹³² .
2011	17	Durban	Agreement on reference levels / reference emissions levels and guidance on systems for providing information on how safeguards are addressed and respected. (UNFCCC, 2011) ¹³³
2012	18	Doha	
2013	19	Warsaw	Warsaw framework for REDD+ (UNFCCC, 2013) ¹³⁴ concludes MRV and safeguard negotiations and creates a framework for REDD+ financing.

4.1.2. Norway's Policy Objectives and activities

Norway's objective for REDD+ is consistent with its broader support for an effective international agreement on climate change (Tipper et al, 2010) and its overseas development priorities, which aim to lift people out of poverty, support human rights, democratisation through an emphasis on results-related measures. Norway's approach is influenced by its historic support of the United Nations and its work on governance of natural resources (Ministry of Foreign Affairs – undated).

Norway's vision for the shape of REDD+ has been broadly consistent. This consistency can be traced back to Norway's submission to the meeting of the Ad Hoc Working Group on Long-Term Cooperative Action in 2009 (UNFCCC, 2009a) and has strongly emphasised the following features:

¹³⁰ Decision 1/CP.13

¹³¹ Decision 4/CP.15

¹³² Decision 1/CP.16

¹³³ Decision 12/CP.17

¹³⁴ Decisions 9-15/CP.19, These 7 decisions cover financing, institutional arrangements, national forest monitoring systems, timing and frequency of the presentation of safeguard information, guidelines on technical assessment of RLs and RELs, modalities for MRV and agreements on the importance of addressing the drivers of deforestation.

- Political commitment formulated and supported at national level to pursue policies and actions to slow, halt and eventually reverse the trend of deforestation and forest degradation and the associated emissions;
- Action plans to be developed and improved over time, based on an understanding of the drivers of land use change;
- Phased progression towards results-based¹³⁵ financial flows, whether from ODA, markets or other sources, recognising the need to build necessary capacities and governance structures within participating countries;
- Robust systems for measurement, reporting and verification to underpin the results-based financial flows;
- Safeguards for local communities and indigenous populations and an emphasis on protecting biodiversity in natural forests;
- Support for participation in decision making processes by civil society and the promotion of transparent governance.

It is important to note that Norway's position on many technical aspects of REDD+ has been relatively flexible and pragmatic, recognising the need for governments to develop and interpret modalities in the light of national circumstances. The specific areas where Norway has insisted on a more rigid definition of modalities has been on aspects of verification, where it has insisted on international expert review and transparency of national data and methods.

4.1.3. NICFI's Contribution to Overall Progress on REDD+ Negotiations

Norway has played a very important role in the negotiations and the NICFI programme has been credited by many observers and as being instrumental to the effectiveness and rate of progress (interview responses).

The Norwegian Government's 2009 AWG-LCA submission was in the form of draft text for outlining what they would like to see in a Copenhagen Agreement. This draft text was annexed to draft negotiating texts during 2010 leading into COP 16 (interview responses). The proposal notes that the definition and the scope of the mechanism should focus on emissions and removals from the whole forest sector, whilst being flexible so as to provide for the successive inclusion of other land-use and land-use change categories and activities in order to cover the whole land use sector. It notes that the mechanism shall be phased out as developing countries agree to quantified emission targets for the land-use, land-use change and forestry sector.

¹³⁵ Emissions reduced relative to agreed reference levels.

Specific examples of Norway's actions and positions that had positive impacts on the overall progress of REDD+ within the negotiations were:

- Demonstrating that REDD+ can be of real value to countries that engage, by putting substantial results based finance on the table through bilateral agreements;
- Sharing results from bilateral programmes with the international community;
- Effective networking to keep progress on track despite the disappointment at Copenhagen (this extends beyond REDD to other aspects of the climate negotiations);
- Influencing progress on key areas such as MRV, safeguards and the scope of REDD+ by funding think tanks, participating in side events and discussion groups to build consensus;
- Proposing bridging solutions between different country positions, the most notable being the “staged approach” that allows participants to develop plans and actions at variable speeds but within a coherent framework;
- Adhering strongly to the results based principle, while supporting readiness actions through donor funding;
- Adhering strongly to independent verification principles;
- Promoting financial mechanisms that are accessible to a wide range of countries (important to maintain buy-in); and
- Supporting civil society and complementary research activities (notably the NICFI supported work of the Meridian reports).

While some interviewees stressed certain areas more than others, the above points were noted, with good consistency, across the group of interview respondents.

In relation to the three major decisions on REDD+, Norway's contribution can be analysed as follows:

- **Bali Action Plan, REDD fundamentals:** Norway's submission to the June 2009 AWG-LCA meeting to discuss the Bali action plan was the most comprehensive and detailed submission of any party on REDD. It sets out Norway's vision for REDD and covers the key elements (safeguards, permanence, MRV)
<http://unfccc.int/resource/docs/2009/awglca6/eng/misc04p02.pdf>
- **Copenhagen Accord:** Norway, along with five other REDD+ allies (US, UK, Japan, Germany, Australia) committed US \$ 3.5 billion fast-start funding to get REDD moving. This was one of the few forward steps in what was seen as an otherwise disappointing meeting. REDD was marked out as an area with specific support and momentum. Norway's chairing of the SBSTA in 2009 was also seen as critical to the first agreement on MRV/REL (4.CP/15) and paved the way for future progress on these areas.
- **Cancun Agreements: AWG-LCA, Decision 1/CP.16, paragraph 73,** Norway made a vital contribution to progress through promotion of the phased approach, elaboration of

the system requirements for MRV and support to expert meetings and multilateral work on safeguards.

- **Warsaw Framework:** Norway's preparations and offline negotiations with other key players were instrumental in resolving remaining blockages, such as issues on independent technical assessment of reported emission reductions, and achieving overall success. Norwegian chairing of SBSTA discussions on REDD+ finance at COP 19 was also an important factor in a successful outcome.

While interviewees were in agreement on the importance of Norway's contributions in these areas, they also noted the importance of other negotiating parties - notably the EU, Brazil, Mexico, US, PNG, the Rainforest Coalition and others. The nature of international negotiations means that progress cannot be achieved by a single country, or even a small group of countries.

5. Specific results in relation to the five core areas of REDD+

These sections take the core areas of the REDD+ negotiations and examine Norway's contribution in more detail.

5.1.1. MRV, National Forest Monitoring Systems and RL/RELS

The 2012 evaluation of NICFI's work on MRV found that Norway had made a major contribution to the debate on MRV and reference levels at the UNFCCC negotiations (Lincoln *et al.*, 2013). The piloting of stepwise approaches, financing of the Meridian reports, financial and technical contributions to SBSTA expert workshops and engagement in methodological discussions via the multilaterals were all highlighted as critical in establishing the key elements of the MRV systems required. In addition, Norway's chairing of the SBSTA in 2009 was seen as critical to the first agreement on MRV/REL (4.CP/15) and paved the way for future progress on these areas.

The political capital created through this on-going support, the recognition that this is central to mobilising finance and good relationships established with partner countries are all seen by interview respondents, as central in securing agreements in 2013, which reflect Norway's SBSTA submissions (UNFCCC, 2011a; UNFCCC 2012). Norway was a strong advocate for the need for a joint independent technical review, operating under the auspices of the UNFCCC secretariat bringing together experts from developed and developing countries. The Warsaw Framework secured agreement on the requirement for expert assessment of country reference levels and the establishment of procedures for such technical assessment under the auspices of the UNFCCC (UNFCCC, 2013).

The Warsaw Framework also provides further details in decision 11/CP.19 on the modalities of National Forest Monitoring Systems (NFMS), which are to reflect the phased approach, build on existing systems and enable the assessment of different types of forest, including natural forest, as defined by the country itself. This again reflects Norway's submission (UNFCCC, 2012) and is based on the practical work financed through UN-REDD and bilateral partnerships to generate lessons learned on the process of establishing national forest inventories and monitoring systems (interview responses).

All interview respondents corroborated the importance of Norway's contribution and that the discussions on MRV were fully agreed or partially agreed with further discussions to be delegated to technical institutions.

5.1.2. Financing

Norway's first submission on REDD in 2008 noted the need for a *'robust, effective and sustainable system for mobilizing financial resources'* and noted the importance of both market-based and public funds for supporting this (UNFCCC, 2008). Later submissions such as the one in 2009 notes the need for linkage to the carbon-market designed in ways that minimise the risk of market flooding and price volatility and highlighted the scope for compensation to gradually decrease as these emissions reductions became integrated into greenhouse gas reporting under the convention (UNFCCC, 2009).

In addition to these submissions, Norway is widely acknowledged as having provided an early and decisive signal in committing substantial results-based financing resources via NICFI in support of REDD+. It is also reported to have led efforts to increase demand for emissions reductions amongst other donors. Its notable success was the joint pledge made by Norway, US, UK, Japan, Germany, Australia at Copenhagen to commit US \$ 3.5 billion fast-start funding for REDD+ (WRI, 2010).

Norway's submission to the AWG-LCA in 2012 reiterates the need for continued and scaled up donor support. It notes that the Cancun Agreements established that Phases 1 and 2 of REDD would be financed by existing channels but that a REDD+ window under the Green Climate Fund could be created to manage an international mechanism for results based payments. The submission also introduces the concept of 'incentive levels' and highlights how these could be negotiated (UNFCCC, 2012).

The Warsaw Framework reflects Norway's 2012 submission in that it reiterates the need for adequate and predictable results-based finance, the requirement for a range of financial support instruments, and points towards the Green Climate Fund as becoming the lead mechanism for channelling results based REDD payments (UNFCCC, 2013). However no final agreement was made on the establishment of 'incentive levels'. In addition, there are no firm commitments on how finance will be secured, particularly in the absence of a wider climate agreement. Interview respondents agreed that financing of REDD+ was either 'far from agreement' or only 'partially agreed.'

Despite this slow progress, Norway is supporting efforts outside of the negotiations to achieve progress on financing. For example, Norway, Germany, UK and USA announced renewed financial commitments at the end of 2013 to the FCPF Carbon Fund, the

BioCarbon Fund Initiative for Sustainable Forest Landscapes and the REDD Early Movers Initiative¹³⁶. In addition, NICFI's Civil Society Support Scheme is funding the *Interim Forest Finance Project*, a collaborative initiative of the Global Canopy Programme, the Amazon Environmental Research Institute (IPAM), Flora and Fauna International (FFI) and the UNEP Finance Initiative. This project produced an analysis in 2014 of the financing gap and the possibilities to stimulate interim demand for emissions reductions between 2015 and 2020 (GCP et al. 2014).

5.1.3. Drivers of deforestation and forest degradation

The overarching goal of REDD from the beginning was to provide incentives that would better enable countries to tackle the drivers of deforestation. Norway's objective for REDD+ was to create a framework within which financial support would flow to countries pursuing nationally appropriate approaches to reducing deforestation. However, perhaps in response to lessons learned from the readiness process, Norway's position shifted to one which acknowledged the need to tackle both governance and market reasons for deforestation. In its 2012 submission to the AWG-LCA, Norway specified the need for '*appropriate analysis to assess the direct drivers and underlying causes of forest carbon loss and develop a national strategy to tackle the market and governance failures*' (UNFCCC, 2012) Also in 2012, NICFI co-financed a study with the UK to synthesise evidence about drivers of deforestation and efforts to tackle them for policymakers (Kissinger *et al.* 2012). It is worth noting that UN-REDD was also responsible for supporting national-level studies on the drivers of deforestation, which fed into this process, but that it was acknowledged that further work is needed to identify successful approaches for tackling these drivers (interview responses).

In this way, Norway provided several important inputs to the Warsaw Framework decision in relation to drivers of deforestation (UNFCCC, 2013). This decision highlights that actions to tackle these drivers are unique to countries' national circumstances and capabilities and encourages governments, other organisations and private sector to take action to tackle these drivers.

There are mixed views as to whether this agreement is all that is needed for REDD+ to succeed, as three stakeholders felt this was 'fully agreed' but others felt that this only covers national drivers and that further agreement on the measures needed to tackle global drivers via multinational supply chains would be valuable. It is likely that Norway's support to analysis and piloting activities via bilateral and multilateral partnerships and through the new civil society window will contribute to further lesson learning in this area that could inform either new negotiation text, or perhaps more importantly, concrete action on tackling drivers.

5.1.4. Multiple Benefits

The Warsaw Framework decision on financing '*recognizes the importance of incentivizing non-carbon benefits for the long-term sustainability*' of REDD+ implementation and refers to the MRV discussions which highlight the value of National Forest Management Systems to include non-carbon benefits of forests into decision-making (UNFCCC, 2013). However,

¹³⁶ https://www.international-climate-initiative.com/fileadmin/Dokumente/2013-DE-NO-UK-US_joint_announcement_on_REDD_COP19.pdf

several interview respondents highlighted that there would be a need for further discussions on how the value of non-carbon benefits can be recognised through REDD+ finance.

Norway has not yet provided substantial analytical inputs, nor tested in its bilateral work what this might look like. It is not yet clear whether the intent is to aim REDD+ carbon to where it can create additional benefits or whether non-carbon benefits should generate their own income streams. There are some examples of initiatives in the UN-REDD programmes in DRC, Costa Rica, Philippines, Ecuador and Tanzania that could generate lessons on the recognition of multiple benefits within national REDD+ processes (interview responses).

5.1.5. Safeguards and development

The position on safeguards within the Warsaw framework refers to the agreement made at Cancun (UNFCCC, 2010 Decision 1/CP.16, appendix 1), and was broadly consistent with Norway's position. While Norway consistently argued for inclusion of safeguards promoting transparent and effective forest governance, recognition of the rights, knowledge and participation of indigenous and local communities, and the conservation of natural forests, Norwegian negotiators also recognised participating countries' sovereign rights to define these parameters in the national context.

Norway's position and approach on safeguards was broadly regarded as positive and constructive although some high level and EU negotiators felt that Norway could have been stronger on certain social issues such as informed consent. This finding confirmed views reported in the previous evaluation of progress on global policy (Tipper *et al.* 2010).

While safeguards against negative consequences of REDD+ programmes have been in the spotlight in negotiations there has been less discussion on the broader economic consequences of REDD+ programmes within participating countries.

The primary purpose of the REDD+ mechanism has been to secure climate change mitigation in line with the objective of the climate change convention (to avoid dangerous climate change, and its associated economic costs). Within the negotiations positive development outcomes have been always been considered as a *potential* co-benefit of REDD+ activities. Norway has tended to assert that development co-benefits *will* arise, whereas other countries have been more nuanced and the Bali decisions (2/CP.13) notes that REDD+ activities *could have* co-benefits.

However, Norway also accepts that developing countries engaging on REDD+ will incur abatement costs, associated with the foregone revenues from agriculture and forest extraction. While admitting these costs are uncertain the Norwegian submission to the Bali action plan put forward an estimate from McKinsey (2009) that 4 billion t CO₂ abatement by 2020 would be possible at a cost of around 5 USD per tonne, and a further 1.5 billion t CO₂ abatement from re-forestation at a cost of around 15 USD per tonne.

Some high level interviewees suggested that the abatement costs would be significantly higher, and the opportunities for abatement are likely to be significantly lower than the McKinsey estimate.

The Warsaw framework is not prescriptive on REDD+ participation and it is therefore reasonable to assume that countries will participate only if they perceive a net benefit, after weighing up what changes they need to make relative to what is on offer in terms of finance and technical support. However, it is also likely that costs and benefits will not be evenly distributed within economies and while the Warsaw framework contains guidance to safeguard the rights of local communities and indigenous people there is no explicit reference to the monitoring of abatement costs and benefits and how these are distributed between different socio-economic groups.

Furthermore, there has been limited analysis on how the costs and benefits might stack up in countries with different forest types and social-forest interactions. While high-forest cover countries with low densities of rural population might in theory gain considerable per capita revenues from avoided deforestation and degradation at low opportunity costs there is less information on how countries with lower biomass forests and greater rural pressures on land resources could fare within the REDD regime. Norway's recent agreement with Ethiopia is a good opportunity to learn more about the potential in these circumstances.

6. Analysis of Progress and Future Challenges

This section contains an analysis of the findings in relation to prospects for achieving a working REDD+ mechanism, operating with the framework of an international agreement on climate change. The focus is on the challenges that need to be addressed over the next two to three years.

While progress on REDD+ within the arena of international climate change negotiations is encouraging significant hurdles remain before a mechanism can come into operation at the scale envisaged by Norway in its Bali submission.

6.1.1. Scale and Nature of Finance

Despite widespread agreement on the importance of REDD+ as a priority area for climate change finance there are fewer willing contributors, making smaller than envisaged inputs to REDD activities. Norway is followed some way behind in financial commitments to REDD+ by UK, Germany and the US. Other developed countries are far behind these leaders. Following the global financial crisis the prospects for scaling up the results based finance in line with expectations set at Copenhagen appear uncertain. With the exception of NICFI as well as contributions from other donors to results-based payment schemes (e.g. through the FCPF Carbon Fund and BioClimate Fund), current resources are limited to ODA support for capacity building, research and some pilot activities. High level informants from partner countries indicated that there is limited willingness or ability to increase the scale of resources through the aid channel, given the demand for more direct humanitarian and poverty reduction priorities on limited aid budgets.

The perceived limitations of multilateral effectiveness (see Annexes on the multilateral REDD+ institutions) have made policy-makers cautious about making bold statements on REDD+. In addition, the gradual shift of power and wealth from old “developed” versus “developing country” dichotomy towards a complex set of relations between countries that have widely different experiences of development creates challenges for providing “consistent and predictable funding as asserted by the Warsaw REDD+ Framework (UNFCCC, 2013).

There is an increasing view that the more advanced developing countries should be able to take more responsibility for their own natural resources, albeit with international co-operation on science, technology and education.

The issue of available finance from developed countries versus willingness of developing countries to commit to serious REDD+ policies will soon be put to the test as developing countries submit their proposed reference levels and plans.

6.1.2. Complex Architecture

Norway has supported a large number of different institutions and multilateral agencies (See report Annexes). While several respondents agreed that testing of different approaches is useful (interviews with DFID, GTZ), there is now considerable overlap and duplication (the combination of UN REDD and FCPF supporting early readiness activities has been a burden for recipient countries. The process of REDD readiness is perceived as more complex and less efficient than necessary.

There seem to be great expectations but also some concerns and fears around the future effectiveness of the Green Climate Fund in relation to REDD+ financing. While there is a potential for a more structured and efficient mechanism emerging, this seems to be a rather distant prospect.

6.1.3. The Readiness Gap

The funding and technical support for REDD+ readiness to countries has resulted in a gap between readiness and results based finance. Countries such as Vietnam (possibly DRC) who have developed initial capacity and plans require interim support to maintain and improve capacity and political support to the point where results based finance is available. There is a risk that this group of countries will fail to capitalise on their early work and the capacity will not be retained if it is not actively used. The secondary effect of this will be to discourage other countries in their preparations. Several negotiators and donors raised the question - how do we answer the question "getting ready for what?".

6.1.4. New Visions for REDD+

In the absence of commitments for large scale results based finance and in the context of slow progress with REDD+ readiness preparations it is not surprising that policy makers are looking into alternative approaches to address deforestation and forest degradation.

At the operational level, most decision makers within donor organisations are seeking to make the best use of limited ODA resources by focusing on sub-national initiatives and

seeking to collaborate with private sector businesses and investors to demonstrate models of sustainable forest management, deforestation-free supply chains and agricultural investment. This can be described as a "slim fit" or pragmatic use of available resources. In this approach REDD+ is seen as a long term aspiration to work towards, rather than a full-scale mechanism.

Other institutions, notably the UN, tend to view REDD+ as one component within a broader context of planning for sustainable land management that covers everything from land reforms, climate change adaptation to infrastructure development. In the "big picture" strategy REDD+ becomes one jigsaw piece within a greater package of green economic development.

Both of these visions have aspects to commend them. However, they represent departures from the original NICFI theory of change and may diverge from the mechanism under negotiation in the UNFCCC.

6.1.5. The Overarching Agreement

As pointed out in the first evaluation, the REDD+ mechanism will only be implemented as part of a broader international agreement on climate change action. There are hopes that this will be achieved at or soon after Paris 2015.

7. Conclusions

A number of key decisions have been made to include REDD+ in the UNFCCC negotiations and Norway is considered instrumental in the achievement of this progress. NICFI has financed foundational studies, created opportunities for technical knowledge-sharing and relationship building between REDD+ negotiators, used financial commitments to build trust in the viability of REDD+ and used their experience from operational partnerships (bilateral and multilateral) to formulate submissions.

Norwegian submissions to the UNFCCC are reflected in the agreements reached in the UNFCCC on the phased approach, safeguards, reference levels and MRV. The experience from bilateral partnerships and other pilot initiatives was used to formulate the contents of the submissions, particularly around MRV and reference levels.

However, not all countries are participating in readiness activities for the same reasons and not all have the same scope to benefit. There is little recognition of this in the negotiations text and no discussion about the types of REDD+ approaches that are suitable for different types of countries.

Whilst there have been developments in the legal text for REDD+, the lack of progress in the wider UNFCCC agreement and the slow progress on REDD+ financing raises concerns about whether REDD+ agreements can result in finance that offers the necessary incentives for all the countries currently participating in readiness initiatives. Norway has made significant efforts to convene other donors and to explore possible financing avenues, but a

more strategic analysis of where the limited levels of finance could achieve the most effective results is needed.

The multilateral architecture is already complex and duplicative; the Green Climate Fund could add to this. The Warsaw Framework facilitates the establishment of a results-based funding stream for REDD+ in the Green Climate Fund (GCF) which is in line with Norway's 2012 submission on results-based finance. This presents the possibility for further duplication and transaction costs unless lessons learned from the existing architecture are appropriately shared and there are incentives for the GCF to adopt these lessons.

Annex 13 Civil Society Support

1. Scope

This assessment covers the results of NICFI support to a selection of civil society organisations supported by the Norwegian Climate and Forest Funding Scheme for Civil Society and their contribution to the achievement of the NICFI core climate and development objectives. It provides background information about the scheme and examines its contribution in relation to each of the NICFI objectives.

2. Methodology

This annex is based on a document review, triangulated with material gathered through interviews.

The document review included the findings of the 2012 real-time evaluation of the scheme (Hardcastle *et al.* 2012), background data available on the website, and publically available material in relation to both the 2009-2012 and 2013-2015 portfolios. The website enables an analysis of the 2013-15 grant portfolio by theme and geography, which was used to generate summary data about the different areas supported. Reports and proposals for a sample of eight civil society organisations were also reviewed in detail (see further information on sampling below).

Each finding is supported by results from multiple projects. However the evidence provided is intended to be indicative and sufficient rather than comprehensive. Certainly, the other organisations in the portfolio are likely to have achieved results, which are not reported here.

Interviews with three representatives of the Civil Society Department, Section for Development Initiatives were conducted in Oslo and further interviews with thirteen civil society representatives in Washington DC and London supplemented this. A full list of individuals interviewed is included in Annex 1, whilst all references are in Annex 2, to the main report.

2.1. Projects sampled for detailed review

The evaluation team selected a sample of documents for detailed review based on the findings of the 2012 real-time evaluation and the portfolio review of the 2013-2015 portfolio. The goal of this sample was to identify organisations with large-scale programmes, covering multiple countries and a range of themes, and to include those projects from the 2009-2012 portfolio with final reports that were unavailable at the time of the previous evaluation exercise. The final sample is outlined in Table 20.

Table 20 Sub-sample of NICFI supported civil society organisations

Organisation name	Portfolio 1 Project Title (projects with results since previous evaluation)	Portfolio 2 Project Title
Centre for International Forestry Research (CIFOR)	Learning from REDD+ A global comparative analysis	Learning from REDD+ - an enhanced comparative analysis
Instituto de Pesquisa Ambiental da Amazônia (IPAM)	Building Bridges between Commodity Roundtables and REDD+	Building Bridges between commodity roundtables and REDD+ phase 2
Rainforest Foundation Norway (RFN)	REDD, Rights and Results	Building REDD+ from the bottom up
The Nature Conservancy (TNC)	Community Involvement and Benefit Sharing in REDD Programme Development	1. Building a Long-Term Sustainable Financing and Policy Framework for REDD+ 2. Sustainable Landscapes in Brazil and Indonesia
World AgroForestry Centre (ICRAF)	Reducing Emissions from All Land Uses (REALU) Project	Secured Landscapes
Rights and Resources Initiative (RRI)	Supporting Effective Investments and Interventions in CC Mitigation in Forest Areas while Promoting Rights and Development	Effective REDD+ through Early Action on Forest Governance
Environmental Investigation Agency (EIA)	Enabling a better REDD mechanism by integrating civil society participation and lessons from illegal logging at local, national and international scales	Achieving cost-effective reductions in emissions from deforestation and forest degradation through leverage of demand-side measures and local capacity building
WWF International	REDD+ for People and For Nature	REDD+ for People and For Nature

3. Background information

3.1. Description of the Norwegian Climate and Forest Funding Scheme for Civil Society

The Civil Society Support Scheme was established in 2009 to support close cooperation with Norwegian and international non-governmental organisations (INGOs) and research institutions which is considered necessary to maximize the potential for success of NICFI, given the considerable expertise and capacity in climate- and forest-related issues among these organizations (Ministry of Environment Proposal to Parliament 2008-2009). From 2009 to 2012, the Scheme supported 46 projects and disbursed NOK 650 million (Norad, 2012). The total budget for 2013-2015 is NOK 820 million. Forty-two projects have been selected from 633 Concept Notes, based on NICFI thematic and geographic priorities and quality of the proposals (Norad website).

Purpose of the scheme

The scheme is designed to contribute to the three objectives of NICFI, and has the following specific goals (Norad, 2012b):

- Contribute to advocacy, systematic promotion of and debate on the need for a new international climate agreement that includes efforts against deforestation and forest degradation;
- Contribute to increased knowledge and new innovative solutions to reduce deforestation and forest degradation in developing countries; and,
- Contribute to the increased participation and influence of indigenous peoples and forest dependent communities on the management of resources affiliated with forest.

The 2012 rules for the scheme also state that “support must be considered in conjunction with overall Norwegian strategies for sustainable development and poverty reduction.”

Timeframe

Portfolio 1: 2009-2012 Portfolio 2: 2013-2015

Financial Data

Portfolio Size	Value (US \$ millions) ¹³⁷	Value (NOK millions)
Portfolio 1: 2009 – 2012	109.33	650
Portfolio 2: 2013 – 2015	137.92	820

Source: For Portfolio 1 (Norad, 2012); For Portfolio 2: <http://www.norad.no/en/support/climate-and-forest-initiative-support-scheme/overview-and-analysis-of-the-2013-2015-portfolio>

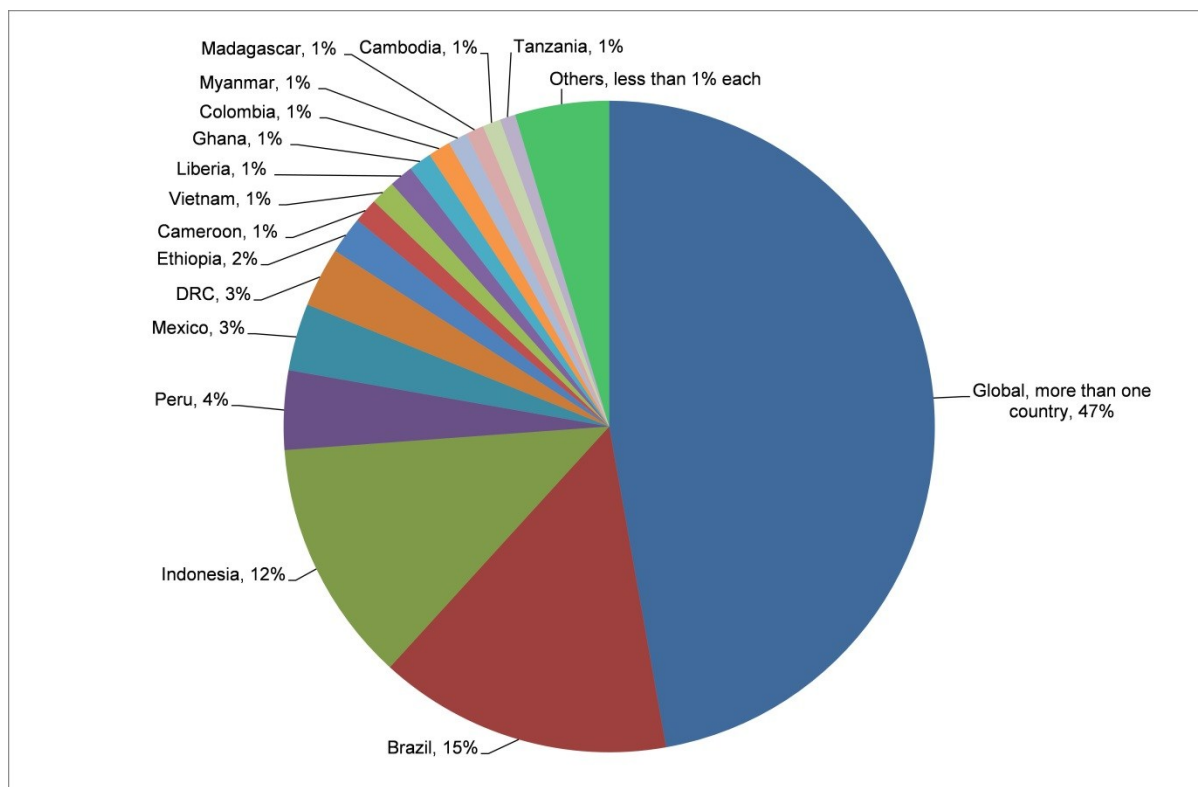
Countries supported (2013-2015 portfolio)

Least Developed Countries	Cambodia, DRC, Ethiopia, Laos, Liberia, Madagascar, Myanmar, Nepal, Tanzania, Rwanda, Zambia	11
Other Low Income Countries	Kenya	1
Low-Middle Income Countries	Cameroon, Ghana, Guatemala, Guyana, India, Indonesia, Nicaragua, Nigeria Papua New Guinea, Philippines, Vietnam	11
Upper-Middle Income Countries	Brazil, Costa Rica, China, Colombia, Ecuador, Malaysia Mexico, Peru, South Africa	9
Total number of countries supported		32

Source: <http://www.norad.no/en/support/climate-and-forest-initiative-support-scheme/overview-and-analysis-of-the-2013-2015-portfolio>

¹³⁷ These are figures as reported by FCPF in US \$ and converted using the exchange rate of 1 NOK: 0.1682 US \$ as published in the Financial Times, May 01, 2014.

Allocation of funds by country (2013-5 portfolio)



Portfolio analysis by theme: 2013-2015

Category	No of projects	Budget NOK (millions)	Budget (US \$ millions) ¹³⁸	As % of total
Sustainable landscapes	12	284	47.77	35%
Commodities	8	194	32.63	24%
Analysis	14	241	40.54	29%
Consensus	8	101	16.99	12%
Totals		820	137.92	

Source: <http://www.norad.no/en/support/climate-and-forest-initiative-support-scheme/overview-and-analysis-of-the-2013-2015-portfolio>

¹³⁸ These are figures as reported by Norad in NOK converted to US\$ using the exchange rate of 1 NOK: 0.1682 US \$ as published in the Financial Times, May 01, 2014.

4. Findings in relation to operational and management issues

The 2013-15 portfolio has been more strategically devised than the 2009-2012 portfolio

NICFI's 2012 real-time evaluation found that projects were selected on individual merit rather than as a coherent portfolio of activities (Hardcastle *et al.*, 2012). The process to select the 2013-2015 portfolio was substantially different with proposals being invited around four themes (with strategic guidance provided) and selected in order to generate a balanced coverage of both strategic and geographic areas (Norad 2013c; interview with Norad staff).

Examination of the eight sampled proposals confirmed that these projects had been designed to contribute to at least one of the four strategic objectives of the scheme.

The more active engagement from Norad throughout the project selection and development process for the 2013-15 portfolio was highly appreciated by all respondents

The 2012 evaluation noted that projects had been selected based on proposals with limited engagement between project proposers and Norad staff. It also noted the challenges for Norad desk officers to appraise proposals effectively given the limited documentation available on NICFI objectives (Hardcastle *et al.* 2012).

For the 2013 – 2015 round of proposals, Norad staff reported engaging much more closely with civil society project proposers. This was facilitated by the two-stage application process. Feedback from a sample of civil society organisations indicated that this was appreciated as it saved time and resources on their part while enabling a useful dialogue (interview responses).

Interviewees noted that for the 2013 – 2015 round, the grant application process, directions and requirements were more clearly communicated than with the previous grants. Submission timelines were longer than previously, and notification dates more closely adhered to, resulting in less confusion and unnecessary concern for grant applicants.

Interviewed grant holders also reported improved grant management support, noting that conversations with Norad staff had increased in depth and regularity and that requests regarding planning and reporting processes had become clearer and more timely.

Interviewees also noted that the staff were notably more familiar with REDD+, and had higher expertise, allowing deeper technical dialogue.

The new recipient and project database (available online) is also appreciated by grant holders, as it facilitates greater understanding of the wider portfolio within which their individual project operates.

Several interviewees noted that the Norad Civil Society Department team still seems to be stretched in terms of capacity. Given that the huge improvements reported by contract holders and the balanced strategic and geographic focus have been achieved with no major changes in staffing, this is a remarkable achievement. We note that others have also played a role in this success: the Norad Climate, Energy and Environment Department is involved in the selection of projects to be supported, and there is ongoing dialogue with the Ministry of Climate and Environment on this.

The REDD+ Exchange meeting was also reported by informants as being valuable in supporting grant management and exchange between grant holders. One respondent noted specifically that the contact with other grant holders at the Indonesia workshop held during the REDD+ Exchange meeting had been very valuable for coherence and understanding of what other projects were doing. The development of the common results-based reporting framework was also seen as very helpful and important for cross learning between projects. Progress with developing common indicators for reporting was also appreciated, again for generating wider understanding of the portfolio, and it was suggested it would be valuable to follow up the REDD+ Exchange concept through annual events, where grant holders could meet and exchange ideas and information.

The Civil Society Initiative is being managed in line with the Rules for the Climate and Forest Funding to Civil Society

All the grantees were eligible organisations, namely Norwegian, national and international coalitions, institutions and non-governmental organisations, research institutions, competence centres or think tanks with a non-commercial purpose.

The projects were selected in countries, which meet the criteria for official overseas development assistance, and with a clear prioritisation of countries that have an active REDD+ engagement through bilateral cooperation with Norway or through the multilateral channels that receive funding through the Norwegian Climate and Forest Initiative. (Projects with activities in Brazil and Indonesia make up 26% of the total portfolio – see portfolio analysis in section 3 above).

Some relatively small grants were made to countries which are not a member of the multilateral REDD+ initiatives, including China and India.

There were no comments on the operation of the civil society portfolio in the recent report on NICFI from the Office of the Auditor General.

Reporting, knowledge management and communications have greatly improved since the 2012 real-time evaluation

The website of the Civil Society Fund was updated in 2013 and now provides significantly more information about the projects than it did previously. Interview respondents from the civil society department noted that this work was completed in line with the recommendations of the 2012 evaluation and civil society respondents praised the website as helping to improve both communication between grant holders and their understanding of the portfolio as a whole.

New reporting templates have been produced (Norad, 2013d), including a menu of indicators (Norad, 2013b).

Grantee interview respondents commented that the reporting requirements had improved being now much clearer and easier to understand what was expected and in respect of what else was being done and by whom.

The 'Proposal and 'Main Report' templates for the new portfolio follow a 'results chain' approach which requires clearer articulation of the expected impacts and the interim steps to achieving these.

5. Results And Progress Towards Achievement Of The NICFI Objectives

5.1. NICFI core objective 1: To work towards the inclusion of emissions from deforestation and forest degradation in a new international climate regime

NICFI support to the 2009-12 portfolio enabled civil society organisations to deliver global advocacy targeting the international negotiations

The Environmental Investigation Agency (EIA) conducted advocacy at the Cancun Conference of Parties (COP) to the UNFCCC in 2010, which contributed to the inclusion of FCCC/CP/2010/7/Add.1, clause 68 in relation to the responsibility of all countries to tackle

the drivers of deforestation. Their joint 2013 briefing on the coherence of the 'international drivers' text' with World Trade Organisation regulations was part of efforts to rebut opposition to the text (EIA, 2013b). EIA's advocacy also included presenting at two side-events at the Durban COP as well as input into negotiating sessions in Bonn, Bangkok and Durban to advocate for governance and demand-side measures. The text is in the Warsaw Framework Decision 15/CP.19, Clause 4 (UNFCCC, 2013).

The World Agroforestry Centre (ICRAF) produced a submission to the UNFCCC Subsidiary Body for Scientific and Technological Advice (SBSTA) meeting on Reference Emission Levels (REL) in February 2012 (ICRAF, 2012) and hosted and presented at side events in Cancun, Bonn, Durban, Doha and Warsaw (ASB, 2013). This focused on the need to apply different REL calculation techniques at different stages of forest transitions and the possibility of applying these at sub-national levels. Given these ideas are not reflected in the agreement text, it is harder to attribute influence to this project.

ICRAF also reported that their project: *Partnership for Tropical Forests at the Margins* (ASB) had hosted an UNFCCC side event entitled *REDD-readiness and whole landscape accounting*. This highlights opportunities for incorporating Agriculture, Forestry and Other Land Uses into REDD+ processes. In addition, a side event during the 34th Session of the SBSTA focused on the value of a multi-functional approach to REDD in reducing greenhouse gas emissions and increasing food production and produced evidence from benchmark sites across the tropics to support this. This contributes to an on-going discussion about the links between REDD+ other landscape level approaches (ASB, 2013).

The Rights and Resources Initiative (RRI) hosted seven Global and Regional Dialogues on Forests, Governance and Climate Change, which provided an opportunity for advancing discussion on REDD architecture in ways which aimed to contribute to progress in the negotiations and improve REDD+ architecture. RRI also established and supported the *Mega Florestais Network* – a network of leaders of forest agencies of the large forested countries to discuss forest governance (Rights and Resources Initiative, 2013).

A number of NICFI-supported civil society organisations produced submissions to the *Ad-hoc Working Group on Long Term Cooperative Action (AWG-LCA)* in March 2012 in relation to modalities and financing for results-based actions. For example, the Environmental Defense Fund's submission (EDF, 2012) highlighted the potential value of jurisdictional approaches. They also participated in a consortium submission, which also included other NICFI partners, The Nature Conservancy and the Rainforest Alliance and which focused on the importance of financing to fill the finance gap for REDD+, the purpose of the emissions registry and the need for continued negotiations on REDD+ to be housed in the Durban Programme for Enhanced Action (EDF *et al.* 2013).

The Rainforest Foundation, Friends of the Earth Norway, Client Earth, the Forest People's Programme and other consortium members also produced a submission which noted the importance of including indicators on forest governance and respect for the rights of indigenous people within the monitoring of results-based payments (Rainforest Foundation UK *et al.* 2012).

NICFI support to civil society leveraged increased representation of civil society in the oversight of multilateral REDD+ institutions

EIA produced a study on the drivers of deforestation and technical review of the Readiness Package. They successfully lobbied over three years for southern civil society organisations to be represented at and supported to attend FCPF meetings (EIA, 2013b).

Rainforest Foundation Norway also reported influence on the FCPF and UN-REDD processes, particularly in relation to strengthening the standards for grievance and accountability mechanisms, in setting a wider standard for stakeholders qualifying for Free Prior Informed Consent (FPIC) and degree to which rights holders will be able to influence the design of grievance mechanisms (RFN, 2013b;2013c).

RRI reported that its role as secretariat to the Independent Advisory Group on Forests, Rights and Climate Change continued to provide civil society expertise directly to the main decision makers of the UN-REDD programme (RRI, 2013b).

ICRAF report that their active engagement in REDD Exchange and other non-UNFCCC events has contributed to landscape approaches becoming a central theme in discussions. ICRAF's project was presented in three 2013 conferences, including the Oslo REDD Exchange Results Bar, the Climate Smart Agriculture Global Conference and Environmental Services Partnership Conference (ICRAF, 2013b).

The World Wide Fund for Nature (WWF) jointly held the civil society chair within FCPF. WWF, The World Resources Institute and The Nature Conservancy reported on their support to civil society organisations through mentoring around the negotiations, which is seen as particularly valuable for those countries where national civil society organisations are weak; this is a particular issue for African participants (WWF, 2013; TNC, 2013a; interview responses).

NICFI support to civil society organisations has enabled the publication of a huge volume of analysis and research; the dissemination of lessons from pilots and the facilitation of training and workshops reaching many thousands of participants across the globe. There are a further 14 projects working on 'analysis' in the 2013-15 portfolio

Rainforest Foundation Norway created the Rainforest REDD+ Network in 2009, this has shared tools for organisations aiming to influence the REDD+ strategies in their respective countries (RFN, 2013c).

The Nature Conservancy convened, organised and facilitated over 179 workshops and trainings in relation to climate change and REDD+, and supported the attendance of community members to events, workshops and learning exchanges (TNC, 2013a).

For example, during the 2009-2012 implementation phase, CIFOR reported the outcomes of set of activities focused on *communications* and *outreach*, including the following:

- Research products produced by the project were downloaded 1.51 million times;
- An evaluation of Forest Day 6 showed 82% of respondents thought the event had been ‘important’ or ‘very important’ in informing the UNFCCC negotiations;
- Policymakers at a conference of the European Tropical Forestry Advisors Group using the publication *Analysing REDD+* as a key document to guide the discussion;
- The Chair of Indonesia’s Presidential Advisory Council requesting CIFOR scientists to brief leading policymakers on the two-year moratorium after CIFOR published a blog on the topic (CIFOR, 2013b).

ICRAF reported developing a readiness assessment framework and applying it to four countries. It was further reported that eight papers from this study are currently under review by *Climate Policy* for a possible special issue titled “The Political Economy of Readiness for REDD+” (ICRAF, 2013b).

In the 2013-2015 portfolio, 14 projects were categorised as contributing to the ‘analysis’ theme. These were implemented by: CIFOR, the International Institute for Applied Systems Analysis, Rainforest Foundation Norway, Fundacion Solidaridad LatinoAmerica, Tebtebba Foundation, World Resources Institute (WRI), Care Norway, Globe International, UN Office for Drugs and Crime, Global Canopy Programme, RECOFTC, Perkumpulan Samdhana Institute and Transparency International (Norad website).

NICFI support to civil society organisations has led to the development of innovation in financing mechanisms, particularly in relation to private sector financing, landscape approaches and benefit sharing

ICRAF highlighted their work on engaging the private sector, including presentations on typologies of private sector at a side event in Doha and the development of recommendations in relation to securing private investment into REDD+ processes. They also developed research findings documenting how incentives targeting non-forest, high carbon stock land uses (such as agroforestry and peatlands) could be potentially attractive options for achieving REDD+, global climate objectives and promoting sustainable livelihoods (ICRAF, 2013b).

The Nature Conservancy was invited to attend the FCPF Carbon Fund Methodological Framework design forums as an expert on benefit sharing mechanisms (TNC, 2013a).

The *Instituto de Pesquisa Ambiental da Amazônia* (IPAM) developed a ‘Pathways to Finance’ approach for assessing financing gaps, sources of finance and risks for investment into climate-smart and Roundtable certified commodities via REDD+. This analysis was published in *Nature* in 2012 (Tollefson, 2012).

NICFI support to civil society organisations enabled testing, development and dissemination of a number of innovations in MRV, in relation to wetlands, carbon leakage, landscape approaches and private sector greenhouse gas calculators

CIFOR developed, tested and disseminated a step-wise approach to estimating reference levels, continued work on emissions factors in tropical wetlands and upland systems, analysed carbon leakage in REDD+ projects, and published 67 papers in relation to monitoring and reference levels during their project (2008-2013) (CIFOR, 2013b).

CIFOR's stepwise framework to calculating reference levels was adopted by the COP in Durban and has since been expanded to apply to other MRV systems (UNFCCC, 2011b).

CIFOR reported that their research was instrumental in achieving high quality emissions factors in the Wetlands Supplement to the 2006 National greenhouse gas guidelines, published in November 2013 (IPCC, 2013).

ICRAF's work on landscape level MRV, highlighted the need for different reference level calculations to apply at different phases of forest transition (ICRAF, 2012).

IPAM conducted an analysis of the three greenhouse gas calculator tools used by the Roundtables – these included Palm GHG, Cool Farm Tool and Bonsucro calculator – a study was designed using datasets from member producers (IPAM, 2012).

There are nine projects in the 2013-2015 portfolio focused on international consensus building, with a particular focus on financing, private sector, and generating demand for REDD+

	Organisation name	Expected contribution to the operational framework (Portfolio 2)
1	Care Norway	Development of multi-stakeholder safeguard information systems (SIS) in six countries, wide dissemination of tools and methods to develop long-term institutional arrangements for support to countries developing SIS.
2	Center for Global Development	Mobilising finance for results-based payments from new sources.
3	Environmental Defence Fund	Help design, catalyse and launch pilot options transactions for REDD+ credits, attracting private companies and investors to finance high quality results-based REDD+ programmes over near and medium terms.
4	Governors' Climate & Forests Task Force (GCF)	Support for subnational capacity-building for robust subnational REDD+ programmes, which will be embedded into larger on-going processes of low emissions rural development and market transformation
5	Global Canopy Programme and UNEP	Creation of the Interim Forest Finance Facility to leverage private sector demand for REDD+.
6	Rainforest Foundation Norway	A focus on benefit sharing, spatial planning and land tenure and safeguards.
7	Rights and Resources Initiative (RRI)	A continuation of Portfolio 1 work on land tenure reform and rights of indigenous and forest communities.

8	The Nature Conservancy (TNC)	Financing and Policy Framework: Working to develop funding streams from the EU, the FCPF, California and US Federal Policy Mechanisms and targeted advocacy to policy makers to build consensus on REDD benefits and approaches.
9	Verified Carbon Standard (VCS) Association (VCSA)	Developing and piloting integrated Jurisdictional and Nested REDD+ accounting and verification frameworks linked to new sources of finance.

The 2012 evaluation of the civil society scheme found a consensus amongst informants that the competence and capacity of civil society was an important precondition to the establishment of successful REDD+; evidence collected during this evaluation suggests that this continues to be the case

A WRI interview respondent noted that in Cameroon, work around REDD+ and the European Union Forest Law Enforcement, Governance and Trade (FLEGT) programme had opened up opportunities for dialogue with the Ministry of Environment that had not been previously available and made it possible to discuss and start to resolve governance issues.

Civil society participation in the governance of the REDD+ multilateral architecture continues to provide a useful oversight function and raise public awareness of risks associated with REDD+ investments (interview responses).

The reports of civil society action demonstrate their role in activities which are not covered by other REDD+ actors, for example, addressing demand-side drivers, piloting REDD+ activities at community level and conducting research to shape the future of REDD+ decision-making.

Conclusions

Informed and effective civil society organisations are an important component of the international REDD+ regime. NICFI has played a key role in supporting the development of skills, capacity and knowledge amongst civil society actors.

Civil Society Organisations have generated substantial analysis and information and in several cases have used this to make formal submissions to the UNFCCC. The areas of work prioritised under the new portfolio (financing and private sector) respond to the needs identified in the analysis of progress in the negotiations under this evaluation.

5.2. NICFI core objective 2: To take early action to achieve cost-effective and

verifiable reductions in greenhouse gas emissions

NICFI support has strengthened the engagement of civil society in the readiness process in a number of countries, which has improved the quality of R-PPs and REDD+ strategies

RRI reported efforts to build and strengthen platforms for civil society participation in discourse on REDD+, FLEGT and Land Tenure Reform Processes that were central to the readiness processes underway in the target countries. Key successes reported (RRI, 2013b) include:

- Incorporation of FPIC and gender strategies in Cameroon's Readiness Preparation Proposal (R-PP);
- Creation of a strong and informed civil society network prior to the development of the RP-P in Burkina Faso;
- Engagement in REDD+ and the Voluntary Partnership Agreement implementation programme in Ghana;
- The first international workshop to discuss forest tenure reform in Laos;
- Enhanced engagement of afro-descendants and indigenous groups in the R-PP and SESA in Colombia;
- Initiation of a debate to clarify 'who owns China's carbon,' which included analysis of how forest tenure reforms could boost the viability of small and medium-sized forest enterprises;
- Revisions of the Climate Change Law in Guatemala;
- Pressure on UN-REDD in Panama to conduct an independent evaluation on the changes needed for securing FPIC; and
- Facilitation of an agreement between the Government of Peru and indigenous organisations to provide funds for pending land titling for indigenous peoples.

Rainforest Foundation Norway reported facilitating the advocacy of local civil society and indigenous people's organisations in Indonesia, Papua New Guinea, Democratic Republic of Congo, Bolivia, Cameroon, Peru and Paraguay in connection with decisive meetings concerning their countries' National Programme Documents under UN-REDD or Readiness Preparation Proposal (R-PP) under FCPF (RFN, 2013c).

Rainforest Foundation Norway assisted their partner Eco Forestry Forum (EFF) to support the readiness process in Papua New Guinea. This includes public awareness work and lobbying with the Office of Climate Change and Development around the production of the national Climate Compatible Development Policy and engagement in all REDD+ technical working groups. EFF has lobbied development partners and pushed for 16 conditions on UN-REDD support (RFN, 2013c).

Rainforest Foundation Norway has also supported the Congolese Civil Society Working Group on REDD+ and reports that the way in which customary land tenure, indigenous peoples' rights, community forestry, participatory mapping and land use planning, good governance and FPIC have been included within the national REDD+ Framework Strategy as a result of their lobbying. However, it is also noted that fully meaningful participation of stakeholders has been limited by the push for quick delivery of readiness activities (RFN, 2013c).

ICRAF's project applied an *Opportunity cost of REDD+* methodology for Tanzania, Panama Cameroon and Vietnam (ICRAF, 2013b).

NICFI support to civil society has enabled the design and delivery of pilots and programmes that will generate emissions reductions at local level

ICRAF developed six pilot-projects through the 2009-2012 portfolio, to explore the feasibility of emissions reductions using a participatory scenario development approach and designed sustainable incentive schemes for REDD+. All of these are at different stages of implementation, but are fully underway in Indonesia, Vietnam and Cameroon (ICRAF, 2013b).

WWF supported the design of the first jurisdictional REDD+ pilot in Africa – the Emission Reduction Programme Idea Note for Mai Ndombe Province in DRC was submitted to the meeting of the FCPF Carbon Fund in Paris on 24 June 2013. WWF also supported the Regional Government of Madre de Dios in Peru in establishing the institutional framework for REDD+ and the Kutai Barat District in Indonesia to develop REDD+ plans (WWF, 2013a).

In the second NICFI civil society portfolio, there are 15 projects which are 'pilot or demonstration' projects and include initiatives that aim to tackle the drivers of deforestation including through establishment of sustainable supply chains, 'land neutral' agricultural expansion, intensification of agriculture to protect ecosystem services, and community forest management. The pilots are generally accompanied with research and analysis to ensure that lessons learned could be shared to inform national REDD+ efforts (Norad, website). However, there is little information provided on the cost-effectiveness of these pilots. Lessons from Tanzania (Tanzania Annex) suggest that this is important if pilots are going to be translated into results on a larger scale.

NICFI support has enabled the testing of financial incentives and mechanisms at community level

CIFOR has designed a rigorous impact assessment to analyse the impact of conditional incentives on deforestation and on equity and gender considerations. This study covers 22 subnational initiative sites, 150 villages and 4,184 households and uses a methodology called before-after/control-intervention. The findings of this study should help to design appropriate incentive payments to ensure cost-effective and equitable emissions reductions, but there is limited information on the strategies to be used to deliver this (CIFOR, 2013b).

The Nature Conservancy has worked in Bolivia where its partners were able to support the development and implementation of a financial and technical assistance programme to provide incentives for sustainable forest management, forest protection and non-timber forest product enterprises. Communities in two areas were supported to participate in the programme and received payments of \$ 56,000 for their sustainable forest management activities in the final year of the programme. The Nature Conservancy has also engaged with the national bank, private banks and other stakeholders to investigate how the financial sustainability of the programme could be ensured (TNC, 2013a).

Rainforest Foundation Norway has supported the Shuar People's Association to establish a decentralised mechanism for disbursing funds to these people from Ecuador's national REDD+ programme (RFN, 2013c).

ICRAF designed and implemented six pilot benefit sharing mechanisms in four landscapes - Tanjung Jabung Barat District in Jambi Province, Indonesia; Efoulan Municipality in Southern Cameroon; Ba Be District in Bac Kan Province, Vietnam; and Padre Abad Province, in the Ucayali Region in Peru. There is no information on the strategy to disseminate lessons from the pilots to the national level in the project report (ICRAF, 2013b).

NICFI support is addressing demand for REDD+ through encouraging work with the private sector

In the 2009-2012 portfolio, the Amazon Environmental Research Institute (IPAM) worked on identifying the changes needed in three commodity roundtables (soy, palm oil and sugar) to facilitate linkage with REDD+. Linkage between REDD+ and farming sectors was also promoted through the delivery of pilot projects in Brazil and Indonesia (Amazon Environment Research Institute (IPAM) 2012).

Close work with private sector producers of relevant commodities is also a theme of twelve projects in the 2013-2015 portfolio (Norad website).

Six projects in the second portfolio will work on sustainable finance (Norad website). This includes The Nature Conservancy, which will work on the implementation of the FCPF Carbon Fund, the inclusion of REDD+ in California's climate regulatory programme and increased support for REDD+ in United States climate policy. It will also work on climate finance readiness at national level, producing an analysis and encouraging south-south cooperation on the design and implementation of transfer mechanisms and fiscal measures for the generation and distribution of REDD+ financial resources from central to sub-national/local governments; the use of non-REDD+ (but related) existing financial vehicles (e.g. national development banks, reforestation funds, conservation trust funds) for REDD+ purposes; the design and implementation of tracking systems for REDD+ finance flows, including public and private capital (TNC, 2013c).

NICFI supported civil society organisations have increased capacity for MRV in its partner CSOs, particularly for conducting MRV at the project level

ICRAF applied a Land-Use Planning for Low Emissions Development Strategy methodology to enable the calculation of baselines and reference levels for generating *ex-ante* mitigation strategies to four landscapes in Cameroon, Indonesia, Peru, Vietnam and Indonesia. This has been extended to districts neighbouring the project at their request (ICRAF, 2013b).

Rainforest Foundation Norway and its partners advocated the inclusion of MRV of safeguards into the concept note between Indonesia and Norway. MRV of safeguards is a part of Indonesia's MRV strategy, but the causal link has not been investigated by this evaluation (CIFOR, 2013b).

In the 2013-15 portfolio there are 15 projects that include MRV components including jurisdictional level MRV, community based monitoring and monitoring of safeguards implementation (Norad website). MRV is the main focus of two of these projects: support to World Resources Institute and to the Voluntary Carbon Standard Association.

Conclusions

NICFI support to civil society has resulted in representation of civil society in key processes.

NICFI support to civil society organisations has enabled the implementation of demonstration activities which pilot efforts to tackle the drivers of deforestation, to deliver MRV and to manage financial flows in ways which benefit communities. These initiatives demonstrate a strong complementarity and added value to national level readiness and strategy processes, but the mechanisms to share lessons from the pilots to the national level are not always clearly specified.

5.3. NICFI core objective 3: To promote the conservation of natural forests to maintain their carbon storage capacity

In both the 2009-2012 and the 2013-2015 civil society portfolios, financing for the conservation of natural forest has focused on either demonstration initiatives or the development of safeguards

In focusing on reductions of deforestation, REDD+ demonstration initiatives frequently support the conservation of natural forests, for example:

- Rainforest Foundation Norway has supported its local partner to work with Peru's Socio Bosque programme to support the Shuar People to benefit from the work they do to protect 89,500 hectare of forest (RFN, 2013c).

- WWF’s work in the Congo Basin, Peru and Indonesia focuses on the design of pilots and accessing finance to conserve natural forest (WWF, 2013a).
- The Nature Conservancy worked to support village development planning processes in Indonesia, which have secured the protection of 15,000 hectares of biodiversity rich forest (TNC, 2013a).
- In the 2013-2015 civil society portfolio, applications from World Wide Fund for Nature, The Nature Conservancy and the Rights and Resources Institute specify outcomes in relation to the conservation of natural forests (WWF 2013b; TNC 2013b; RRI 2013a).
- In the 2013-2015 portfolio, there are 16 projects working on the implementation of safeguards which include the safeguard in relation to the protection of natural forests (Norad website).
- In the 2009-2012 portfolio, support to Care Norway was particularly important in promoting the adoption of REDD+ Social and Environmental Standards in nine countries, which include “conservation of natural forests and biological diversity” (Care Norway, 2013)

Financing to civil society organisations has contributed to the design and implementation of the moratorium on the award of new licences in primary natural forests and peat lands in Indonesia

Rainforest Foundation Norway and its partners report giving substantial inputs on the design of the moratorium to both the REDD+ Task Force and NICFI. Since the launch in 2011, Rainforest Foundation Norway’s partners have also reported violations based on their field observations to the REDD+ Task Force. Most notably, partners have been active, along with other civil society actors, in exposing the violation of the moratorium in Tripa, Aceh, through an international campaign that resulted in a lawsuit against the perpetrators. Furthermore, civil society partners working in Indonesia formed a strong coalition which successfully advocated for extending the moratorium from 2013-2015 (TNC, 2013).

Rainforest Foundation Norway’s partner, Walhi has also worked on monitoring the implementation of the moratorium (RFN, 2013c).

CIFOR published research and a blogpost, identifying opportunities for improvements in forest governance as a result of the moratorium. A CIFOR working paper *Indonesia’s Forest Moratorium: a stepping stone for better forest governance?* was published in both English and Bahasa Indonesian. After reading the blog, Emil Salim, Chair of Indonesia’s Presidential Advisory Council, requested CIFOR Senior Scientist Daniel Murdiyarto to visit the President’s office to brief leading policymakers on the topic (CIFOR, 2013b).

There is no requirement to specifically report on efforts to conserve natural forest (as a specific sub-component of sustainable forest management) which makes identifying explicit results against this objective challenging

The civil society scheme reporting template and 'menu of indicators' do not specify the need to report on the conservation of natural forest except in relation to the observation or promotion of safeguards (Norad, 2013b; Norad 2013d).

Conclusions

NICFI support to civil society organisations has benefited the conservation of natural forests, through both active investments in demonstration activities and activities on safeguards in national REDD+ processes.

The absence of a specific criterion on this objective in the reporting template for the civil society portfolio precludes comprehensive analysis of the results achieved under this objective.

5.4. Objective 4: To deliver development benefits in the implementation of activities under Objectives 1-3.

NICFI civil society scheme has supported indigenous and local community advocacy, with improvements made in legal frameworks and national REDD+ plans in some countries

Rainforest Foundation Norway reports the support provided to its partners in Indonesia - AMAN and HuMa (RFN, 2013c). The advocacy efforts of these two organisations have contributed to the following legal achievements:

AMAN:

- The Constitutional Court Ruling on the Judicial Review of the Forestry law 1999 acknowledged that the State has ignored the land rights of indigenous peoples in forest areas by claiming customary forests as State Forests.
- Completion of the National Development Agency study on Indigenous Peoples in Indonesia (AMAN assisted in developing the outline of the study).
- Inclusion of land registered by indigenous communities in the One Map process (RFN, 2013c).

HuMA:

- Judicial review of the Law on the Prevention and Eradication of Forest Destruction by the Constitutional Court.

- Consideration of a draft law on the recognition of indigenous peoples and protection of their rights into the national legislative review programme of the parliament for 2012 (RFN, 2013c).

Rainforest Foundation Norway was also able to use a contingency fund from the 'global' component of its project to support countries not included in the initial proposal and where there was a strong case for involvement. Guyana was targeted and support to the Amerindian Peoples Association enabled a coordinated advocacy programme focused on reviewing legislation on indigenous peoples, land rights and the right to participate in decision making. Evidence was also gathered and presented in relation to the lack of information and consultation by state authorities (RFN, 2013c).

Rainforest Foundation Norway also supported advocacy of indigenous peoples' organisations from Indonesia, Papua New Guinea and the Democratic Republic of Congo on the design of the FIP's Dedicated Grant Mechanism for Local Communities and Indigenous Peoples (RFN, 2013c).

The Rights and Resources Institute (RRI) also reported efforts to enhance civil society collaboration in thirteen countries and three regions. Much of this work focused on land tenure issues. Some of the results achieved included:

- In Guatemala, RRI Collaborators Ut'z Che', the National Alliance of Community Forestry Organisations lobbied for the national Climate Change Law which was approved on September 5, 2013. The Law includes a series of articles that ensures safeguards are included in the development of mitigation projects and viable participation schemes for indigenous and peasant organisations.
- In Panama, RRI helped resolve a dispute between the National Coordinating Body of Indigenous Peoples in Panama and the UN-REDD programme. An international campaign led the UN-REDD programme to conduct its own independent investigation on what changes are needed in the REDD+ process. Further assurances to the involvement of indigenous people and the implementation of Free Prior and Informed Consent (FPIC) are now in place in the UN-REDD programme strategy.
- In Nepal, as a result of continued advocacy by RRI partner The Federation of Community Forestry Users, Nepal, and other collaborators, key political parties established natural resource units in their party structures which will play a prominent role in the new Constituent Assembly and in shaping of the constitution.
- In Ghana, the RRI-supported network worked closely with the Presidential Commission assigned to amend the Ghana Constitution to assist the Commission to strengthen natural resource tenure and governance. Civil society actors are now effectively engaged with REDD+ processes and the Voluntary Partnership Agreement implementation programme (RRI, 2013b).

The Environmental Investigation Agency (EIA) report that their work to support effective participation of indigenous partner organisations in REDD+ dialogues in Peru pressured the Peruvian government to pass a Consultative Law in 2011, cementing the principle of FPIC. In Indonesia, they have strengthened the ability of stakeholders to have lessons from illegal logging and trade reform built into the REDD+ programme. Indonesia's REDD+ Strategy

now specifically mandates the implementation of a national timber legality assurance system and specifically cites the need for enforcement of key environmental legislation including the 2007 Spatial Planning Law, 1999 Corruption Law and 2009 Law on Environmental Impact Assessments (EIA, 2013b).

The Nature Conservancy reported on efforts to ensure the representation of communities in the governance structure of the Berau Forest Carbon Programme (TNC, 2013a).

NICFI support to civil society has contributed to the development and implementation of social and environmental safeguards

Care Norway promoted the implementation of REDD+ Social and Environmental Standards (SES) in Brazil, Ecuador, Tanzania, Nepal, Indonesia, Peru, Guatemala, Mexico, and Liberia. These aim to achieve a high level of social and environmental performance from REDD+ programmes, complementing and strengthening other safeguards such as those of the Forest Carbon Partnership Facility and UN-REDD. Five other countries have interest in adopting the approach as well as additional regional governments in Mexico, Brazil and Indonesia (Care Norway, 2013).

Rainforest Foundation Norway reported securing a stronger link between FCPF safeguards and those negotiated under the UNFCCC, this has been achieved through involvement in Design Forum meetings and through production of written submissions.

In Indonesia, HuMa (supported by Rainforest Foundation) undertook a key role REDD+ Task Force working group on safeguards that designed The Principles, Criteria and Indicators of REDD+ safeguards in Indonesia – PRISAI (RFN, 2013c).

The Nature Conservancy (TNC) participated in numerous meetings focused on developing social and environmental safeguards, including those of UN-REDD and FCPF Carbon Fund. TNC also reports using field experience to support the development of the REDD+ SES in Bolivia and in ‘institutionalising’ social safeguards in Berau (TNC, 2013a).

There are 16 projects focused on safeguards in the 2013-2015 civil society portfolio (Norad website).

Civil society organisations are supported by NICFI to promote sustainable and economic development opportunities that are consistent with REDD+

The Nature Conservancy’s activities in Bolivia and Papua New Guinea enable communities to engage in wider sustainable forest management activities, such as the production of premium priced nuts and ecotourism in the context of agreed land use plans. Strengthening Cooperative Societies in Papua New Guinea was also highlighted as a potential benefit sharing mechanism. This approach will be continued in TNC’s Portfolio 2 project in Brazil, where activities will encourage the implementation of the Forest Code and the adoption of low carbon agriculture and ranching practices. This aims to promote a ‘good neighbour’ policy whereby family farms in areas bordering indigenous lands will work to help reduce illegal incursions (TNC, 2013a; TNC 2013b).

IPAM's work across both Portfolio 1 and Portfolio 2 projects is focused on creating sustainable and inclusive commodity production that can promote the certification of products which also reduce deforestation (IPAM, 2012; IPAM, 2013).

Rainforest Foundation Norway reports that together with its partners, a number of lobbying activities have been designed to ensure that rights-based sustainable forest management is a key part of REDD+ in Indonesia. This has also been implemented in practice where communities have negotiated with concession holders to use areas of land for smallholder rubber production (RFN, 2013c).

ICRAF's advocacy for multifunctional landscape level approach to REDD+ that promotes the 'sharing' of food production and ecosystem services is aimed at ensuring sustainable economic development (ICRAF, 2013b).

NICFI funding have been used to combat corruption and illegality within REDD+ processes and the timber trade

EIA's work focused on ensuring the drivers of deforestation are tackled via REDD+ and strengthening measures to prevent illegal logging. This will be continued in the second civil society portfolio. Some examples from the 2009-2012 work include:

- Advocacy work focused on alignment of Indonesia's REDD+ strategy with implementation of a national timber legality assurance system;
- The investigation of potentially fraudulent carbon trading cases in Peru and advocacy for an official registration system for REDD+ projects as a way to protect communities from fraud and abuse. In Indonesia, EIA has also reviewed REDD+ pilot projects to identify weaknesses in the evaluation of baselines and leakage components, embedding institutional knowledge on how fraud may occur when credits are traded;
- Training to indigenous representatives in Indonesia on monitoring legality, resulted in improved information and the engagement of local groups in all EIA's field investigations into illegal or legally irregular plantations in Indonesia;
- EIA's investigation into merbau wood smuggling in West Papua and subsequent advocacy resulted in the inclusion of 'conversion timber' into timber legality assurance system compliance audits.

In Indonesia, with support from Rainforest Foundation Norway, HuMa developed a tool for monitoring forest policies that trigger conflict and human rights violations. From August 2012, HuMA has developed action research through which conflicts are investigated and resolutions mapped. A social baseline to avoid the repetition of conflict has also been established (RFN, 2013c).

In the 2013-2015 civil society portfolio, eight projects are listed as tackling illegal logging and corruption. This includes support to EIA, INTERPOL, the UN Office for Drugs and Crime and Transparency International (Norad website).

NICFI is supporting numerous efforts to ensure biodiversity considerations are integrated into REDD+ planning and implementation

Examples of results on biodiversity issues from the first civil society portfolio include:

- CIFOR produced several publications in relation to the role of REDD+ and in conserving biodiversity and spoke at sub-regional workshops focused on forest biodiversity and climate change (CIFOR, 2013b);
- IPAM included an analysis of biodiversity safeguards in their comparison of roundtable and REDD+ safeguards (IPAM, 2012);
- The Nature Conservancy supported a local partner to undertake a project called *Developing Sustainable Use of Indonesian Biodiversity*, which involved district level campaigns to enhance the awareness of the importance of protecting upper watersheds. Several agreements with concession holders not to log in biodiversity rich areas of their concessions have been secured (TNC, 2013a).

Examples of biodiversity focused activities to be undertaken through the 2013-2015 include the following:

- WWF intends to consolidate, scale up and replicate sustainable landscape models in high biodiversity landscapes (WWF, 2013b);
- EIA aims to analyse the biodiversity implications of altering supply chains (EIA, 2013a);
- ICRAF intend to integrate biodiversity conservation with their landscape approach (ICRAF, 2013a);
- Rainforest Foundation Norway's project will include focus on biodiversity safeguards in the multilateral REDD+ Institution activities, and use of international instruments on biodiversity to underpin lobbying work in the Democratic Republic of Congo (RFN, 2013a);
- The Nature Conservancy will undertake a biodiversity and environmental services baseline study and utilise field data to map priority areas for conservation in both Indonesia and Brazil (TNC, 2013c).

NICFI support to civil society is contributing to improvements in land tenure reform and spatial planning in several countries

In the Democratic Republic of Congo, Rainforest Foundation Norway's partner has been supported in advocating participatory mapping and land use planning in the national REDD+ strategy. In Indonesia, civil society projects have contributed to the mapping of customary lands, which have been passed to the Geospatial Information Agency for incorporation into the One Map (RFN, 2013c, Samdhana Institute, 2013).

There are eleven projects in the 2013-2015 portfolio that focus on land rights (Norad website). These include the project implemented by Rainforest Norway, which identifies

improvements in spatial planning and land tenure as one of its three core outcomes (RFN, 2013a).

The *MegaFlorestais* Network supported by the Rights and Resources Institute has been linked to a number of key policy changes – the Collective Forestland Tenure Reform in China; the recognition of land tenure reforms and the launch of the roadmap process in Indonesia; and the development of a roadmap for land reform in the Democratic Republic of Congo (RRI, 2013b).

The Rights and Resources Institute's 2013-2015 portfolio project will work on the establishment of an International Land and Forest Tenure Facility to scale up investments in securing local tenure rights (RRI, 2013a).

Norad processes to ensure projects contribute to gender equality have been followed

The second civil society portfolio application process required applicants to specify their contribution to achieving gender equality. Whilst some projects addressed this well from the outset, others were supported by Norad staff to improve this, and some were requested by Norad during negotiation of the contract to strengthen their contribution to gender equality (Norad, 2013g).

Several projects from the first civil society portfolio identified specific gender outcomes. For example, the Rights and Resources Institute project enabled the 'African Women's Network for Community Management of Forests' to play a key role in the national platform on REDD+ and advocate for the inclusion of a clearly defined gender strategy in the Cameroon R-PP. Cameroon's is the only central African R-PP that includes such a strategy (RRI, 2013b).

In the 2013-2015 civil society portfolio, there are 13 projects identified as making specific contribution to gender equality (Norad website).

Norad processes to ensure projects identify and reduce corruption risks have been followed

Applicants to the second civil society portfolio were required to specify their contribution to anticorruption and include an analysis of corruption risks. Whilst some projects are extremely focused on anti-corruption and legality issues (e.g. EIA), others have engaged in correspondence with Norad staff to improve these elements (Norad, 2013g).

There are eight projects in the 2013-2015 portfolio specifically focused on reducing corruption (Norad website).

Conclusions

NICFI support to civil society has contributed to a number of development outcomes across the range expected. Pilot and demonstration projects provide examples of joint deliver on climate and development goals.

Norwegian requirements on gender and anti-corruption have been followed in the implementation of the scheme and specific results against these objectives reported by some of the projects in the portfolio.

Annex 14 Congo Basin Forest Fund

1. Introduction

1.1. Description of the Congo Basin Forest Fund and its supported activities

In partnership with the member states of the Central African Forestry Commission (COMIFAC), the Congo Basin Forest Fund (CBFF) was launched in London in June 2008 by Norway and the United Kingdom. Hosted by the African Development Bank (AfDB), CBFF “seeks to alleviate poverty and address the challenges linked to climate change by reducing, slowing, and eventually reversing the rates of deforestation in the Congo Basin region” (CBFF Secretariat 2013).

The CBFF-supported activities must align with the COMIFAC *Plan de Convergence* (Convergence Plan), a plan that defines the common strategies amongst its member states in relation to conservation and sustainable management of forest and savanna ecosystems. The activities supported by the CBFF therefore fall under one of the following categories:

- Sustainable Forest Management;
- Livelihood and Economic Development;
- Monitoring, Assessment and Verification;
- Benefits from an International REDD+ Regime and Payments for Ecosystem Services;
- Capacity Building in REDD+.

A summary of the Congo Basin Forest Fund purpose and activities is included at the end of this annex.

1.2. Financial Detail and Breakdown of countries supported

Global Overview

<p>Total funding (all donors) Pledged As of December 2012 (the United Kingdom and Norway) stood at EUR 128.81 million, Canada committed an additional CAD\$ 20 million in 2012¹³⁹. Total of US\$ 182 million ¹⁴⁰ Deposited EUR 98.93 million¹³⁹ / US\$ 164.45 million¹⁴⁰ Disbursed US\$ 42.55 million; although US\$ 95.66 million has been approved for disbursement¹⁴⁰</p>		<p>NICFI funding to CBFF Pledged: 500 million NOK Deposited: 500 million NOK</p>	
Other donor countries (and years they joined)	UK – 2008 Canada – 2012	% of total funds from Norway 45%	

Country overview *

7 Least Developed Countries supported	0 other low income countries supported	2 low – middle income countries supported	1 upper middle income countries supported
Burundi Central African Republic Chad Democratic Republic of Congo Equatorial Guinea Rwanda São Tomé and Príncipe		Cameroon Republic of Congo	Gabon

* OECD – DAC list of aid eligible countries 2012-2013 <http://www.oecd.org/dac/stats/49483614.pdf>

¹³⁹ CBFF Secretariat 2013

¹⁴⁰ As of January 2014, according to Climate Funds Update. <http://www.climatefundsupdate.org/listing/congo-basin-forest-fund>

1.3. Description of operational and management processes in NICFI support to the Congo Basin Forest Fund (CBFF)

1.3.1. CBFF Governance Structure

The Congo Basin Forest Fund (CBFF) is hosted and administered by the African Development Bank. It is governed by two structures: the CBFF Secretariat and the Governing Council. Until late 2009, an Interim Secretariat funded by the UK was responsible for all CBFF operations, including the review of project proposals from first call for proposals (CBFF, 2013). The management of CBFF operations were transferred to a newly recruited Permanent Secretariat by December 2009 (CBFF, 2013). The Secretariat operates from the African Development Bank (AfDB) in Tunis and comprises seven persons, including two Operations Officers based in the AfDB's field offices in Yaoundé and Kinshasa. There are plans for the CBFF Secretariat to relocate to within the Congo Basin region during 2014, with staff to be based in Abidjan, Yaoundé, and Kinshasa (CBFF, 2014). The 2014 CBFF Work Program and Budget states that there is a plan to increase the staff number of the Secretariat during 2014 (CBFF, 2014). The CBFF Secretariat is responsible for day to day management and operations, as well as reporting to donors. The Governing Council is responsible for providing strategic guidance and oversight of the Fund, and ensures broad donor and stakeholder participation. The core membership of the Governing Council comprises:

- A Fund Co-chair – Currently Right Honourable Mr Paul Martin, former Prime Minister of Canada;
- A Civil Society representative from the region;
- The Secretary General of the Economic Community of Central Africa States (CEEAC);
- The President of COMIFAC (rotational);
- A Senior AfDB Official (Vice President);
- A Donor Representative.

There are also *ex-officio* members of the Governing Council:

- The COMIFAC Executive Secretary;
- A representative from United Nations Environment Programme;
- A representative from the Norwegian Government;
- A representative from the United Kingdom Government;
- A representative of the Congo Basin Forest Partnership.

1.3.2. CBFF Portfolio Development

The CBFF project portfolio has been built through a combination of two competitive calls for proposals and projects initiated by the CBFF Governing Council or other stakeholders (CBFF 2013). The first call for proposals for CBFF support was launched in July 2008, which resulted in 15 projects being endorsed for support by the CBFF Governing Council. From the second call for proposals 25 projects were approved by the Governing Council and since then, two projects initiated by the Governing Council or other stakeholders have been approved.

1.3.3. Financial processes

These are described in detail in the Financial Processes Annex. Audits of the funded projects are required by the African Development Bank. Twenty-seven project audits are planned for 2014 (CBFF 2014).

2. Methodology

This annex is based on review of CBFF documents detailing the processes followed by the CBFF in its engagements with donors, delivery partners and countries as well as the results documented in its reports and evaluations. Some information is drawn from earlier evaluation interviews in Norway and from the previous NICFI evaluations targeting the CBFF, however documentation is relatively limited.

3. Results on Operational and Financial Processes

3.1. Findings on operational and management issues

There have been numerous serious operational and management problems associated with the Congo Basin Forest Fund, in part related to an inadequate institutional arrangement

The NICFI Evaluation Democratic Republic of Congo country baseline report (Hoefsloot and Eba'a Atyi, 2011) noted slow progress in implementation, with many actors interviewed by the evaluation team expressing frustration about this. Most of the functional bottlenecks were

foreseen by the Norad Appraisal Mission of the CBFF of April 2008¹⁴¹ and should therefore have not been a surprise (Norad, 2010). The slow progress was considered by the evaluation team to relate to both the inadequacies of the CBFF and its Secretariat, and due to the Fund operating in vulnerable countries where partners have weak capacity (technical, managerial, financial) and are not equipped in collaborating with multilaterals such as the African Development Bank.

The evaluation concluded that, for a number of reasons, the CBFF was not functioning to its full potential, and many civil society actors were frustrated – the international NGOs because of slow operations, unclear procedures and contradictory instructions; the smaller Congolese non-governmental organisations because communication was poor and very few had been successful in having their project funded (Norad, 2010).

These early problems have continued, with reports in 2012 (an Operational Effectiveness Review by the African Development Bank) and 2013 (a Portfolio Analysis by the CBFF Secretariat) comprehensively documents the ongoing operational and management problems of the CBFF. The Operational Effectiveness Review ascribed the problems to four causes: i) a governance system lacking consistency; ii) malfunctions prejudicial to the smooth running of the CBFF; iii) a lack of technical support; iv) a focus on procedures at the expense of achieving results. DFID noted that the institutional arrangements for which it had originally advocated – i.e. for the African Development Bank to serve as trustee and administrator of the Congo Basin Forest Fund – has become one of the main factors contributing to the operational issues because of the relatively small size of projects for AfDB to manage in comparison to the large infrastructure projects that its financial and reporting systems are better geared towards CBFF (2013b).

Attempts have been made to correct these problems and improvements have been made

The Operational Effectiveness Review assessed the CBFF's operations to date and its effectiveness in achieving its mandate. The Operational Effectiveness Review provided recommendations on: i) the most urgent operational issues; ii) the governance of the Fund and; iii) a strategic direction for the CBFF. Some examples of measures taken by the CBFF to improve operational level effectiveness include: i) clarifications on blocking issues have resolved some of the operational issues; ii) recruitment of long-term consultants specialised in disbursement and procurement; and iii) measures implemented from the simplified CBFF operational procedures and the Operational Effectiveness Review have also had a positive impact on CBFF projects, although this impact is not specified in the CBFF Portfolio Analysis (CBFF, 2013a).

In June 2013, the donors to the CBFF – Norway, UK and Canada – visited the African Development Bank, during which they determined that the implementation of the Operational Effectiveness Review's recommendations were "insufficient to guarantee improvement in the Fund's operations" (CBFF Secretariat 2013). By the end of 2013 a CBFF Governing Council session that provided an opportunity for CBFF stakeholders to take stock of progress made

¹⁴¹ The Norwegian Ministry of Foreign Affairs : Appraisal of Congo Basin Forest Fund, NORAD, 24 June 2008

in the Fund's performance since the last Governing Council session, was held in October 2012. The overall assessment was that the CBFF had significantly improved its performance in the last year (CBFF 2014). The main measure of this cited is that the average time between AfDB grant approval and grant signature for CBFF projects was three months, slightly lower than the Bank average of four months; and the average time between signature and actual first disbursement is five months, which is almost half the Bank average of nine months (CBFF, 2014).

In 2014 there are plans to recruit two long-term task manager consultants, and an operations officer to be stationed in Kinshasa. According to the CBFF Secretariat, this recruitment is anticipated to improve funded project performance by increasing the time that task managers have to monitor and support them. The decentralisation of CBFF task managers to the field offices is also expected to increase the time available for provision of support to projects (CBFF 2014).

These improvements are likely to be positive steps forward. The impact of these changes should begin to become evident in late 2014.

NICFI (along with the other donors to the CBFF) has actively sought to address these problems, consequently management has been much more 'hands on' than with the other multilateral partnerships

In comparison to partnerships with other multilateral mechanisms - e.g. UN-REDD and FCPF – NICFI has taken a more active role in managing the process of improving operational effectiveness within the CBFF Secretariat and its project portfolio by commissioning the Operational Effectiveness Review and, subsequently, the Portfolio Analysis. These were undertaken on the request of the donors (CBFF 2014).

3.2. Results on financial modalities and processes

Disbursement rates have been slow; however, measures have been taken to improve this during 2014

As of 31st December 2013, CBFF had disbursed 29.1 million of the 71.5 million Euros committed for its 37 on-going operations, a disbursement rate of 40% of the total fund value over the six years of operation (CBFF, 2014). Several projects have not received disbursements for some years. These are partly due to a lack of compliance of some "international non-governmental organisations that have experience with donors whose fiduciary policies differ from that of the AfDB have been recalcitrant in complying with the Bank's own policies, which they believe are cumbersome" (CBFF, 2013).

The Fund disbursed an additional 1.7 million euros during the first week of January 2014 and expects to disburse 6.6 million Euros more by the end of that month, raising the total disbursement rate to 52% (CBFF, 2014). The disbursement target for 2014 is 18.5 million euros and the CBFF Secretariat is confident that this target will be reached. It has taken a number of measures in 2013 to accelerate project disbursements including: recruitment of a long-term consultant specialised in disbursement; efforts to ensure the quality and timeliness of audit reports; and a corporate decision to resolve the deadlock regarding disbursements to international non-governmental organisations that had not fully complied with AfDB's disbursement rules and regulations (CBFF, 2014). The corporate decision sought to accelerate disbursement and improve results on the ground, while maintaining acceptable fiduciary standards. The decision has allowed disbursements to resume for four international non-governmental organisation projects, two of which had not disbursed in over two years (CBFF 2014).

There were many problems with the audit system and its operations to 2011; however, improvements have been made and the CBFF Secretariat now considers this to be on track

African Development Bank rules require that projects submit audit reports six months after the end of the fiscal year otherwise disbursement may be suspended. In the past, non-submission of clean and timely audit reports that meet the Bank's requirements was an important contributor to disbursement delays (AfDB, 2013). Of the 25 audit reports due in 2010 and 2011, nineteen were delivered late because of delays incurred in the recruitment of auditors; twelve were rejected by the Bank because they did not meet the Bank's standard; and ten contained auditor reserves, which made their results non-satisfactory (AfDB, 2013).

Efforts were taken by the Secretariat, the auditors and the grantees to ensure better compliance with the Bank's audit requirements. This resulted in amendment of all the unsatisfactory audit reports, and all 2012 audit reports being "on track" (AfDB 2013, CBFF, 2013). The CBFF Secretariat also plans to liaise closely with the Bank's fiduciary department to make certain that once audit reports are submitted to them for approval, they are processed in a timely manner to avoid past delays (CBFF, 2014).

4. Results of progress towards NICFI objectives

4.1. Objective 1: To work towards the inclusion of emissions from

deforestation and forest degradation in a new international climate regime

At the outset, the CBFF had potential to become established as an integral part of the multilateral REDD+ architecture, though this is not yet realised

The Congo Basin region is one of the three major tropical rain forest areas and contains over 60 percent of the carbon stored in above ground biomass in sub-Saharan Africa, much of this in forests located in the Democratic Republic of Congo (Saatchi *et al.* 2011). The CBFF has provided a multi-donor platform for REDD+ support that began with an initial commitment from the UK government and now also includes Norway and Canada. Although the other multilateral REDD+ institutions also support Congo Basin countries, the level of support provided is limited compared with that required to achieve their REDD+ readiness, so there is a need for provision of additional funds.

At the same time, the political and governance contexts of several of the Congo Basin countries limits the potential for establishment of bilateral partnerships on REDD+. Consequently, the Congo Basin Forest Fund had potential to become an important component of the REDD+ multilateral architecture by providing additional support to Congo Basin countries where the possibility of support through other channels is limited.

Unfortunately, the operational and implementation problems (see results on NICFI Objective 2) that have beset the CBFF from the outset, have meant that this potential has not yet been realised, and the CBFF is not considered by many stakeholders interviewed during this evaluation to be an integral component of the multilateral REDD+ architecture.

Although the CBFF-funded projects should be generating valuable lessons there is an underused opportunity to inform the international REDD+ community

The CBFF portfolio could be a source of valuable lessons learned in relation to readiness progress, MRV, financing mechanisms, operational frameworks and communicating results at a portfolio level. However, there is little evidence of outcomes being reported. The CBFF progress reports focus primarily on operational issues and disbursement. The reporting of results has largely been confined to the provision of a limited number of examples of outputs. The CBFF website contains no information on results achieved and the 'Project Highlights' page of the website is blank.

The CBFF Secretariat and several funded projects have also organised, or participated in, side events at the United Nations Framework convention on Climate Change Conference of Parties with the purpose of sharing knowledge from the portfolio. For example:

- The CBFF Secretariat hosted side events at COP15 (CBFF's Global Response to the Climate Crisis) and COP19 (Progress and lessons learned from monitoring systems and biomass estimates for a better valorisation of forests in the Congo Basin).

- Rainforest Foundation UK Project hosted the side event ‘What does Doha and the Durban Platform need to do about REDD & LULUCF?’ at COP18.

Also, the CBFF was invited to host a side event in 2013 covering CBFF success stories during the first meeting of the Congo Basin Forest Partnership under United States Facilitation (CBFF 2014). The following four projects were presented:

- Cameroon: Alternatives to Mangrove Destruction for Women's Livelihood;
- Cameroon: Partnership for the development of Community Forests;
- Republic of Congo: Quantifying Carbon Stocks & Emissions in the Forests of the Congo Basin;
- DRC: REDD+ Pilot project South Kwamouth.

The CBFF 2014 work plan outlines the intention to contribute to the “dialogue on the future of the world’s forests through participating in” the consultative meeting of the Congo Basin Forest Partnership, the next Conference of Parties to the United Nations Framework Convention on Climate Change, the Africa Carbon Forum 2014; COMIFAC quarterly events; AfDB Annual Meetings. Planned attendance at the events for 2014 presents opportunities for targeted promotion of the achievements of the CBFF portfolio and lessons learned that could be of value to the international community, particularly if the improvements made to the reporting structure (according to informants) prove successful in generating a body of documented achievements and lessons.

As a way of improving communication – and more specifically, reporting – the CBFF has begun publishing Quarterly Reports with, among other things: i) a portfolio snapshot (similar to FCPF’s Dashboard); ii) Operational achievements; iii) Challenges and mitigating actions; and iv) an updated table of the CBFF portfolio including disbursement to date and performance ratings . It should be noted, however, that these quarterly reports are not accessible on the CBFF website and do not seem to go further than the 2nd Quarterly Report from June 2013.

Conclusions

The CBFF had potential for contributing to this objective as a component of the multilateral REDD+ architecture and through informing the international REDD+ community with lessons generating by its portfolio, but this contribution has been weakly realised so far.

4.2. Objective 2: To take early action to achieve cost-effective and verifiable reductions in greenhouse gas emissions

Delays in project implementation have hampered progress towards achievement of results, however, steps are being taken to improve the performance of the portfolio

Although the CBFF Secretariat is of the opinion that the majority of the portfolio projects (30 out of 40) are performing satisfactorily in achievement of results, over 50% of the CBFF projects have experienced delays of six months or more in the implementation of their results-based logical framework and over 80% have experienced minor or major deviations in terms of quality, quantity and deadline for deliverables according to the Portfolio Analysis (AfDB, 2013). Eight of the eleven large international non-governmental organisation projects have experienced significant delays in project implementation (AfDB, 2013).

These delays and other problems in making progress are attributed to: i) external problems (civil unrest, the suspension of projects in the Central African Republic during the current political crisis, bureaucratic red-tape, unclear land tenure); ii) weak capacity of small non-governmental organisations for technical and financial management and use of planning tools; and iii) recalcitrance of some supported organisations to comply with AfDB's policies, resulting in stalled disbursements.

At the request of its donors, the CBFF Secretariat undertook an important analysis of its portfolio, aimed at reviewing the overall performance of CBFF projects in view of identifying which projects are working, which are not, which should be scaled up and which should be closed. Five projects were ultimately recommended for up-scaling and five others for cancellation. The analysis also proposed a menu of concrete actions to resolve outstanding operational issues and ensure the delivery of tangible project results, these include: i) extending CBFF project duration from three to five years for future projects; and ii) decentralising staff to the Congo Basin region to improve and increase the cost-effectiveness of the service and support provided to grantees (AfDB, 2013). The CBFF is also taking measures in 2014 to speed up the project start-up period, through accelerating project approval, signature and disbursement effectiveness (CBFF 2014).

It is not possible to determine the full extent of results achieved as the reporting of results is very limited; however a new portfolio-level logical framework has been devised and a new reporting structure established which seeks to address this in the future

There have been concerns from the early stages of the CBFF over its potential to achieve anticipated results. Upon reviewing the CBFF's operational procedures in 2008, there were initial concerns from NICFI (Norad, more specifically) that CBFF lacked a programmatic approach; consequently the individual activities supported by CBFF may not 'add up' to

achievement of the greater climate change objectives (Norad 2008). There was also concern that the operational procedures present the CBFF as a primary vehicle to implement the AfDB's Forest Policy and not more specifically as a vehicle to deliver REDD+ objectives (AfDB, 2012).

As described under Objective 1, there is very little in the way of results reporting to enable assessment of whether these concerns have indeed had an impact on CBFF portfolio results. The CBFF Secretariat provides specific examples of results in the Portfolio Analysis and Quarterly Reports, but it is unclear how much of the portfolio is contributing to the outcome (or on track for delivering results against immediate outcomes).

In 2013 the CBFF "re-examined its strategic direction" and revised its logical framework in a multi-stakeholder process involving CBFF technical experts, all three donor agencies, relevant units from the Bank (Agriculture and Agro-industry, and Quality Assurance and Results Department), Congo Basin Forest Partnership technical experts and ministers of forests and the environment from COMIFAC member countries (CBFF 2014). The CBFF revised logical framework was approved by the CBFF Governing Council and is expected to be approved by the AfDB Board by March 2014 (CBFF 2014). Both of these developments should facilitate the selection of the most relevant projects for approval going forward, and the shift in the focus of reporting towards reporting of results, which should also be facilitated by the improved logical framework.

Although results information is limited, the portfolio is likely to contribute to furthering the readiness progress of CBFF-supported countries

Currently nine of the ten COMIFAC countries are being supported by the CBFF on their REDD+ readiness planning, some through the Regional MRV project. The CBFF's logical framework indicates the expectation of those nine COMIFAC countries to have completed REDD+ Readiness Plans by 2018. DRC has progressed beyond this and is working towards development of its R-Package.

A draft of manual of procedures was drafted for Cameroon's National REDD+ Coordination Committee (CBFF 2013b).

The CBFF portfolio is anticipated to contribute to MRV progress; however, due to the limitations of the portfolio-level reporting it has not been possible to ascertain what has been achieved

According to the Portfolio Analysis (AfDB, 2013), 8% of the projects in the portfolio are working on Measurement, Reporting and Verification relevant activities. The reporting is insufficient to establish outcomes of this support, but examples of projects supported and reported outputs include the following:

- The Regional REDD+ MRV project, implemented by FAO in collaboration with the COMIFAC Secretariat, is supporting development of MRV systems in all 10 COMIFAC countries;

- CBFF reports that 15 local technicians in Mambasa, Democratic Republic of Congo, were trained in data collection techniques for estimating forest carbon stock, and established permanent sample plots to estimate forest carbon (AfDB 2013);
- According to the Portfolio Analysis (AfDB 2013) CBFF has held various events related to national MRV systems, including awareness campaigns, capacity building workshops for local authorities and communities in forest management under REDD+;
- Forest inventories and land use plans are underway in three countries through CBFF support: Republic of Congo, Democratic Republic of Congo and Gabon (CBFF, 2013a);
- CBFF reports that GIS capacity was built for 200 technicians and 100 Geographic Information Systems operators for the Congo National Forest Inventory Centre, but it is not clear on the extent to which this training is being applied (CBFF, 2013b);
- According to the CBFF, capacity strengthening of over 18 academic and technical institutions involved in training for the forestry sector has been undertaken through the CBFF in all 10 countries in the Congo Basin; (CBFF, 2013a).

Capacity building on REDD+ has been undertaken or is underway through CBFF portfolio activities

In addition to the capacity building, strengthening and training activities described in relation to MRV, several other capacity building activities reported by CBFF are mentioned in the reporting:

- Human and technical capacity building for REDD + in Cameroon, Central African Republic, Congo and Gabon through almost 50 multi-stakeholder consultations processes by the end of 2014 (CBFF 2014);
- 40 Scholarships awarded to national experts to improve their knowledge on REDD+ and climate change (CBFF, 2013b).

Based on the limited results information available, the CBFF portfolio is likely to have contributed to the reduction of emissions from deforestation and degradation

There is no explicit mention of reducing emissions in the CBFF Logical Framework and Framework Document, with the exception of one indicator in the former (number of projects selling credits) and one using the acronym for Reducing Emissions from Deforestation and forest Degradation in the latter¹⁴². With the aim for most COMIFAC countries to complete their REDD+ Readiness plans by 2018, the expectation should be for the current pilot activities to serve as a positive step towards emissions reductions. Some CBFF-funded projects will likely reduce emissions but the current reporting format with the CBFF Logical

¹⁴² Although it doesn't explicitly mention emissions reductions, the main impact indicator implies it: "Poverty has been alleviated and climate change addressed through reducing (slowing, and eventually reversing) the rate(s) of deforestation (and forest degradation) in the Congo Basin".

Framework does not allow for this to be measured and consolidated at a portfolio level (for reporting against NICFI's core objective 2, for example).

Specific project examples included in the CBFF Portfolio Analysis (AfDB, 2013) that are likely to contribute to reduced emissions from deforestation and forest degradation include:

- Financing initiatives to overcome the security and development threats facing forest reserves in Cameroon and Democratic Republic of Congo (e.g. Luki Forest Reserve and Campo Maa'n);
- Financing innovations that reduce the use firewood; (e.g. mangrove wood in South Cameroon) and promote the use of biochar, which has the potential to reduce slash-and-burn agriculture and reduce the use of firewood.

Aiming to tackle deforestation and forest degradation, more than 5,000 hectares of forest plantations and agroforestry are anticipated to be established in Cameroon, Democratic Republic of Congo and Rwanda by 2015, with replication expected across the Congo Basin (AfDB, 2013).

Conclusions

Delays in implementation have hampered progress, and it is unclear at this point what outcomes have been achieved due to the limitations of the portfolio-level reporting.

Nonetheless, based on the output-level reporting by CBFF to date, it is likely that contributions to readiness activities have been made in countries with low capacity and highly challenging operational contexts have been made through the portfolio.

Steps have been taken to improve portfolio management, portfolio quality and portfolio reporting that, if successful, should enable future assessments of portfolio outcomes.

4.3. Objective 3: To promote the conservation of natural forests to maintain their carbon storage capacity

CBFF reports that some projects have contributed to one of the key CBFF objectives of fighting deforestation; however, more evidence is required to support this

The CBFF Secretariat uses two examples in its Portfolio Analysis to demonstrate results in 'fighting deforestation':

- Financing initiatives to overcome the security and development threats facing forest reserves in Cameroon and DRC (*E.g.* Luki Forest Reserve and Campo Maa'n);
- Financing innovations that reduce the use firewood; (eg. mangrove wood in South Cameroon) and promote the use of biochar, which has the potential to reduce slash-and-burn agriculture while increasing agriculture yields by an estimated 80%.

In 2013 a 3-year, €3.37 million grant agreement was signed for a project entitled 'Strengthening the Contribution of non-wood forest products to Food Security in Central Africa' implemented by the United Nations' Food and Agriculture Organisation. The project seeks to contribute to the conservation and sustainable management of non-timber forest products in Central Africa and covers five countries: Burundi, Chad, Equatorial Guinea, Rwanda and São Tomé & Príncipe (CBFF, 2014).

These are generally descriptions of activities rather than outputs or outcomes, so it is unclear what progress has been made and what has been achieved.

Early signs of increasing forest cover from CBFF-funded activities in the Congo Basin are positive, with potential for pilot activities to be replicated in other countries of the region

The CBFF Secretariat reports more than 5,000 hectares of forest plantations and agroforestry to be established in Cameroon, Democratic Republic of Congo and Rwanda by 2015 to reduce pressure on deforestation of natural forests, however it is not clear how much of that has already been implemented.

In the Matomb area of Democratic Republic of Congo, CBFF-funded activities have established nurseries in six villages and are set to produce 25,000 seedlings. They have also transported and distributed 10,500 plants including 9,900 timber and non-timber forest trees and 600 fruit trees¹⁴³.

Biodiversity is mentioned in the CBFF Framework Document but only in reference to the ten strategic areas of the COMIFAC "Plan de Convergence"

There is also a performance indicator (Immediate Outcome 1) in the CBFF logical framework that measures the "area with the protection of soil and water; conservation of biodiversity; or social services as primary designated function (in hectares)". Being lumped into these other categories, it is not very clear how (or whether) biodiversity conservation will be measured at portfolio level.

Conclusions

¹⁴³ CBFF (2013) CBFF 2nd Quarter Report 2013

The CBFF portfolio is likely to have contributed to achievement of this objective, however, reporting focuses on very limited descriptions of activities rather than outputs or outcomes, so it is unclear what progress has been made and what has been achieved.

4.4. Objective 4: Contribute to the general objectives of Norwegian development cooperation

The CBFF claims to have contributed to improving forest governance in the Congo Basin through supporting legal and institutional frameworks, forest inventories and capacity building

Improving forest governance in all ten countries in the Congo Basin is described as a “notable result” in the portfolio analysis. The Evidence given in support of this includes (much of this is also included under Objective 2):

- Legal and institutional framework for REDD+ and MRV development process underway for each of the ten COMIFAC countries;
- Forest inventories and land use plans underway in three countries: Congo, Democratic Republic of Congo and Gabon. Inventories will improve knowledge of existing resources while plans will provide a planning tool for their management;
- Human and technical capacity building for REDD + in Cameroon, Central African Republic, Congo and Gabon through almost 50 multi-stakeholder consultations processes by the end of 2014;
- 40 Scholarships awarded to national experts to improve their knowledge on REDD + and climate change;
- Strengthening capacity of over 18 academic and technical institutions involved in training for the forestry sector in all ten countries in the Congo Basin.

Indigenous Peoples’ and local communities’ rights are taken seriously by the CBFF management and are targeted throughout CBFF portfolio activities

In 2008, Norad expressed the need to engage proactively with the AfDB on the issue of Indigenous Peoples and how vulnerable groups are considered in implementation of the Bank’s safeguard policies¹⁴⁴.

A revision of the CBFF logical framework was launched in January 2013 and focused on revising the immediate outcomes and outputs. An important point that emerged from discussions with stakeholders on these revisions was a “consensus on the importance of

¹⁴⁴ Norad (2008) Memorandum – Comments on the Congo Basin Forest Fund “Draft Operational Procedures”

targeting civil society organisations specifically and reaching, through whatever intermediaries, local communities as the ultimate beneficiaries”¹⁴⁵.

The CBFF’s logical framework indicates the expectation of five COMIFAC countries to have environmental and social safeguards in place by 2018.

CBFF reports that as of June 2013, approximately 1,590 Indigenous Peoples have been trained and sensitised on REDD+, however it is not clear what the outcome of that training has been and in relation to what aspects of REDD+¹⁴⁶.

CBFF reports that as of June 2013, it has provided support for platforms of civil society in training of 50 representatives of Indigenous Peoples and local communities on REDD+ in Congo-Brazzaville, however it is not clear what the outcome of that training has been and in relation to what aspects of REDD+¹⁴⁷.

CBFF reports that it has facilitated the participation of at least five women and indigenous persons in an Operational Planning meeting for the Cameroon National REDD + Coordination Committee¹⁴⁸.

The CBFF also provides project financing to small local non-governmental organisations (AfDB, 2013).

Tackling corruption and illegality

The CBFF operational procedures only contain one reference to corruption: “Guidelines for Preventing and Combating Corruption and Fraud in Bank Group Operations”. After reviewing a draft of these operational procedures, Norad voiced concerns that this could be improved, due to Norway’s high commitment to the fight against corruption.

Through its portfolio of funded activities, the CBFF is supporting the promotion of community land tenure rights in the Congo Basin. However, many of the large international NGOs struggle with technical problems related to unclear land tenure

According to the CBFF Portfolio Analysis, the Rainforest Foundation UK “Promoting community land tenure rights in the Congo Basin” project performed very well.

An output indicator – “An increased number of local communities enjoy common and secure forest tenure” – in the CBFF logical framework is specifically addressed to tenure rights, but it is difficult to understand how exactly it is being measured (beyond holding workshops, which is currently what it being reported).

¹⁴⁵ CBFF (2013) A presentation of the Congo Basin Forest Fund’s Results-Based Model

¹⁴⁶ CBFF (2013) CBFF 2nd Quarter Report 2013

¹⁴⁷ IBID

¹⁴⁸ IBID

According to the Portfolio Analysis, 7 of the large international NGOs “struggle with technical problems related to unclear land tenure”, which has had a negative impact on the implementation of projects (CBFF, 2013a).

Based on the limited information available, the CBFF portfolio appears to take gender equality issues seriously

It has a specific gender policy and in the selection of projects, preference was given to gender sensitive projects and in the guidelines for project appraisal positive impacts on women is indicated as a criterion (CBFF, 2008).

The CBFF reporting mentions specific results for women, for example that 20 out of 60 ‘eco-entrepreneurs’ trained by a CBFF project in Democratic Republic of Congo were women. Also, CBFF reports that as of June 2013, approximately 1,340 women have been trained and sensitised on REDD+, however it is not clear what the outcome of that training has been and in relation to what aspects of REDD+.

As previously stated, biodiversity is mentioned in the CBFF Framework Document but only in reference to the ten strategic areas of the COMIFAC “Plan de Convergence”

There is also a performance indicator (Immediate Outcome 1) in the CBFF logical framework that measures the “area with the protection of soil and water; conservation of biodiversity; or social services as primary designated function (in hectares)”. Being lumped into these other categories, it is not very clear how (or whether) biodiversity conservation will be measured at portfolio level.

Conclusions

As with previous sections, there are indications of likely relevant contribution to the achievement of this objective, particularly in relation to indigenous peoples’ and local communities’ rights, gender equality and sustainable development, however the reporting of outcomes is absent and of outputs is too limited to gain a clear idea of results achieved

6. Summary of Congo Basin Forest Fund

Purpose	To alleviate poverty and address climate change through reducing the rate of deforestation
Main Objectives	<p>To provide grants (through calls for proposals) to eligible entities for activities that:</p> <ul style="list-style-type: none"> • Slow and eventually reverse the rate of deforestation in the Congo Basin; • Provide support mechanisms which conserve the forests; • Maintain benefits to local communities; and <p>Mobilise additional financial resources to support required actions.</p>
Timescale	The fund was made operational in June 2008 and it is intended to run for 10 years, unless a decision is made by the Governing Council and its donors to extend it.
Funding (budget)	As of March 2014, the funds pledged by the United Kingdom and Norway stood at USD\$ 82.5 million each, with Canada committing an additional CAD\$ 20 million in 2012.
Unit of Evaluation	<p>A total of 41 projects were endorsed by the CBFF Governing Council; of these 37 are ongoing (CBFF Secretariat 2013).</p> <p>The first call for proposals in June 2008 selected fifteen (15) projects out of 188 concept notes, with a particular focus on projects led by civil society organisations.</p> <p>The second call for proposals in 2010 selected twenty-five (25) projects out of 381 concept notes (including 40 from COMIFAC member governments).</p> <p>There is also a regional project, initiated by the Governing Council, which focuses on building capacity of all ten (10) COMIFAC countries in monitoring, reporting and verification (MRV) in relation to REDD+.</p>

Major Achievements

According to a recent analysis of the CBFF portfolio¹⁴⁹ undertaken by the CBFF Secretariat, key results to date include:

- Improving forest governance in the 10 countries of the Congo Basin: Legal and institutional framework for REDD+ and MRV development process underway for each of the 10 COMIFAC countries;
- Fighting deforestation: Financing initiatives to overcome the security and development threats facing forest reserves in Cameroon and DRC (e.g. Luki Forest Reserve and Campo Maa'n);
- Fighting poverty: Financing agroforestry plantations, thereby increasing crop yields and farmers' income;

Increasing forest cover: More than 5,000 hectares of forest plantations and agroforestry to be established in Cameroon, DRC and Rwanda by 2015.

Strengths and Weaknesses

Strengths

- The CBFF has a strong focus on contributing to poverty alleviation, providing support mechanisms which conserve the forests and maintaining benefits to local communities;
- The CBFF differs in offering the advantage that it does not systematically insist on co-financing; this encourages initiative and, in turn, innovation (as evidenced by the considerable number of concept notes received, 198 for the first call, 480 for the second).

Weaknesses

- Reporting of results achieved are predominantly at the output level and the theory of change remains unclear in terms of the extent to which the outputs contribute to the immediate outcomes (i.e. building 100 schools does not necessarily increase literacy rates);

Operational issues have been well-documented (see below) but remain a work in progress as far as effectively managing the portfolio of projects.

¹⁴⁹ CBFF (2013) CBFF Portfolio Analysis

Annex 15 The Forest Carbon Partnership Facility

1. Scope

This annex covers the results of NICFI support to the World Bank's Forest Carbon Partnership Facility (FCPF). It presents background information about the FCPF and NICFI support to the programme. It then analyses the findings in relation to the operations and management of FCPF and the results of support against each of the NICFI core objectives.

The focus of this annex is on the overall results of the institution's activities and the nature of NICFI's support to the institution. As this is a multi-donor trust fund where NICFI's financial contribution makes up just over 30% of the total pledged funds, it is not possible to attribute specific FCPF achievements to any particular donor. However, interview data and a review of the reports does allow us to examine the specific contribution made by Norway in the Participants Committee and in the wider REDD+ arena that affects FCPF.

2. Methodology

This annex is based on a document review, triangulated with interview data. Since the FCPF conducts its own evaluation exercises, the findings of the independent evaluation (*Le Groupe-Conseil Baastel* and Nordic Agency for Development and Ecology 2011¹⁵⁰) and the internal review conducted by the World Bank's independent evaluation group (IEG, 2011) are particularly important. Some information is also drawn from earlier evaluation interviews in Norway and from the previous NICFI evaluations targeting the FCPF.

Documents Interviews were conducted in Washington DC with 10 people from World Bank agencies, three from US government, 11 from civil society organisations holding NICFI Civil Society Support Scheme grants and two now independent people during February 2014 in order to triangulate findings in relation to these reports. A full list of interviews conducted is included in Annex 1, and all references are listed in Annex 2 to the main report.

¹⁵⁰ Hereafter: Baastel and Nordeco, 2011

3. Background information

3.1. Description of the FCPF

The World Bank was encouraged by the G8-meeting in Heiligendamm in 2007 to set up the FCPF to assist developing countries to reduce emissions from deforestation and forest degradation, enhance and conserve forest carbon stocks, and sustainably manage forests (REDD+). The FCPF has two separate but complementary funding mechanisms — the Readiness Fund and the Carbon Fund. It has received funds from 15 donors. As of the 3rd April 2014, 45 countries have been selected as participants of the Readiness Fund, and 40 of these have signed Participation Agreements.¹⁵¹

The World Bank, the Inter-American Development Bank, FAO and United Nations Development Programme are potential Delivery Partners under the Readiness Fund and responsible for providing REDD+ readiness support services to distinct countries. The Participants Committee approved the UNDP as the Delivery Partner under the FCPF for Cambodia, Central African Republic, Honduras, Panama, Paraguay, Papua New Guinea, and Suriname, and the IDB as the Delivery Partner for Guyana, Guatemala, and Peru (FCPF 2013f).

3.2. Main objectives of FCPF

The four strategic objectives of the FCPF are, according to its Charter (IBRD, 2010), as follows:

- 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 performance-based 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 (R-PPs) and Emission Reductions Programs.

¹⁵¹

https://www.forestcarbonpartnership.org/sites/fcp/files/2014/MARch/FCPF%20Readiness%20Progress_CF9_APRIL3.pdf

3.3. Timescale

The FCPF Readiness Fund was made operational on 25 June 2008. The Carbon Fund is operational. Both the Readiness Fund and Carbon Fund are expected to run to 2020.

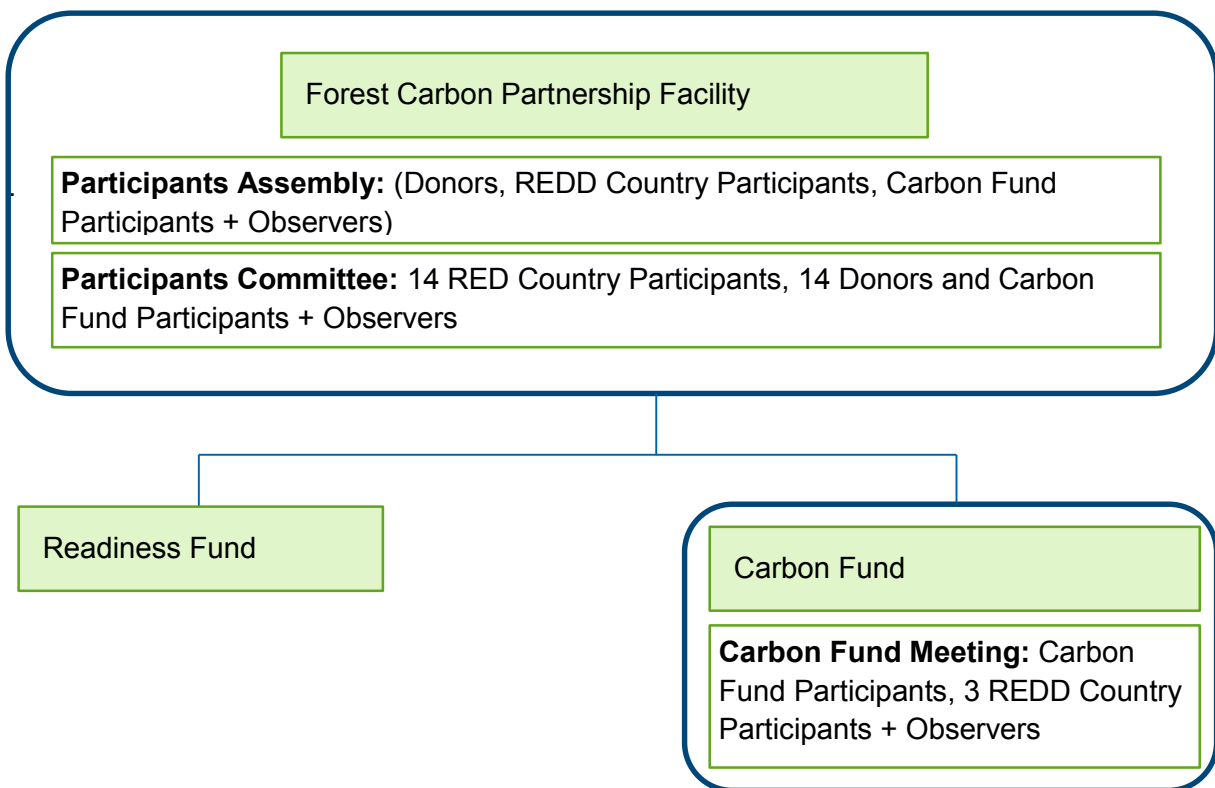
3.4. Governance

The FCPF has two separate but complementary funding mechanisms — the Readiness Fund and the Carbon Fund — to achieve its strategic objectives. Both funds are underpinned by a multi-donor trust fund that can accept contributions from governments and non-governmental entities, including private companies that make a minimum financial contribution of \$5 million.

The World Bank manages both funds and has tried to manage the administration of the funds in a way that shares costs between the two funds. Costs have typically included FCPF Secretariat and REDD+ Methodology Support activities, such as the costs of travel and expenses for REDD Country Participants to attend the Participants Assembly and Participants Committee meetings and the work of the Technical Advisory Panel. In line with the FCPF’s charter, the Readiness Fund pays 65 percent and the Carbon Fund pays 35 percent of Shared Costs, unless the Participants Committee decides otherwise.

The figure below describes the governance structure for the fund and its two windows.

Figure 1: FCPF Governance



3.5. NICFI and other donor commitments to FCPF

The source of the information in this section is the FCPF Annual Report 2013 (FCPF 2013f) and refers to the status of the funds at 30 June, 2013.

NICFI pledges to both FCPF funds as a % of total funds pledged	Value (US \$ millions)	Value (NOK millions)¹⁵²
Total funding pledged to FCPF (all donors)	648	3,855
Total NICFI funding pledged to FCPF	202	1,198
NICFI contribution (as % of total funds pledged)		31%

NICFI funds to Readiness Fund as a % of total FCPF funding	Value (US \$ millions)	Value (NOK millions)
Total funding committed to FCPF Readiness Fund (all donors)	285	1,535
Total funding deposited to FCPF Readiness Fund (all donors)	243	1,442
Total NICFI funding pledged and transferred to FCPF Readiness Fund	30	1804
NICFI contribution (as % of total funds pledged)		12%

NICFI funds to Carbon Fund as a % of total FCPF funding	Value (US \$ millions)	Value (NOK millions)
Total funding committed to FCPF Carbon Fund (all donors)	390	2,320
Total funding transferred to FCPF Carbon Fund (all donors)	312	1,854
Total NICFI funding pledged and transferred to FCPF Carbon Fund	171	1,018
NICFI contribution (as % of total funds pledged)		44%

¹⁵² These are figures as reported by FCPF in US\$ and converted using the exchange rate of 1 NOK: 0.1682 US \$ as published in the Financial Times, May 01, 2014.

Other donors to the FCPF

Readiness Fund	France, Australia, Canada, Denmark, European Commission, Finland, Germany, Italy, Japan, Netherlands, Spain, Switzerland, UK, US.
Carbon Fund	Government: Australia, Canada, European Commission, Germany, Switzerland, UK and US. Private Sector: BP, CDC Climat NGO: The Nature Conservancy

3.5.1. Countries involved in the FCPF

FCPF Countries (as of FCPF dashboard April 03, 2014)

Countries engaged with the FCPF programme	45
Countries With Signed Participation Agreements	40
Readiness Preparation Proposal Formulation Grant Agreements Signed	22
Readiness Preparation Proposal Grant signed	19
Receiving disbursements against Readiness Preparation Proposal	11
Emissions Reduction Programme Ideas Note presented to the Carbon Fund	7
Letter of intent signed to negotiate an Emissions Reduction Purchase Agreement with the Carbon Fund	1

Source: FCPF Dashboard as of April 2014.

3.5.2. FCPF Commitments, disbursements and expenditure

Readiness Fund Commitments to end FY13	Value (US \$ millions)	Value (NOK millions) ¹⁵³
Total Committed (Future grant commitments and budgeted costs to 2020) plus existing actual costs	206	1,223
Total committed funds as a % of pledged funds		32%

Source: Annual Report (FCPF 2013f)

¹⁵³ These are figures as reported by FCPF in US\$ and converted using the exchange rate of 1 NOK: 0.1682 US \$ as published in the Financial Times, May 01, 2014.

Readiness Fund Expenditure to end FY13	Value (US \$ millions)	Value (NOK millions)
Readiness Trust Fund Administration	2.0	12
FCPF Secretariat	7.8	46
REDD+ Methodology Support	6.9	41
Country Advisory Services	5.0	30
Country Implementation Support	8.9	53
Indigenous Peoples' and Civil Society Programme	1.4	8.1
Total Readiness Fund (incl. Carbon Fund Shared Costs)	33	189
Total Readiness Fund (LESS Carbon Fund Shared Costs)	29	175
Formulation Grants	3.2	19
Preparation Grants	6.7	40
Total Grant disbursements	9.9	59
Total Disbursements to delivery partners	11	68
Total Disbursements	25	149
As a % of pledged funds		9.7%
Source: Annual Report (FCPF 2013f)		

Carbon Fund Grant Disbursements to end FY13	Value (US \$ millions)	Value (NOK millions)
Shared costs paid by readiness fund	3.6	22
Carbon Fund Administration	1.1	6.5
Marketing to Private Sector	0.075	0.5
Meeting logistics	0.5	3.0
Development of Emissions Reduction Program Idea Note / Emissions Reduction Purchase Agreements	0.2	1.4
Total	5.2	33
As a % of pledged funds		8.4%
Source: Annual Report (FCPF 2013f)		

4. Results on operational and management processes

The FCPF has exceeded its target for the number of countries participating in readiness activities. However no countries have yet accessed the Carbon Fund and its performance-based payments will be limited to about five countries

Thirty-six countries were engaged in FCPF readiness processes at the end of 2013. This is significantly higher than the initial target of 20 countries (Baastel and Nordeco, 2011).

An interview with FCPF staff highlighted that the Carbon Fund will likely only reach five or six countries and that more focus needs to be put on “inherent value” of readiness and the other financial opportunities which could be tapped.

A wide range of stakeholders noted the risks of raising unrealistic expectations and investing in ‘one-size-fits-all’ readiness processes that do not offer good value for money in the absence of future results-based payments.

Some stakeholders and the external evaluation noted the need for a different approach in which readiness is not seen as a goal to be attained prior to results-based payments but rather as a process which happens alongside pilots to test payment systems.

The FCPF has succeeded in attracting contributions from a wide range of donors but it has not materialised as a strong public-private partnership that was initially envisaged. There is also only limited evidence of readiness leveraging other World Bank investments in targeted countries

The FCPF has attracted total funds of over US\$700m. There are 15 country donors (including the EU), one NGO and two private companies have also committed funds. (FCPF, 2014)

The 2013 Annual Report highlights that whilst the FCPF has not been able to meet the financing requirements for all of the readiness requirements in each country, the creation of R-PPs has enabled countries to access funds from other donors to supplement this (FCPF 2013f). FIP informants reported that FCPF support acted as a strong motivator for countries to bid for FIP support, which included additional readiness activities. Note however (FIP Annex) most FIP partners are focusing on strategic level approaches to emissions reduction.

The 2013 Annual Report reported that the FCPF will only invest time in engaging private sector investors if there is substantive progress at the global level (FCPF 2013f). This was at odds with the NICFI decision document that highlighted the prospect of further private sector donors as an important element of the FCPF Carbon Fund and the possibility for Norway itself to encourage Norwegian enterprises to contribute (MMA and MFA, 2011).

One World Bank informant highlighted the challenges faced by Country Managers who have limited appetite for making complementary investments in the forest sector because of the perceived risks, and the existence of current grant and loan finance. There is no leadership to pull people out of their “silos” in different parts of the Bank to strategise on how to best make use and achieve synergies with the different instruments.

The 2011 internal programme review highlighted the need for the Bank to review its own approach to REDD+ and identify how country-generated REDD+ strategies will be aligned with, and included in, Country Assistance Strategies, Poverty Reduction Strategy Papers and the corresponding operational portfolios and how REDD+ will be supported after the planned closing date of the Facility.

Slow disbursement from the Readiness Fund has been identified as a weakness of the FCPF. Whilst the involvement of other delivery partners may increase disbursement rates, there are still concerns that the complexity and inflexibility of the process limits the ability of countries to participate

The external evaluation highlighted slow disbursement as a weakness of the readiness fund (Baastel and Nordeco, 2011). By June 2014, less than 35% of total contributions to the Readiness Fund had been spent and/or signed as grants (FCPF, 2014)¹⁵⁴.

By the end of the 2013 financial year, 18 R-PP Formulation Grant Agreements had been signed, with 14 of them fulfilled and the remainder actively disbursing. Nine Readiness Preparation Grants had also been signed; of those seven had disbursements in the 2013 financial year. Slow disbursement against these was highlighted as a weakness in the programme evaluations and by Norway at Participant Committee meetings.

As of the 2011 internal review, only 30 percent of the paid-in contributions to the Readiness Fund had been committed and only 16 percent had been disbursed to recipients or spent by the fund management team on technical support activities and administration. 70 percent of the funds have been utilised by five countries (IEG, 2011).

Interview respondents noted possible trade-offs between speed of disbursement, complexity and inflexibility of process, country ownership, and the rigour of FCPF requirements and technical assessments.

Stakeholders also noted that the nine-month negotiation on a Common Approach to safeguards and the time taken to establish legal transfer agreements between the World Bank and the UNDP and Inter-American Development Bank have caused delays but may ultimately speed up disbursement.

Stakeholders expressed concerns at slowness of disbursement, caused in considerable measure by the complexity of the procedures (full Social and Environmental Safeguard

¹⁵⁴ Note that although the Carbon Fund became operational in 2011 and has had a similarly low disbursement rate, this is to be expected given that the Carbon Fund was not anticipated to pay for emissions reductions before 2015 given the time needed for countries to be ready for REDD+ Phase 3.

Assessment regardless of the size of the payment) in place for signing off all grants, even the initial start-up readiness grant.

The evaluation team note that part of the problem has been the fact that readiness processes do not require large investments but do require politically sensitive and time-consuming governance work. Therefore focusing solely on 'readiness' within a set of administrative procedures that have originally been designed for large investments, is unlikely to speed up progress significantly.

Coordination has improved between FCPF and UN-REDD, but there are still concerns that both the complexity of different organisational processes and the multiple stakeholders involved places stress on the limited resources available for coordination in national governments of REDD+ countries

Given the large number and diverse forest conditions of the countries, interview respondents noted that the FCPF processes are demanding for countries with little potential for performance based payments, or countries which have potential but where capacity limitations make it unlikely that they will reach this stage within a reasonable timeframe. In these cases, the complex procedures have also slowed down progress towards concrete results.

Despite the improvements made in coordination between UN-REDD and FCPF¹⁵⁵, it is still necessary for countries to fulfil multiple due diligence requirements in order to access finance from these two different sources. Whilst this problem may almost be seen as an "occupational hazard" it is an issue that should be subjected to continuing pressure from donors to lever further improvements.

Further examination of the effectiveness of the multilateral organisations is warranted given the administration costs involved, the complexity of the administrative procedures and the reliance on external consultants for delivery rather than consolidating in-country capacity

The 2011 FCPF evaluation notes that administration costs were particularly high in the early years of operations, but were showing "a steady improvement in management delivery over the period as the facility progressively becomes operationalized" (Baastel and Nordeco, 2011). In 2013, the breakdown of Readiness Fund expenditures (in \$ thousands) confirms that other costs aside, Readiness Trust Fund Administration and FCPF Secretariat expenditures in the 2013 financial year totalled approximately 20% of total spend. Initial

¹⁵⁵ Improvements include: FCPF and UN-REDD jointly published stakeholder engagement guidelines; representatives from UN-REDD and FCPF participate as Observers at the meetings of each other's governing bodies and these are organised back-to-back to facilitate participation; joint missions to Bolivia, the Democratic Republic of Congo (DRC), Indonesia, Panama, Papua New Guinea, Paraguay, Tanzania and Viet Nam have tried to harmonise the support in these countries. UNDP and FAO became delivery partners to the FCPF in 2011, but UN stakeholders highlighted that it has not been easy to operationalize this collaboration and that activities have not yet begun on the ground.

Norwegian comments on the draft contribution agreement in 2007 questioned why the usual cost-recovery limit of 5% had not been specified.

The 2011 internal review noted that the FCPF management could take advantage of World Bank reforms relating to micro and small grants and highlights that the US \$ 200,000 formulation grants have proven to be an inefficient way to achieve FCPF objectives given the high transaction costs involved (IEG, 2011). This does not appear to have been followed up.

Interview respondents noted that sometimes readiness consultancies did not leave lasting knowledge and capacity in the country, but did allow countries to move along to the next 'step' in a readiness process with an undefined end point. More emphasis on creating lasting national capacity was deemed important but complex and difficult to deliver given the current set up of the FCPF.

The Participants Committee is deemed a relatively efficient governance body which has enabled the participation of donors, REDD+ countries and civil society in key FCPF decisions

The FCPF governance structure includes a 28 member Participants Committee (the governing body of the FCPF) elected by REDD Country Participants and financial contributors, and six observers nominated by forest dependent indigenous peoples and other forest dwellers, civil society organisations and international organisations, and the World Bank (IBRD, 2010).

The World Bank acts as trustee for the Readiness Fund and the Carbon Fund, provides secretariat services to the FCPF, has overall responsibility for delivering the programme, provides technical support to the REDD+ Country Participants and conducts due diligence on matters such as fiduciary policies and environmental and social safeguards (IBRD, 2010).

The evaluation found that the governance structure and processes of the FCPF are seen as highly effective by members and observers alike. Interview respondents noted that the Participants Committee has functioned well and provided an effective forum for technical discussions (for example around the Methodological Framework).

Respondents also noted the supportive and effective intellectual contributions made by NICFI staff participating in this body.

There have been challenges in developing monitoring and evaluation of readiness processes, but the FCPF 2013 Annual Report has created a clearer results framework and reported against impact, outcome and output indicators

The wording of the impact, outcome and output level indicators suggests that NICFI has had an important influence on the FCPF's logical framework and reporting (FCPF 2013h).

As of end 2013, this still needed to be operationalised to streamline reporting at country level.

The FCPF 'Readiness Assessment Framework' was finalised in June 2013 (FCPF, 2013a) and "provides a common framework to measure countries' relative progress on core readiness activities" using a combination of 34 assessment criteria. This tool was initially developed for the R-Package assessment but experiences in Democratic Republic of Congo and Nepal show it can also be used to inform ongoing monitoring throughout the readiness phase (FCPF, 2013f).

5. Results and Progress Towards Achievement Of The NICFI Objectives

The next four sections tackle the extent to which NICFI has achieved its three objectives and has contributed to the achievement of development objectives.

5.1. NICFI core objective 1: To work towards the inclusion of emissions from deforestation and forest degradation in a new international climate regime

FCPF is engaging with the negotiations/negotiators mainly through the REDD+ partnership. As implementation progresses, there will be greater scope to communicate the results of South- South exchange of experiences

The FCPF fund management team provides secretariat services to the REDD+ Partnership along with the UN-REDD Programme which has provided an opportunity to share lessons on safeguards, monitoring, reference levels, financing options, and drivers of deforestation and forest degradation.

FCPF informants noted that other multilaterals may have a more extensive interaction and that there is significant potential for increased engagement in future.

The FCPF has played a significant role in contributing to the establishment of global standards for REDD+

The phased process designed and implemented by the FCPF *i.e.* Formulation Grant, Readiness Preparation Proposal, Readiness Package, Emissions Reduction Project Idea Note, Emissions Reduction Program Document, Emissions Reduction Purchasing Agreement provide an operational basis to the REDD+ agreements made in Cancun in 2010.

The 'Common Approach to Environmental and Social Safeguards' developed by FCPF and UN-REDD provides Donor Partners with a common platform for risk assessment and quality assurance, while using the World Bank safeguards as the minimum threshold (FCPF, 2011b).

Eleven non-participant countries have adopted common FCPF standards and prepared R-PPs on their own account and initiative (FCPF, 2013f).

The Methodological Framework of the Carbon Fund has been developed by a working group of financial contributors, REDD+ country participants and civil society observers. This work has influenced the negotiations discussions on MRV

The Methodological Framework of the Carbon Fund is acknowledged by some stakeholders as a major contribution to the UNFCCC agreements on methodologies for measuring and verifying results. The Framework is expected to be refined over time, as Carbon Fund pilot projects are implemented and lessons are learned on their experiences (FCPF, 2013b).

The Carbon Fund Methodological Framework has been developed by a working group consisting of three financial contributors to the Readiness Fund or the Carbon Fund, and three REDD Country Participants, one civil society observer, one indigenous peoples and other forest dwellers observer, and one private sector observer¹⁵⁶. Carbon Fund participants (including REDD+ partner countries, civil society organisations – for example through a joint WWF-FCPF workshop – and Participants Committee members through the Participants Committee meetings) played an instrumental role in its development and adoption. Stakeholders from other donor countries also noted the important lessons from NICFI's bilateral support to Brazil that could be shared during these meetings.

Whilst the FCPF has produced a decision support tool for the development of REDD+ reference levels and the design of MRV systems, which should help countries understand the technical, capacity and policy implications of MRV choices (FCPF, 2013f), there are still concerns from some respondents that the way REDD+ has been configured means that some of the countries currently in 'readiness' processes might never benefit substantially from the Carbon Fund. Consequently it is important that there is an alternative reward for

¹⁵⁶ <http://forestcarbonpartnership.org/working-group-methodological-and-pricing-approach-carbon-fund-fcpf>

their readiness efforts and one which will ensure that gains made, such as on improved governance, are not lost.

Lessons learned documentation and south-south exchanges have enabled FCPF to contribute to the global knowledge base on REDD+ but this has not drawn on other experience within the World Bank and the lessons are not always communicated adequately to negotiators

The FCPF started positioning itself as a knowledge sharing platform with the publication of its first working paper in 2010 *Harvesting Knowledge: Early Lessons from the FCPF Initiative and Beyond* (FCPF, 2010c). Since then, the FCPF website has become a repository for documents produced on a range of themes (Benefit sharing, engaging civil society organisations, engaging indigenous people and forest-dependent peoples, Safeguards, Grievance Redress, Forest Governance, the Economics of REDD+ and REDD+ Financing). It also contains reports and documents produced by other agencies and for non-FCPF countries where they are relevant.

A joint UN-REDD and FCPF south-south exchange on topics relevant to fund design among countries that are establishing national REDD+ funds was implemented in 2013 and an evaluation of the material available on the websites demonstrates little overlap. Interview respondents noted that there had been no systematic efforts to transfer knowledge between FCPF and the BioCarbon Fund or from other forest governance processes (e.g. the Forest Law Enforcement, Governance and Trade (FLEGT) programme).

FCPF staff note the opportunity to communicate these more strongly to negotiators and to facilitate greater opportunities to build common understanding and positions.

Conclusions

The FCPF has played a significant role in contributing to the establishment of global standards for REDD+.

The FCPF has relied upon the REDD+ partnership to disseminate lessons learned to negotiators, but there is greater scope for the FCPF to target negotiators with communication on the results of lesson-learning activities.

5.3. NICFI core objective 2: To take early action to achieve cost-effective and verifiable reductions in greenhouse gas emissions

Countries are progressing through the readiness process, but the results obtained so far relate mainly to building stakeholder engagement, developing platforms for information exchange and increasing the understanding of stakeholders at different levels on REDD+

By the end of 2013, participation agreements had been signed with 36 countries, but only 9 REDD+ countries were undertaking R-PP implementation. One country, Democratic Republic of Congo, has advanced to the mid-term review stage with several countries expecting to reach this milestone in 2014 (FCPF, 2013f).

The 2011 evaluation found that since its inception in 2008, FCPF had made significant progress in meeting the objectives around building in-country capacity and disseminating lessons learned in readiness, but less progress has been made on piloting a performance-based system of payments and enhancing livelihoods & conserving biodiversity (Baastel and Nordeco, 2011). Interview respondents and the review of the 2013 annual report highlight that this is still the case (FCPF, 2013f).

One country, Costa Rica, has signed a Letter of Intent with the Carbon Fund. There are questions about the number of other countries likely to receive these payments in future

In FY13, Costa Rica was accepted into the pipeline of the Carbon Fund, and is the first country to sign a Letter of Intent in 2014 to negotiate an Emission Reductions Purchase Agreement worth up to US \$ 63 million.

Ten programme ideas have been presented to the Carbon Fund, including eight (three new and five updated) presented in 2013 alone; two Emissions Reduction Program Idea Notes have been presented (Democratic Republic of Congo and Costa Rica). Other countries presenting early ideas include: Chile, Ethiopia, Indonesia, Mexico, Ghana, Nepal, Republic of Congo (Brazzaville), and Vietnam (FCPF Dashboard, 2014).

Interview respondents highlighted Ghana, Democratic Republic of Congo, Liberia, Zambia as countries potentially moving towards result-based payments phase. In the case of all these countries, this is optimistic given the current requirements, general lack of control of the drivers, lack of readiness outside of the capital and fragility of progress. Lessons from FLEGT in Liberia, for example, could be considered.

Interview respondents highlight the fact that only 5-6 countries are likely to be able to benefit from the Carbon Fund, which was designed as a pilot not a permanent solution. Given the large number of countries engaged in readiness, this raises questions about how the work of these countries on readiness will lead to payments for emissions reductions or for some other reward of similar value. It is vital that gains made through readiness activities are not lost.

There is evidence, from interviews and, notably in the case of World Bank activity in Lao, that the REDD+ dialogue under FCPF (and in a more limited number of countries also under FIP) has created for the first time a cross-sectoral dialogue on forest issues at relatively high levels, involving sectors such hydropower, mining, infrastructure and forests/natural resources

Combined with better availability of information this has increased transparency of what was happening with the forest sector and forest land allocation for other uses. This was reported by one respondent as particularly evident in Lao.

The 2011 evaluation noted that REDD+ had created political space for national civil society actors to pursue forest and other reforms beyond REDD+ (Democratic Republic of Congo, Mexico and Nepal were cited as examples) (Baastel and Nordeco, 2011).

The evaluation also noted the potential to create new momentum, energy and incentives with which to address long-standing and chronic problems that have impacted negatively on the forest sector for decades, but noted that continued efforts to engage non-sector ministries (agriculture, finance and rural development) would be needed to secure these (Baastel and Nordeco, 2011).

Cambodia, Ethiopia, Indonesia, Kenya Country Progress Sheets highlight some degree of integration between the REDD+ processes and wider low-carbon development / climate change response strategy development, with indications that this results in an effective cross-sectoral process (FCPF, 2013c).

FCPF has supported countries to develop MRV systems which can support wider forest management without considerable revision

The R-PP template includes all elements of monitoring (forest and carbon density, land use change, safeguards, governance, and multiple benefits within a single chapter on establishment of a national forest monitoring system. It is also useful for clarifying and documenting the roles of institutions for countries' proposed MRV systems and for identifying training and capacity building requirements (FCPF, 2012d).

Interview responses highlighted the importance of increased emphasis on the inherent value of the REDD+ process rather than focusing solely on the potential for results-based payments and activities which facilitate improved forest management more widely are a good example of this.

Translating MRV systems developed for closed forests into systems for more open, dry forests is complex statistically and in respect of the interpretation of results. Dry forests also have much lower carbon stocks. Nevertheless, MRV expertise would provide a basis for such work and for landscape-level MRV systems, which are of great importance in such ecological regions. This work would need a supportive broader policy framework for it to be effective.

FCPF readiness processes do not in themselves make countries better able to tackle the drivers of deforestation

The FCPF relies on National Governments being able to tackle the drivers of deforestation. This is not within the control of the FCPF itself, but rather depends on the existence of cross-sectoral political commitment (including from finance and agriculture ministries), institutional changes being made and the availability of sufficient financial incentives (Baastel and Nordeco, 2011). Several respondents commented that the level of FCPF support, especially in larger and more complex countries, is insufficient to trigger such changes.

Whilst it is a key element assessed by the FCPF Readiness Assessment Framework to assess the implications of REDD+ Strategy options on existing sectoral policies (FCPF, 2013a), it is not clear whether this process is designed to enable an evaluation of trade-offs or simply to ensure that REDD+ is supportive of broader development efforts.

The evaluation and large proportion of the respondents contacted for this evaluation highlighted the need for a greater focus on piloting measures to tackle drivers of deforestation and incentive levels alongside readiness processes (Baastel and Nordeco, 2011).

Progress is being made in relation to the development of financial mechanisms in several countries, but it is not clear whether this is due to FCPF financing or support

FCPF Country Progress sheets do not necessarily attribute achievements to particular implementation modalities, but noted progress on the development of national finance mechanisms being made in Colombia, Costa Rica, Kenya, Nepal, and Nicaragua (FCPF, 2013c).

Conclusions

There are two major constraints likely to limit the results achieved by FCPF in achieving emissions reductions. First the lack of funding coming forward at the rate initially projected and secondly the complexity and slowness of the processes in terms of administration of finance and the ability of countries to make progress at the speed anticipated. Unless, REDD+ can demonstrate its ability to support countries in tackling the drivers of deforestation to deliver clear and nationally valued benefits, it is not likely to be viable in the longer term.

There is an urgent need to manage expectations around the countries that may not be able to achieve results-based payments and a better communication of how to focus readiness efforts in those countries. Whether the inherent values gained will be seen as fully equivalent to the payments originally envisaged is an open question.

As significant finance will not flow under the current model unless and until result-based payments start, this may limit the essential political buy-in in those countries which will only see “inherent values”. “Sizeable financial flows” were regarded as crucial for political buy-in by nearly all partner country interviewees in the REDD+ partnership assessment of the multilateral initiatives (IDL, 2011).

Expansion into other areas than closed forests, will lay requirements on MRV that are beyond current models to handle and cannot be achieved without moving to a landscape level approach.

5.4. NICFI core objective 3: To promote the conservation of natural forests to maintain their carbon storage capacity

Conservation of natural forests is explicitly referenced in the R-PP template and also addressed through the Common Approach to Environmental and Social Safeguards used by the FCPF

Conservation of natural forest is explicitly referenced in the R-PP template under Section 2d (Social and Environmental Impacts during Readiness Preparation and REDD-plus Implementation) (FCPF, 2012d).

Text from the Cancun COP Decision 1/CP.16 Safeguards Appendix 1 sub-section (e) is referenced in the R-PP template (FCPF, 2012d).

The ‘Common Approach to Environmental and Social Safeguards’ highlights the need “To realize the potential of forests to reduce poverty in a sustainable manner, integrate forests effectively into sustainable economic development, and protect the vital local and global environmental services and values of forests,” it also notes the need “to promote environmentally sustainable development by supporting the protection, conservation, maintenance, and rehabilitation of natural habitats and their functions” (FCPF, 2011b).

The World Bank (World Bank, 2012) and Inter-American Bank (IDB, 2006) have safeguard procedures which endeavour to minimise adverse environmental impacts on forests. UNDP relies on the UN-REDD safeguards which also contain this provision (UN-REDD, 2011c).

Conclusions

The FCPF has supported countries to ensure that their National REDD+ Strategies promote the conservation of natural forest and will continue to require the application of safeguards to REDD+ activities. However, as countries have not yet entered the implementation phase, it is too early to ascertain whether this will deliver the desired results in terms of natural forest protection.

5.5. Objective 4: To deliver development benefits in the implementation of activities under Objectives 1-3.

The scope and scale of FCPF funding inevitably requires that the focus is on scene-setting and dealing with policy and legal issues that will only lead to tangible developmental benefits in future rather than immediately, FCPF has made good progress with those aspects within its capacity to influence and support

With the exception of Mexico, where local action by World Bank country staff linked FCPF and FIP activities with World Bank supported forest sector development, there has not been significant leverage of additional forest sector lending through the World Bank.

Overall forest-sector lending by the World Bank has diminished in recent years, in part (according to interviewees) due to the availability of substantial “free money” through FCPF and FIP. It was also commented that the complexity of the processes in place for FCPF and FIP given the relatively small amounts of finance involved, and the potential for intervention by an “Inspection Panel”, tend to make individuals wary of becoming involved in the forest sector in general and in REDD+ related finance in particular. Similar findings are reported in the Assessment of Multilateral Initiatives undertaken for the REDD+ Partnership in 2011 (IDL, 2011).

The Common Approach to Environmental and Social Safeguards, developed by the FCPF and UN-REDD has established norms for safeguards and stakeholder engagement in REDD+ readiness

These include guidance on stakeholder engagement in REDD+ Readiness, and on the implementation of a Strategic Environmental and Social Assessment (SESA), and the development of an Environmental and Social Management Framework (ESMF) for the national REDD+ strategy. It also elaborates on the establishment of national feedback and grievance redress mechanisms (FCPF, 2011b).

This also gives other Delivery Partners' safeguard systems 'substantial equivalence' to those of the World Bank, which helps coordinate between different REDD+ actors (FCPF, 2011b).

In 2013, the FCPF finalised an analysis that examined the consistency between the World Bank safeguards policies and the safeguards included in the UNFCCC guidance related to REDD+ (FCPF, 2013g). This analysis also examined what enabling features were needed for an effective feedback and grievance redress mechanism, and how to best use the information generated from the application of safeguards as inputs into the UNFCCC-required national Safeguard Information Systems (SIS) (FCPF, 2013g).

FCPF and UN-REDD work in Democratic Republic of Congo has supported the design and implementation of the national Safeguard Information System, which includes 7 principles, 25 criteria, and 43 indicators related to livelihoods and biodiversity conservation, among other thematic areas (FCPF, 2013f).

The FCPF has ensured participation of indigenous people in the Governance body and continues to deliver a capacity building programme which aims to promote the effective participation of indigenous people and forest dwellers in REDD+

The FCPF Charter – more specifically Section 11.7 (b) – states that one observer should be from, among others, Forest-Dependent Indigenous Peoples and Other Forest Dwellers, and each group will determine its own process for selecting an official observer for the Participants Committee meeting (IBRD, 2010).

It allocated US \$ 200,000 per year (2009-2013) funding 14 proposals delivering national-level activities in 9 countries and 3 regional workshops. \$3.5m has now been committed for the 2012-2015 fiscal years (FCPF 2012c)

The 'Global Indigenous Peoples Dialogue with the Forest Carbon Partnership Facility' was held in December 2012 in Qatar, and produced the 'Global Action Plan of Indigenous Peoples Relating to FCFP (2013-2015). It is "a set of activities aimed at implementing FCPF within the human rights framework [...] with the spirit of UN Declaration on the Rights of Indigenous Peoples (UNDRIP), including the principles of Free, Prior and Informed Consent (FPIC)" (FCPF, 2012e).

However, despite these activities it is not clear whether there has yet been a significant impact on the FCPF procedures which, in line with the World Bank practice use the term consultation instead of consent¹⁵⁷.

¹⁵⁷ http://www.worldbank.org/en/news/feature/2013/07/09/stronger_engagement_with_indigenous_peoples

The FCPF now emphasises the inherent benefits of REDD+ and encourages countries to explore the non-carbon benefits of forest conservation. However it is not yet clear whether these are likely to be sufficient to enable action to tackle the drivers of deforestation effectively and thus deliver nationally valued benefits

The guidance for the development of Emissions Reduction Program Idea Notes states that the projects must “generate substantial non-carbon benefits”, environmental and social benefits must be described in the ER-PIN along with benefit-sharing arrangements which aim to address the drivers of deforestation identified (FCPF, 2013d).

An assessment of potential economic development options is an optional part of REDD+ strategy development as specified in the R-PP template (version 6) (FCPF, 2012d).

The FCPF has endeavoured to tackle corruption and illegality through investment in national capacity for grievance redress, assessment of fund management capacity and support to pilot project

Following an assessment of REDD+ countries’ grievance mechanisms, the Participants Committee allocated an additional US \$ 200,000 to each country’s Readiness Preparation Grants of \$3.6 million. These funds are intended to be used for “assessing existing national institutional capacity for feedback and grievance redress, for building institutional capacity and personnel requirements, and for supporting the operation of relevant mechanisms” (FCPF, 2012b).

The assessment of ‘Funds Management Capacity’ is a key element of the R-Package which would need to be completed prior to receiving funds from the Carbon Fund (FCPF, 2013a).

The 2013 Annual Report highlights the importance of community forestry networks established through a Tanzanian pilot project which generate lessons in relation to improving forest governance and the importance of combating illegal timber harvesting (FCPF, 2013d).

FCPF is working towards a target that all national REDD+ strategies, monitoring systems and Emission Reductions programmes incorporate indicators related to biodiversity conservation and forest community livelihood development¹⁵⁸.

There is no data available currently as to how many national REDD+ strategies contain this, but the Democratic Republic of Congo is identified as a good practice example as it contains indicators to track progress towards the enhancement of livelihoods and biodiversity conservation in the national REDD+ process (FCPF, 2013d).

¹⁵⁸ FCPF Results Framework outlined in 2013 Annual Report (FCPF, 2013d)

REDD+ Countries prioritise governance improvements as a key area where they need support in the FCPF readiness process. Positive results have been reported in some countries

A report was commissioned by the FCPF and UN-REDD to do a 'Joint Country Needs Assessment for the UN-REDD Programme and FCPF'. Key findings include:

- 80% of all countries prioritised governance for support;
- A majority of countries prioritised institutional strengthening and reforms, benefit sharing and legal frameworks for REDD+(Linhares-Juvenal, 2012).

The R-PP guidance clearly specifies the requirement to address the relevant governance issues which need to be addressed. The FCPF Assessment Framework (FCPF, 2013a) also requires the demonstration that action plans 'make progress in the short-, medium- and long-term towards addressing relevant land-use, land tenure and titling, national resource rights, livelihoods and governance issues in priority regions".

In Liberia FCPF supported the production of a report on 'Assessment of key governance issues for REDD+ implementation through the implementation of the World Bank Program on Forests forest governance tool (Government of Liberia, 2012).

FCPF reports specific cases in Indonesia, Mozambique and Liberia where national legislation related to the rights of Indigenous Peoples, carbon rights and land rights (respectively) were amended as a result of the REDD+ process in the respective countries (Impact Level indicator 1.5.B) (FCPF, 2013d).

Country Progress sheets also highlight the following:

- The Colombian government will propose a transitional legislation including minimum requirements to develop REDD+ activities in the country, the obligation to conduct a national registry including voluntary projects to avoid double counting, a regulation for prior consultation for REDD+ activities;
- In Ghana, recommendations from the policy, legislation and governance sub-working group of the National REDD+ working group and the REDD+ secretariat have been incorporated in the revised forest and wildlife policy and the National Climate Change Policy to make them consistent with the objectives of the REDD+ scheme. (FCPF, 2013c).

FCPF supports countries to make improvements to land tenure, but it is hard to attribute achievements to the FCPF support

The guidance for Emission Reduction Program Idea Note (ER-PIN) preparation requires countries to "describe the land use and land tenure context of the proposed Emission Reduction Program, and if and how rights to territories and land and mitigation benefits from REDD+ are reflected in traditional practices and codified in legal and/or regulatory frameworks" (FCPF, 2013d).

The major achievements reported by FCPF include the approval of the National Land Rights Policy in Liberia and the Indonesian 2013 ruling on customary forests of indigenous people should not be classified as “State Forest Areas.” However, it is doubtful if the FCPF could claim its support to readiness processes was solely responsible for these achievements (FCPF, 2013f).

World Bank procedures were assessed as compliant with ODA requirements in the Norwegian Decision Document and there are various documented institution-wide policies which should mitigate fiduciary risks

These include the World Bank’s Single Audit process has been used since 2009 and means that 100% of the World Bank’s Trust Funds are now subject to annual independent audit of their financial statements (principally covering cash in and out, fund balance, investment income and administration fees).

The Bank also works towards its ‘Implementation Plan for Strengthening World Bank Group Engagement on Governance and Anticorruption’ (World Bank, 2007) and its staff are guided by the ‘Governance and Anti-corruption Good Practices for Financial Management Specialists’ (World Bank, 2010).

The Bank produces a *Country Procurement Assessment Report* (World Bank, 2002) to measure and manage fiduciary risks in each of its operational areas.

Whilst a number of elements in the FCPF governance and process aim to promote gender equality, there is not yet evidence that this has translated into benefits for women forest users

Gender is not mentioned in any of the FCPF Annual Reports¹⁵⁹ but an assessment of gender-based risks or unequal benefits is required in the R-PP template.

In 2013, the Facility Management Team received a request to invite a ‘Women’s Observer’ to the Participants Committee meetings, which was granted recently at the 15th Participants’ Committee Meeting. From now on, a representative from the Global Women’s Tenure Network will participate as an official observer (the representative will come from the continent on which the PC meeting is held) (FCPF, 2013f).

The FCPF Partner Countries are expected to report on the level of participation and engagement with various stakeholder groups, including women (FCPF, 2013h). There is a risk that a focus only on participation may not result in action that benefits women.

¹⁵⁹ Based on a word search in Annual Reports from 2009 to 2013

NICFI's support to FCPF appears broadly in line with the Paris Declaration on Aid Effectiveness but there is further scope to improve coordination between different REDD+ actors

There is no explicit mention of the Paris Declaration Principles in the FCPF materials, but the process of developing an R-PP should be nationally led. The existence of the FCPF as a multi-donor trust fund also aims to improve donor coordination in country which contributes to the implementation of the Paris principles. Some concerns about coordination between different REDD+ actors were raised in the 2011 FCPF Programme Evaluation (Baastel and Nordeco, 2011). The findings from the 2013 MRV Evaluation for NICFI (Lincoln *et al.*, 2013) and the interview material gathered in 2014 indicates there is still room for improvement in coordination.

Conclusions

The programme has worked to ensure development benefits are ensured through the participation of affected stakeholders, the application of safeguards to REDD+ activities and the development of activities which promote the multiple benefits of forests in REDD+ strategies.

The potential for conflict between forest conservation and stakeholders' livelihoods at the local level is not acknowledged in the FCPF Theory of Change. All REDD+ actors face a challenge that there may sometimes be trade-offs between economic development and forest conservation. More work is needed to pilot compelling economic alternatives to deforestation.

FCPF has used resources in line with the Norwegian ODA requirements and with due consideration of issues of anti-corruption. The work on gender could be strengthened and future reports should focus on how analysis of gender issues and participation of women's groups has led to tangible improvements in decision-making for the benefit of women forest users.

Work on coordination (between UN-REDD agencies, between UN-REDD and FCPF and between UN-REDD and Norwegian bilateral initiatives) as per the Paris Declaration on aid effectiveness could be improved.

While the relatively large amount of funding committed by Norway to the Carbon Fund is in line with the aim of demonstrating adequate funds being available for results-based payments, and providing a pilot, given the slow progress of countries towards being ready to earn results-based payments, it is not clear that this balance between readiness and carbon funding is now fully appropriate and it should be reviewed, especially in light of the unexpectedly large number of countries that are engaged in the readiness process.

The need to manage expectations from countries that do not progress in the short-term to the carbon funds will require considerable inputs from donors and from agencies such as FCPF.

The failure to leverage significant, parallel forest sector finance is disappointing and suggests a reconsideration of the current approach is needed.

Annex 16

The Forest Investment Program

Note on the coverage of FIP by the ongoing Independent Evaluation of CIF

In late June 2014, as this report was being finalised, the draft final report of the Independent Evaluation of the Climate Investment Funds was presented. The Climate Investment Funds Administrative Unit has expressed a number of important reservations and disagreements with that evaluation. The management response¹⁶⁰ is comprehensive but three overarching points are made. The first is that they do not consider the CIF evaluation takes sufficient note of the understanding when CIF was set up that climate action was urgent and that improvements would be made over time in terms of design and implementation nor that this has been a continuous feature of CIF. The second point relates to the novelty of the area of work and of CIF itself. This has necessitated a steep learning curve, and in addition, there will also be a delay on seeing changes given that these are expected to come to fruition in the medium term. The third point is that the challenges of creating a harmonised, multi-donor fund are inadequately reflected in the evaluation.

FIP itself considers the CIF evaluation does not present adequate discussion of its findings. In particular, the innovative nature of the Dedicated Grant Mechanism and the participatory development of the monitoring and reporting guidance and toolkit are not given sufficient weight.

FIP also disagrees with the interpretation of the FIP role in REDD+. FIP considers the CIF evaluation too rigid in its view of the phased approach to REDD+, which FIP sees as a useful guide rather than definitive process to be followed absolutely and emphasises the importance of country contexts. More details of the FIP response are in the paper noted in the footnote.

It was not feasible for this annex, which drew on the Final Interim Report: Independent Evaluation of the Climate Investment Funds by ICF International, to be revised to take account of recent feedback to the draft report but interested readers should access and refer to the latest information from the CIF evaluation available on the FIP website.

¹⁶⁰ Document reference CTF-SCF/TFC.12/8 dated 17 June 2014 will be posted on the FIP website www.climateinvestmentfunds.org/cif/node/5

1. Scope

This annex covers the results of NICFI support to the World Bank's Forest Investment Programme (FIP). It presents background information about the FCPF and NICFI support to the programme. It then analyses the findings in relation to the operations and management of FIP and the results of support against each of the NICFI core objectives.

The focus of this annex is on the overall results of the institution's activities and the nature of NICFI's support to the institution. As this is a multi-donor trust fund where NICFI's financial contribution makes up around 24% of the total pledged funds, it is not possible to attribute specific FIP achievements to any particular donor. However, interview data does allow us to examine the specific contribution made by Norway in the FIP sub-committee and in the wider REDD+ arena that affects FIP.

2. Methodology

This annex is based on a review of publically available documents detailing the processes followed by the FIP in its engagements with donors, delivery partners and countries as well as the results documented in its reports and evaluations. Since the FIP conducts its own evaluation exercises, the findings of the independent evaluation (ICF, 2013) has been particularly important for this evaluation.

Some information is drawn from evaluation interviews in Norway and from the previous NICFI evaluations targeting the FIP. Further interviews were conducted in Washington DC with 24 stakeholders in February 2014. A full list of interviews conducted is included in Annex 1, and all references are listed in Annex 2, to the main report.

3. Background information about FIP

3.1. FIP Governance

The FIP Sub-Committee is responsible for overseeing and deciding on the operations and activities of the FIP.

The FIP Sub-Committee was established by the Strategic Climate Fund Trust Fund Committee to oversee and decide on the operations and activities of the FIP. It comprises of:

- Up to six representatives from donor countries: Australia/Sweden, Denmark/Spain, Japan, Norway, United Kingdom, and United States;

- Six representatives from the pilot countries (based on consultation process): Brazil, Democratic Republic of Congo, Ghana, Indonesia, Mexico and Peru;
- Active observers for the FIP Sub-Committee include representatives from the FCPF Secretariat, the Global Environment Facility, UNFCCC and the UN-REDD technical secretariat, as well as representatives identified through a self-selection process (civil society, Indigenous Peoples and private sector). Decision-making within the Sub-Committee is done by consensus (SCF, 2008).

3.2. Purpose of the FIP

The main purpose of the FIP is to “support developing countries’ REDD-efforts, providing up-front bridge financing for readiness reforms and public and private investments identified through national REDD readiness strategy building efforts, while taking into account opportunities to help them adapt to the impacts of climate change on forests and to contribute to multiple benefits such as biodiversity conservation, protection of the rights of indigenous peoples and local communities, poverty reduction and rural livelihoods enhancements (FIP, 2009).

Activities supported by the FIP include:

- Investments that build institutional capacity, forest governance and information;
- Investments in forest mitigation efforts, including forest ecosystem services; and
- Investments outside the forest sector necessary to reduce the pressure on forests such as alternative livelihood and poverty reduction opportunities (FIP, 2009).

3.3. FIP Objectives

The FIP was designed to achieve four specific objectives:

1. To initiate and facilitate steps towards transformational change in developing countries forest related policies and practices;
2. To pilot replicable models to generate understanding and learning of the links between the implementation of forest-related investments, policies and measures and long-term emission reductions and conservation, sustainable management of forests and the enhancement of forest carbon stocks in developing countries;
3. To facilitate the leveraging of additional financial resources for REDD, including through a possible UNFCCC forest mechanism, leading to an effective and sustained reduction of deforestation and forest degradation, thereby enhancing the sustainable management of forests;
4. To provide valuable experience and feedback in the context of the UNFCCC deliberations on REDD (FIP, 2009).

3.4. Timescale for the FIP

The FIP was designed and created in 2008, then made operational in July 2009. It is subject to the Climate Investment Funds' 'sunset clause', *i.e.* once a new financial architecture has become effective the funds will not accept new pledges ¹⁶¹.

3.5. Scale of FIP operations

The FIP sub-committee selected eight pilot countries out of 45 applications based on a set of criteria that included: i) programme potential to contribute and adhere to FIP objectives and principles; ii) country preparedness and ability to undertake REDD initiatives; and iii) existing pilot programme distribution across regions and biomes, ensuring that pilot programs generate lessons on scaling up activities (FIP, 2013a). Brazil, Burkina Faso, Democratic Republic of Congo, Ghana, Indonesia, Lao People's Democratic Republic, Mexico, and Peru were selected.

NICFI and other donor commitments to the FIP

NICFI pledges to FIP as a % of total funds pledged	Value (US \$ millions)	Value (NOK millions) ¹⁶²
Total funding pledged to FIP (all donors)	611	3,782
Total NICFI funding pledged to FIP	146	904
NICFI contribution (as % of total funds pledged)	24%	
Source: Climate Funds Update, 2014		

Other donors to FIP

Australia Denmark, Japan, Spain, Sweden, UK, United States

Source: Climate Funds Update, 2014

FIP Disbursements

Cumulative Disbursements	Value (US \$ millions)	Value (NOK millions)
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¹⁶¹

https://climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/cif_annual_report_final_021810_0.pdf

¹⁶² These are figures as reported by FCPF in US \$ and converted using the exchange rate of 1 NOK: 0.1682 US \$ as published in the Financial Times, May 01, 2014. Foreign exchange rate variation causes slight differences between figures quoted in different sources.

2011-2013	8.5	51
As a % of the projected disbursements		24%
As a % of total funds pledged		1.4%
Source: Climate Investment Funds Disbursement Report at 31 December 2013		

FIP Committed Funds by Country¹⁶³

Financing (not incl. project development grants) US\$ million	Expected leverage (US\$ million)	Contents of the investment plans
Brazil 70 (46% grants)	49	Forest management and use and forest information (including primary information and early warning system for forest fires).
Burkina Faso 30 (all grants)	13	Mainstreaming of REDD+ into sectoral frameworks and strategies; investment into village-based management, protection and rehabilitation of woodlands; investments into management of protected areas (gazetted forests).
Democratic Republic of Congo 60 (all grants)	TBC	Piloting community-led and private sector REDD+ initiatives, with the aim of supporting enabling activities such as land use planning, land tenure reforms, and national policy reforms.
Ghana 50 (all grants)	47	Piloting of replicable and scalable models of participatory forest management, promotion of sustainable cocoa and agroforestry initiatives and community restoration of degraded forest and agricultural landscapes, creation of a FIP Ghana REDD+ Credit Facility.
Indonesia 70 (46% grants)	105	Building the institutional, financial, and technical capacities of local Forest Management Units; Strengthened capacity of small and large forestry enterprises, support to participatory land use planning and smallholder woodlot development.
Lao 15.83 (all grants)	TBC	Investments in a smallholder forestry programme and efforts to scale up sustainable forest management
Mexico 60 (54% grants)	700	Investments in sustainable productive forest activities, targeting local and indigenous community organizations and small landholders; create a dedicated REDD+ financing line through Financiera Rural (a public financial institution), Demonstrate the financial viability of low carbon forest landscape management investments and practices.

¹⁶³ In addition to these, US\$ 2 million approved for Investment Plan preparation grants; US\$ 50 million requested for Dedicated Grant Mechanism; US\$ 30 million estimated for MDB project preparation/supervision; US\$ 56 million for FIP Private Sector Set-aside. Total funds used, US\$ 58 million, unused US\$ 35 million

Peru	50 (54% grants)	37	Investments in the implementation of integrated landscape management including improved land tenure and land use planning processes, improved timber and non-timber forest product businesses and the recovery of degraded lands for agroforestry. In addition, support to design and implement a forest monitoring System and promote the development of financial instruments for sustainable long-term forest investments.
Average commitment per country			
		Value (US \$ million)	Value (NOK million)
Average FIP Resources Allocation		51	294
Source: Overview of FIP Funding Status 30 March 2014			

4. Findings in relation to the operations and management of the FIP

Norwegian commitments and policy work were important in the creation of the FIP, but the balance between climate and development objectives did not reflect NICFI's initial position

Three respondents noted NICFI's active engagement in the design process for the FIP and the importance of its initial commitment of US \$ 150 million over three years to the creation of the FIP. Norwegian internal documents also state that Norway had been one of the main drivers of the process to create the FIP and that despite the potential risks associated with forest lending, it was committed to developing a robust, effective and flexible framework for efforts to prevent deforestation. NICFI was also vocal on the importance of coordination with UN-efforts in these early discussions.

Two interviewees noted that initially, NICFI was strongly opposed to the inclusion of Burkina Faso, which did not fit with their preferred approach of focusing on closed forest countries with a view to rapid progress to results-based payments. This delayed the process considerably (by around two years), although ultimately NICFI agreed to the inclusion of this country.

FIP regard progress in Burkina Faso as particularly interesting because the work there encompasses both mitigation and adaptation (interview respondents).

Despite initially strong early interest in FIP from Norway, it is reported that there was criticism from both donor and partner countries that Norway tried to impose its own views of the REDD+ model too strongly at the beginning; recently, Norway has had a much lower level of engagement.

The wider geographical impact of FIP is constrained by its decision to operate in only eight pilot countries, which were selected from 45 expressions of interest. No expansion is planned.¹⁶⁴ Consequently, the level of funding provided to each partner is more substantial than that provided to countries through other REDD+ financing mechanisms, potentially allowing greater progress

The interim evaluation report of the independent evaluation of the Climate Investment Funds (ICF, 2013) highlighted that civil society and private sector observers had expressed concern around the criteria used to select the pilot countries noting these were heavily focused on technical considerations and failed to consider recipient countries' governance or absorptive capacities.

Average investments are US \$ 50 million per country in FIP, compared to smaller readiness investments

FCPF readiness investments are limited to US \$ 3.8 million per country, but potential payments for emissions reductions from the Carbon Fund are likely to be comparable. For example, Costa Rica is negotiating an Emissions Reductions Purchase Agreement worth US \$ 63 million with the FCPF Carbon Fund.

In the May 2013 sub-committee meeting, contributing countries expressed a range of views in relation to whether the number of countries be expanded, with NICFI advocating for the pilots to be continued at the current scale in order to consolidate learning and prioritise funding increases for the results-based Carbon Fund.

In October 2013, the sub-committee stated that it will not be seeking to expand the list of countries (CIF, 2013c).

FIP was established to complement other REDD+ initiatives, but this has not been the reality in all countries and weak in-country coordination may place stress on country systems. However in Burkina Faso, FIP participation led to engagement with the FCPF

The interim evaluation of the Strategic Climate Funds found that some FIP investment plans have been approved before the readiness processes had been completed and that in a number of countries FIP funding is going partly to support REDD+ readiness activities that in principle should be supported by FCPF and UN-REDD (ICF, 2013).

In addition interview respondents noted that coordinating between the different REDD+ efforts in country placed substantial stress on limited resources in many of the FIP countries. There was consensus that a more coherent phasing and coordination system was needed.

¹⁶⁴ Options for the future will be discussed by FIP in November 2014.

In Burkina Faso, the Government requested to join the FCPF following its successful experience with FIP participation (Government of Burkina Faso, 2012).

The links between FIP and a wider World Bank Forest lending pipeline could be used more consistently to leverage additional resources ¹⁶⁵

Interview respondents noted that the World Bank has tended to include forest-related lending into components of broader programmes, which makes it challenging to identify whether FIP processes are able to strategically influence wider lending or create momentum for forest-related lending in general.

Several World Bank respondents noted that leveraging funds from other Bank instruments occurs mainly due to individual action, when good opportunities for combining FIP money with other Bank instruments are detected and the timing coincides. There is more chance of this happening when the Task Team Leader is responsible for both the Bank's wider natural resource management operations as well as the FIP. Mexico is an example of this where the Task Team Leader was able to make these connections and the timing was right.

Several respondents outlined that perceived risks of REDD+ investments and/or forest-relevant investments, and the existence of GEF, FCPF and FIP funding, mean that there is a reluctance to develop further forest lending within the World Bank. In the absence of leadership to encourage coordination, it is difficult to strategise on how to best to make use of and achieve synergies across the different instruments.

FIP interventions are increasingly focused on forest sector support with little or no emphasis on emissions reduction and results-based payments

Norway was interested in exploring the possibility of a FIP “working group” to discuss results-based payments against emissions reductions from FIP investments (Norway Budget and Governance Department, 2010), but this has not happened and results-based payments remain the responsibility of the FCPF Carbon Fund and BioCarbon Fund.

Of other FIP donors, UK is interested in more emphasis on biodiversity and poverty reduction while US remains keen on retaining an emissions reduction focus. There is no requirement under FIP for verification unless countries wish to apply for support from the FCPF carbon fund (interview respondents).

¹⁶⁵ The evaluation team only had significant interaction with World Bank. IDB is involved in disbursing Norwegian funds in Guyana and African Development Bank through CBFF but interaction with these entities was limited. The general point made here may apply to other MDBs but we are not able to confirm this.

FIP has commented in response to these points that there is need to refer back to their mandate. ¹⁶⁶ This certainly suggests a much wider role than that suggested by the comment in the 2010 Budget document, which appears to be focused on more rapid achievement of results-based payments. This difference emphasises the need for more comprehensive discussion between Norway and FIP over how resources should be utilised by FIP.

The external evaluation praises the FIP governance arrangements for representation of both recipient and contributor countries. However, it questions the lack of a formal mechanism for managing conflicts of interest

The interim report of the independent Strategic Climate Funds (SCF) evaluation described the governance structure in relation to several comparator funds and noted the progress made in representation of recipient countries and in transparency and disclosure of information. It noted that it lacked risk management and conflict management (ICF, 2013).

The Bretton Woods Project, a UK based advocacy organisation promoting alternative approaches for the World Bank and IMF, is critical of what it sees as undue influence by the World Bank on CIF governance and highlights that vulnerable groups affected by the funds are adequately represented (Bretton Woods Project 2011).

Whilst it is challenging to identify the specific administrative costs of the FIP, it has been noted that the complexity of the Strategic Climate Funds may have resulted in higher administrative costs

The Trustee report of the Strategic Climate Funds (CIF, 2012) noted the approval of administrative budgets of US \$ 51 million and project funding and multilateral development bank costs for project implementation support and supervision totalling US \$ 386 million across all of the Strategic Climate Funds. Administration therefore makes up 11.6% of the total programme costs.

The interim evaluation report notes the increasing trend of administrative costs over time and suggests that this may be due to increased outputs (e.g. projects approved; learning products produced) but highlights the need to examine this further during the next phase of evaluation (ICF, 2013).

Civil society stakeholders also noted that the benchmarks for spending on the multilateral development bank Implementation Service appear relatively high and that decision-making around these benchmarks could be subject to conflict of interest. The 2013 Interim SCF

¹⁶⁶ FIP Mandate - II. OBJECTIVES, PURPOSE AND SCOPE OF THE FIP. 10. The main purpose of the FIP is to support developing countries' REDD-efforts, providing up-front bridge financing for readiness reforms and public and private investments identified through national REDD readiness strategy building efforts, while taking into account opportunities to help them adapt to the impacts of climate change on forests and to contribute to multiple benefits such as biodiversity conservation, protection of the rights of indigenous peoples and local communities³, poverty reduction and rural livelihoods enhancements."

Evaluation Report highlights these benchmarks as between \$176,000 to \$973,000 for different types of projects (ICF, 2013).¹⁶⁷

The average level of Implementation Service funding as a percentage of project funding in the SCF is 3.4%. In the FIP the highest project Implementation Service costs are 13% as a percentage of total project funding, with the average as 3.4%. (ICF, 2013)

Interview respondents noted that the high profile of REDD+ and high levels of scrutiny of investments which has tended to encourage a focus on risk aversion at both corporate and individual levels.

The FIP Results Framework has attempted to ensure that all relevant elements of the FIP Theory of Change are measured, but this has not been fully adopted by all pilot countries. In addition, there is not full coherence between project design and expected results from investment plans – this means that there have been difficulties with measuring some of the listed indicators

The results framework approved in 2011 and the guidance note on "Measuring and Reporting Results in the FIP" of October 2013 (which is based on the results framework) cover emissions reductions/carbon stock enhancement, livelihood and other co-benefits. The guidance note also requests narrative reports on assumptions and implementation processes, support from other partners including the private sector, contribution to national REDD+ and links with the DGM for indigenous people (FIP, 2010).

The interim evaluation of the strategic climate fund notes that some FIP pilot countries have chosen only to integrate selected elements of the results framework. This means that even if fully developed, some projects will not necessarily generate the type of results that could be reported on through the indicators originally included in the investment plan (ICF, 2013).

A process of streamlining and adapting results frameworks is proposed in the 2013 decision on *Results Monitoring and Reporting in the FIP* (CIF 2013e).

¹⁶⁷ FIP has drawn attention to their dissent from this statement in the ICF Evaluation and suggest a figure of 2.5% from the 2011 paper of Project Implementation Services.
https://climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/MDB_project_implementation_services_under_SCF_targeted_programs_1.pdf

5. Results against NICFI Objectives

5.1. NICFI Objective 1: To work towards the inclusion of emissions from deforestation and forest degradation in a new international climate regime

FIP does not engage directly in the climate negotiations. Since 2013, the World Bank Special Envoy for Climate Change has increased the Bank's global influence on climate issues, but this has not focused on forestry or REDD+

Rachel Kyte was appointed in 2013 as a World Bank Vice President and Special Envoy on Climate Change. She has prioritised improving the bank's communications and operations in relation to climate change. However an analysis of blogposts generated indicates that this has been primarily in relation to energy, agriculture, finance and carbon pricing (World Bank website).

The Climate Investment Funds, which include the Forest Investment Program, have participated (as observers) and contributed to the UNFCCC Standing Committee on Finance for the First Biennial Assessment and Overview of Financial Flows (CIF, undated).

Partner countries are involved in the FIP governing bodies, which may indirectly influence the negotiators and negotiation process, but this link is not explicit nor is it easy to attribute any influence to FIP

There are six recipient and six donor country representatives present in the CIF Sub-Committee (SCF, 2008) but no direct evidence that their participation has affected the country negotiation positions.

Lessons learned are being documented and shared by the FIP through periodical country progress updates, external evaluations, commissioned learning products and workshops and meetings. However, there is as yet no systematic process in place to disseminate lessons into the negotiation process

Interview respondents highlighted that there were missed opportunities for sharing FIP lessons with negotiators – particularly around the desire to tackle drivers of deforestation. FIP has noted that there has been no request for engagement on this although both

UNFCCC Secretariat and the Green Climate Fund have observer seats on all CIF governing bodies. FIP lessons learned notes and other documents are readily available on the website.

Although there has been investment into lesson learning, this has focused on REDD+ Stakeholder Collaboration and Incentivising the Involvement of the Private Sector in REDD+ (CIF, 2013a) both of which potentially overlap with the outputs generated under UN-REDD and FCPF.

FIP pilot countries hold annual meetings where they share experiences and discuss various elements of international REDD+ architecture (CIF, 2013a).

The Dedicated Grant Mechanism has included as part of its Implementing Arrangements to capture and share lessons from country implementations of its funded activities (in parallel to core FIP funding) (FIP, 2011).

During the last meeting of the United National Permanent Forum on Indigenous Issues (UNPFII) in New York in May 2013, the CIF Administrative Unit presented the DGM to forum participants (CIF, 2013c).

FIP has been designed as part of efforts to implement UNFCCC agreements and not to prejudice UNFCCC deliberations regarding the future of a climate change regime

All Climate Investment Funds are subject to a sunset clause in order not to prejudice UNFCCC deliberations regarding the future of the climate change regime (CIF, 2008).

The creation of the CIF was agreed in May 2008 at a meeting of forty countries. This followed civil society criticism that the Multilateral Development Banks were not appropriate institutions to manage climate funds which should be directly accessed by developing countries (Tan 2008). However, Article 11 of the UNFCCC provides for financial resources related to the implementation of the Convention through bilateral, regional and other multilateral channels (UNFCCC, 1992).

Conclusions

The FIP was not designed with the purpose of influencing the inclusion of REDD+ within a global climate regime but rather responded to UNFCCC signals to create a mechanism for supporting investments that would catalyse policies which reduce deforestation and forest degradation and promote improved sustainable management of forests. The FIP has therefore sought balanced representation between developing and developed countries and has a 'sunset' clause to avoid prejudicing future UNFCCC deliberations.

The ICF interim CIF evaluation report concluded FIP has not always managed to offer complementary support to other REDD+ multilateral efforts, but as pilots progress a focus on lesson learning around the *transformative* objectives of the FIP could be better shared with negotiators and with the multilateral development banks more broadly. FIP informed this

evaluation team that there is a recently published paper on “Linkages between REDD readiness and the FIP,”¹⁶⁸ which provides a different view. FIP also advised in July 2014 of a decision by the FIP Sub-Committee requesting a document to explore the link between the FIP and performance-based payment mechanisms.¹⁶⁹

5.2. NICFI objective 2: To take early action to achieve cost-effective and verifiable reductions in greenhouse gas emissions

The FIP process has been slower than expected but, by end of 2013 it had endorsed investment plans in all eight pilot countries

One of the criteria used to select the pilot countries was the potential for investments to lead to significantly reduced greenhouse gas emissions from deforestation and forest degradation.

FIP investment plans in eight pilot countries are worth US \$ 405.83 million.

Interview respondents noted the relatively complex nature of the REDD+ and/or forestry – related project development process. This has resulted in relatively high transaction costs and the need for substantial communication and consultation.

The link between the FIP and the analysis of drivers is not adequately evident in a number of the FIP countries, which is likely to weaken the ‘transformational’ impact of the investment programmes¹⁷⁰

The interim evaluation report (ICF, 2013) highlighted that the theory of change is overly forest-centric and is therefore not sufficiently considering other drivers ‘outside of the forest’ (e.g. agricultural commodities, energy production, etc.). The role of the private sector,

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https://climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/FIP_12_Inf.2_Linkages_between_REDD_readiness_and_the_FIP_.pdf

¹⁶⁹ “The Sub-Committee requests the CIF Administrative Unit, in consultation with the Sub-Committee members, pilot countries, MDBs, and relevant international entities, to prepare for consideration at its next meeting, a paper providing guidance on the link between FIP investment funding and REDD+ performance-based mechanisms, taking into account the international REDD+ architecture and, in particular, the Warsaw Framework for REDD-plus.”

¹⁷⁰ This finding from the interim report of the ICF Independent Evaluation of CIF is strongly refuted by FIP (see reference at the start of this annex). FIP notes that the underlying causes noted by the evaluation are addressed in the majority of FIP investment plans.

particularly agri-businesses and extractive industries, are also not receiving enough attention.

In particular, the evaluation report noted that Burkina Faso and Mexico are examples of countries where the FIP investment plan entails a programmatic, focused approach that explicitly aims to address underlying drivers of deforestation and forest degradation through logically linked enabling activities, whereas Brazil, Indonesia, Lao, and Peru were cited as *'loosely connected projects...many of which are based on old concepts and the continuation of previous projects'* (ICF, 2013).

Interview respondents confirmed this with several noting that there was little evidence that the resulting investments/programmes are fundamentally different from traditional lending/donor programs, but that the processes required to agree these had become increasingly complex and slow.

Interview respondents noted that whilst FIP projects work in areas that are relevant to climate outcomes, this is not necessarily directly derived from the analysis of drivers, e.g. in DRC the work is on energy in peri-urban areas (fuelwood, charcoal, improved stoves, etc. mainly around Kinshasa) but not on forest concessions or agricultural expansion. In Brazil the program focuses on low carbon credit lines for climate smart agriculture, but in the Cerrado area which is not the area with most significant deforestation.

In its Country Progress Report (CIF, 2013f), Lao PDR also expressed its struggle to integrate the objectives of the FIP-funded project with the national economic development plan because the latter is mainly focused on the energy sector (hydropower), natural resources (mining) and agriculture (expanding large scale agriculture).

The FIP results framework must report on greenhouse gas emissions reductions and enhancement of carbon stocks, but not all countries are likely to deliver these results within the timeframe of the FIP investments

FIP investment strategies, programmes and projects must demonstrate climate change mitigation potential as one of the six investment criteria. As part of the Results Framework, all FIP pilot countries are to report on greenhouse gas emission reductions and enhancement of carbon stocks although emissions reduction is not central to FIP country programmes (FIP, 2010).

Brazil has expressed that a key challenge in delivering greenhouse gas emission reductions with the FIP financing is that three of its FIP-funded projects are focused on data collection and monitoring activities. Outcomes as far as greenhouse gas emissions will require a much longer timeframe (CIF, 2013g). In recognition of this issue, the FIP seeks to monitor two targets in terms of greenhouse gas emission reductions:

Target 1: Greenhouse gas target achieved during the implementation of the investment plan (ending with the financial closure of the last project supported under the investment plan);
and

Target 2: Projection of the greenhouse gas target taking into account the lifetime of the results achieved through the implementation of the investment plan.

The FIP investment planning process has involved a wider set of sectors and stakeholders than traditional forest investment planning process which, combined with investment in communication and consultation can potentially be 'transformational' in changing the perceptions and priorities of decision-makers

Interview respondents described 'game changing' processes in REDD+ dialogue where cross-sectoral discussions took place, involving hydropower, mining, infrastructure and forests/natural resources. This combined with better availability of information and increased transparency of what was happening with the forest sector and land allocation has been transformative in some contexts. For example, one respondent cited Lao, where there were discussions on the forest footprint of new roads planned, or other infrastructure development which informed the FIP dialogue.

FIP investment plans have focused on the 'inherent value' of the investments. However, the extent to which the changes envisaged in investment plans are dependent on results-based payments or will be sustainable is unclear¹⁷¹

Interview respondents note that this focus on economic viability and development benefits of the investments is likely to increase both the sustainability and the economic viability of the investments, but may prove less useful for testing the viability of incentives from results-based financing as a mechanism for tackling the drivers of deforestation.

The Interim Report of the Independent Evaluation of the Climate Investment Funds presented the following findings in relation to this:

"The degree to which these transformational changes would depend on REDD or other payments for ecosystem/environmental services is unclear in most FIP plans. In fact, not much attention is paid to the sustainability of the proposed projects and schemes. Both the DRC and Burkina Faso plans explicitly discuss the importance of REDD payments for ensuring transformational change. In the case of DRC, the emission reductions payments are to ensure the long-term sustainability of long-term activities, such as reforestation and support for community forestry. In the case of Burkina Faso, some of the planned action is contingent on implementing a pre-financing mechanism in which the amounts awarded will be considered as advances for environmental services rendered" (IFC, 2013).

¹⁷¹ FIP, in their management response to the Independent Evaluation of CIF, make specific refutation of this point. They argue that the evaluation offers no evidence of a particular lack of sustainability and further question the evaluators' premise that receipt of carbon offset payments should be a useful metric for sustainability, noting the view of some donors that projects supported by concessional climate finance should not be eligible for REDD+ payments, and quoting the parallel with CDM, wherein projects funded by official development assistance are ineligible.

Conclusions

The processes through which FIP investments have been designed have been 'transformative' in some countries. Mexico, in particular, demonstrates the potential for FIP to leverage wider Bank investments and to bring together a wide range of stakeholders outside of the forest sector.

However, FIP's overall impact is limited by its focus on eight countries and by the limited linkage between FIP funded activities and drivers of deforestation in many of these countries.

5.3. NICFI core objective 3: To promote the conservation of natural forests to maintain their carbon storage capacity

The FIP investment criteria clearly prohibit the conversion of natural forests, as do the safeguards of most of the implementing agencies

The FIP investment criteria clearly prohibit the conversion of natural forest as required by the UNFCCC REDD+ Safeguard (e) (CIF, 2010).

This is also reflected in other multilateral development bank safeguards. For example the purchase of logging equipment for use in primary tropical forests is not eligible for Asian or African Development Bank investments (ADB, 2009; AfDB, 2013a). The Inter-American Development Bank's safeguarding policy will not support operations that, in its opinion, significantly convert or degrade critical natural habitats, which include primary forest in its definition (IADB, 2006).

The World Bank (World Bank, 2012) and the IFC (IFC, 2012) have a weaker safeguard which requires that investments do not significantly convert or degrade natural habitats unless all of the following are demonstrated:

- No other viable alternatives within the region exist for development of the project on modified habitat;
- Consultation has established the views of stakeholders, including Affected Communities, with respect to the extent of conversion and degradation; and
- Any conversion or degradation is mitigated according to the mitigation hierarchy;
- There is not yet systematic information available on the application of these safeguards.

Civil society organisations have criticised the FIP for failing to ensure that FIP activities are not additional to the 'business as usual' World Bank forest sector lending, particularly in

relation to plantations and ‘sustainable forest management’ (industrial-scale logging of natural forests) (Global Witness, 2012; Forest People’s Programme, 2012).

Conclusion

The investment criteria applied in FIP are consistent with this NICFI objective and, assuming they are implemented appropriately, FIP investments should contribute to the conservation of natural forests. The availability of more systematic information on the application of safeguards as FIP investments are implemented will enable a more detailed assessment of this.

5.4. Objective 4: To deliver development benefits in the implementation of activities under Objectives 1-3.

FIP’s design principles require investments to have development co-benefits and adherence to this principle in the development of investment plans has been demonstrated

The FIP’s design document specifies that investment plans must “contribute to the livelihoods and human development of forest dependent communities including indigenous peoples and local communities, and generate benefits to sustain biodiversity and ecosystem services”.

The Interim Report of the Evaluation of Climate Investment Funds (ICF, 2013) documents a review of the seven¹⁷² FIP pilot country investment plans in regards to their development impacts and target beneficiaries. The main findings of this section include:

- All investment plans name co-benefits related to biodiversity, soil/agriculture, water conservation, and climate resilience or adaptive capacity. Three investment plans include public health co-benefits;
- All investment plans name poverty reduction, gender impacts and livelihoods or job creation. The terms ‘land use planning’, ‘food security’, ‘equitable access to forest resources for local use’, and ‘land-related conflict’ are less common but still named by some of the investment plans;

¹⁷² Peru was not included in the analysis of the investment plans.

- All seven¹⁷³ investment plans explicitly name local communities as project beneficiaries, and six name women, low-income groups, and indigenous peoples. Four investment plans name children as beneficiaries.

Placing the FIP in the World Bank, and using the International Finance Corporation, Asian Development Bank, and Inter-American Development Bank as conduits for channelling funds, implies that the financing will be aligned with the objectives, principles and safeguard policies of these institutions

These institutions are established with a clear development mandate and would therefore be likely to ensure development benefits.

The safeguards applied to the investments are specific to the implementing agency, but there are some common elements, for example none of the safeguards require ‘free, prior and informed consent’ as the UN-REDD safeguards specify. However they are deemed to be consistent with the UNFCCC safeguard which requires “*the full and effective participation of relevant stakeholders, in particular indigenous peoples and local communities*” (UNFCCC, 2010).

The existence of safeguards on paper does not guarantee their implementation but systems for ensuring the implementation of safeguards appear to function in some cases. For example, in the case of Peru, IDB responses to indigenous people and civil society complaints about the level of consultation with indigenous communities indicate that consultation was increased. Norway was cited by the UK as a key advocate for the development of an effective risk management system for preventing the breakdown of relationships between the Government, IDB and indigenous peoples. This resulted in the following sub-committee decision:

“The Government of Peru and indigenous organisations have committed to maintain their joint work in the following phase of project formulation under the FIP Investment Program, analysing and identifying options to solve the issues that need to be discussed such as control and registry of early REDD+ initiatives, participation of indigenous technical staff in the formulation of the project proposals and the ways how communities will ensure their direct involvement in the implementation of project activities in the field” (CIF, 2013c).

The FIP has created a Dedicated Grant Mechanism to provide grants for indigenous peoples and local communities in the FIP countries. Seven of the eight FIP countries have requested funding from the Dedicated Grant Mechanism

In the original FIP design document, paragraphs 38-40 called for “a dedicated grant mechanism to be established under the FIP to provide grants to indigenous peoples and local communities in country or regional pilots” (FIP, 2009).

¹⁷³ The Peru investment plan was endorsed after the ICF (2013) report. This investment plan also names local communities as beneficiaries.

All eight pilot countries have requested the World Bank to implement the Dedicated Grant Mechanism (CIF website).

There is no evidence yet on the results from design and implementation of the Dedicated Grant Mechanism, comments from partners indicate the importance of identifying an appropriate delivery mechanism for its implementation (Comments available on CIF website).¹⁷⁴

All FIP implementers have safeguards in relation to biodiversity and reporting on biodiversity features in the FIP results framework

As per the prohibition on natural forest, all the multilateral development banks have some form of safeguard which promotes the protection of biodiversity (ADB, 2009; AfDB, 2013a; IADB, 2006; IFC, 2012).

The FIP Results Framework also requires FIP pilot countries to report on biodiversity outcomes (FIP, 2010).

FIP investment plans identify women as beneficiaries but don't dedicate budget to the promotion of gender equality. The FIP Sub-Committee decision in October 2013 encouraged countries to consider gender mainstreaming in the review of their results frameworks

The Gender Review of the CIF (CIF, 2013b) reviewed four FIP investment plans (Brazil, Democratic Republic of Congo, Lao, and Mexico), and found that three referred to women as a vulnerable group and as beneficiaries, while one country (Lao) recognised women as relevant agents of change.

However, the review further found that none of these four plans earmarked specific resources for the promotion of gender equality or women's empowerment, although the Lao plan suggests that funds from the Dedicated Grant Mechanism will be used to benefit women. Two of the four investment plans considered the national legal context with regard to gender and recognised the importance of compliance with the laws and regulations of the country under this policy framework (CIF, 2013b).

The report from the October 2013 Sub-Committee meeting records the following: "the Sub-Committee... [recognises] further the recommendations on undertaking gender mainstreaming into CIF activities as presented in the Gender Review approved by the CTF and SCF Trust Fund committee in March 2013 approves the proposal for annual reporting by the pilot countries" (CIF, 2013c).

Funds to the FIP have been allocated in line with Norwegian ODA requirements and the Paris Declaration

¹⁷⁴ <https://www.climateinvestmentfunds.org/cif/node/12283>

The FIP Design Document (FIP, 2009) specifically states that “activities financed by the FIP should be integrated into country-owned development strategies, consistent with the Paris Declaration and bearing in mind the Monterrey Consensus of the International Conference on Financing for Development.”

There is evidence that Norway challenged the reluctance of the World Bank to accept a specific corruption clause. This was ultimately excluded, but there was evidence that Norwegian fiduciary risk assessments were conducted

Norway’s contract with the World Bank states that the Bank has limited liability since the funds are disbursed to multilateral development banks that will be accountable for the use of funds in line with their own anticorruption frameworks and regulations (Budget and Governance Department, 2010).

Since agreeing to this approach, Norway has not been aware of any financial management challenges resulting from the multilateral development banks.

Conclusion

Whilst it is early in the process of implementation to assess the development results of the FIP investments, there is evidence that development benefits will accrue from FIP investments provided the plans move ahead as expected and that the documented safeguards are appropriately implemented.

Annex 17 The UN-REDD Programme

1. Overview

This annex covers the results of NICFI support to UN-REDD. It presents background information about the United Nations Collaborative Programme on Reducing Emissions from Deforestation and Forest Degradation in Developing Countries (UN-REDD) and NICFI support to the programme. It then analyses the findings in relation to the operations and management of UN-REDD and the results of support against each of the NICFI core objectives.

NICFI has provided over 85% of the funds transferred to the UN-REDD programme to date. Whilst it is not possible to attribute the results of funds managed in multi-donor trust funds to any single donor, UN-REDD was launched with the Norwegian Prime Minister and it is acknowledged by all the stakeholders interviewed that UN-REDD would not exist without NICFI's support. It is therefore possible to assume that the majority of the results achieved by UN-REDD were, therefore, made possible as a result of NICFI's support.

2. Methodology

This annex is based on a document review triangulated with interview data. The documents reviewed include those which are publically available on the UN-REDD website, including the operational strategy; most recent semi-annual update (from the December 2013 policy board meeting) and a summary presentation of country programme evaluations. A range of other publications, newsletters and reports were also reviewed along with financial data from the UNDP Multi-Donor Trust Fund website.

Norwegian internal decision documents and budget proposals were also reviewed as well as documents from the independent external evaluation of the UN-REDD programme.

Findings from this document review were triangulated during seven interviews with UN-REDD staff (Secretariat – 2; UNDP – 1, UNEP – 1, FAO – 3) conducted during February 2014. For a full list of documents reviewed see Annex 2, and for individuals interviewed see Annex 1, to the main report.

3. Background information on UN-REDD and NICFI Support

3.1. Description of UN-REDD

The United Nations Collaborative Programme on Reducing Emissions from Deforestation and Forest Degradation in Developing Countries (UN-REDD Programme) was launched by the UN Secretary-General Ban Ki-Moon and the then Prime Minister of Norway Jens Stoltenberg in September 2008 (REDD Monitor, 2008). Its purpose was to assist developing countries to build the capacity to reduce emissions and to participate in a future REDD+ mechanism. It is a multilateral programme managed by a Secretariat based in Geneva and implemented through the United Nations Development Programme (UNDP), the United Nations Environment Programme (UNEP) and the Food and Agriculture Organisation of the United Nations (FAO) (UN-REDD, 2011b). NICFI provides 85% of the funding to the programme (UNDP, 2014).

The programme has two components. The first is the National Programmes which provide long-term technical assistance to participating countries (in accordance with national strategies) in support of six work areas: (i) strong stakeholder engagement, (ii) the development of MRV capacity, (iii) an equitable distribution of multiple benefits, (iv) transparent, inclusive and effective National REDD+ governance mechanisms, (v) transparent, equitable & accountable management of funds and resources, and (vi) sector transformations that lead to sustainable carbon-friendly investments. The second, the Global Programme for Support to National REDD+ Actions, offers technical assistance to any partner country from the three UN agencies to further their technical capacity in one of the six core areas (UN-REDD, 2011b).

The Programme was first piloted in nine countries across the globe (the “Quick Start Phase”), and scaled up on the basis of lessons and feedback from this initial phase. As of June 2014, there are 5353 countries participants of the UN-REDD Programme¹⁷⁵. Of these, 18 have National Programmes, and the remainder received targeted support (UN-REDD website).

3.1.1. Overall purpose of UN-REDD

The UN-REDD Programme’s aims are to generate the necessary flow of resources to significantly reduce global emissions from deforestation and forest degradation in developing countries. The immediate goal is to assess whether carefully structured payments and capacity support can create the incentives to ensure lasting, reliable and measurable emission reductions while maintaining and improving other ecosystem services as well as the economic and social values that forests provide.

¹⁷⁵ http://www.un-redd.org/Partner_Countries/tabid/102663/Default.aspx

3.1.2. Timescale of UN-REDD

The UN-REDD Programme was made operational in 2008 and its most recent strategy document indicates that it will carry on until 2015, when a decision will be made at the Conference of Parties of the United Nations Framework Convention on Climate Change in Paris on the future of REDD+. According to a stakeholder, the UN-REDD Programme is currently developing a post-2015 strategy, which will be one of the topics of discussion for the policy board in July 2014. The findings of the external evaluation of the UN-REDD Programme are expected to guide the development of the strategy.

3.1.3. Expected outcomes

According to the 2011-2015 UN-REDD Programme Strategy Document, the Programme Objective is “to promote the elaboration and implementation of National REDD+ Strategies to achieve REDD+ readiness, including the transformation of land use and sustainable forest management and performance-based payments. In this document, the UN-REDD’s progress is measured against seven outcomes as follows:

1. REDD+ countries have systems to develop and implement MRV and monitoring;
2. Transparency, inclusiveness and effectiveness in national REDD+ governance is increased;
3. Indigenous Peoples, civil society organizations and other stakeholders participate effectively in national and international REDD+ decision making, strategy development and implementation;
4. Multiple benefits of forests are realised and ensured in REDD+ strategies and actions;
5. National fund management and equitable benefit sharing systems are operational for REDD+ performance based payments;
6. Strengthened national and sub-national capacities to develop sustainable REDD+ investment strategies and portfolios;
7. UN-REDD Programme knowledge is developed, managed, analysed and shared to support REDD+ efforts at all levels (UN-REDD, 2011b).

Slightly different outcomes are reported in the Semi-Annual Report. Changes made include: Outcome 4 is not reported; Outcome 5 is reported as: Safeguards are addressed and respected and multiple benefits of REDD+ are realized; Outcome 6 as Green Economy transformation and REDD+ strategies and investments mutually reinforcing; Outcome 8 included as Timely and effective UN-REDD Programme Secretariat services provided to the UN-REDD partner countries, Policy Board and the UN agencies (UN-REDD, 2013d).

3.1.4. NICFI and other donor commitments to UN-REDD

Source: UN-REDD Trust Fund data found at: <http://mptf.undp.org/factsheet/fund/CCF00> as of Jan 2014

NICFI funds as a % of total UN-REDD funding	Value (US \$)	Value (NOK)¹⁷⁶
Total funding committed to UN-REDD (all donors)	247,919,049	1,473,953,918
Total funding transferred to UN-REDD (all donors)	215,237,959	1,279,654,929
Total NICFI funding pledged to UN-REDD	214,852,838	1,277,365,268
Total NICFI funding transferred to UN-REDD	183,470,449	1,090,787,449
NICFI contribution (as % of total funds pledged to UN-REDD)		87%

Other donors to UN-REDD	Year joined	Pledges as % of total	Transfers as % of total
NICFI	2008	87%	85%
Denmark	2009	4%	5%
Spain	2010	2%	2%
Japan	2011	1%	1%
European Union	2013	5%	6%
Luxembourg	2013	1%	1%

UN-REDD delivery progress (funds budgeted, transferred and spent)

UN-REDD expenditure	Value (US \$)	Value (NOK)	As a % of total pledged by donors
Total funds pledged to UN-REDD (all donors)	247,919,049	1,473,953,918	
Funding budgeted by UN-REDD	168,715,686	1,003,065,910	68%
Funding transferred to UN implementing agencies	155,664,484	925,472,556	63%
Funding reported as expenditure by UN agencies	84,699,804	750,356,601	34%

Expenditure reported by UN agencies	Value (US \$)	Value (NOK)	Delivery rate¹⁷⁷
Food and Agriculture Organisation	35,021,936.22	208,216,030	63%
United Nations Development Programme	30,368,224.98	180,548,305	50%
United Nations Environment Programme	19,309,643.00	114,801,683	50%

¹⁷⁶ These are figures as reported by UN-REDD in \$ and converted using the exchange rate of 1 NOK: 0.1682 USD as published in the Financial Times, May 01, 2014. There is a discrepancy between the amounts reported by the UNDP Trust Fund website and those on the NICFI website. This report uses UN figures, but notes that NICFI reports a larger pledge of NOK 1,124,000,000.

¹⁷⁷ Reported expenditure as a % of funds transferred to the agency.

UN-REDD country types and progress

UN-REDD Country Progress (as of December 2013)

Total countries involved in the UN-REDD programme	49
Countries with agreements for National UN-REDD programmes	18
Countries receiving 'targeted support' from UN-REDD agencies	31
Countries having completed the first phase UN-REDD programme	5
Countries with Phase II UN-REDD programme	1

UN-REDD country types supported	Total	National Programmes	Targeted support
Number of Least Developed / Low Income Countries	21	6	15
Number of Low – Middle Income Countries	16	9	7
Number of Upper Middle Income Countries	12	3	9
Totals	49	18	31

4. Results on Operational and Financial Processes

4.1. Findings on operational and management issues

UN-REDD management has faced delays and increased transaction costs resulting from coordination challenges between UN agencies and between the multiple layers of governance and management

A review of evaluations of UN-REDD national programmes (UN-REDD, 2012c) highlighted that all had raised concerns about transaction costs resulting from the need to coordinate between the three UN agencies implementing UN-REDD.

UN-REDD interview respondents highlighted recent improvements in inter-agency coordination, donor representatives highlighted perceived inefficiencies in the UN system as a reason for their lack of investment and UN-REDD staff felt further improvements in the processes for collaboration could be made.

The Programme's governance structure includes multiple layers. The Policy Board (PB) exists to provide oversight, strategic direction and financial allocations, the Strategy Group allows Heads of UN Agencies to coordinate and the Management Group is for REDD+ Focal Points within each agency. The UN-REDD Secretariat then provides reporting, quality assurance, coordination and knowledge sharing support. At a country level, the UN Resident Coordinator is responsible for Programme implementation, according to in-country needs and UN practices. The Country Representative of the delegated lead agency will also provide oversight of work delivered. Respondents noted that this complex structure created the possibility for delays as a result of administrative blockages at a range of levels (UN-REDD, 2012b).

One stakeholder commented that the presence of UN Agencies as active members in the Policy Board limits its independence as an oversight group.

Reporting has historically focused on activities and outputs. Improvements in reporting have been made from 2013, but the results of investment in readiness processes remain hard to measure

The rapid initiation of the UN-REDD programme meant that it began work without clearly articulating its theory of change or developing a results framework against which its success could be measured. This resulted in an emphasis on reporting by activities and outputs rather than results and outcomes (Lincoln *et al.*, 2012).

The results framework used in the new strategic plan (UN-REDD, 2011b) and semi-annual reports (UN-REDD, 2013e) and the theory of change proposed in the independent evaluation inception report (Frechette *et al.*, 2013) move some way to rectify this. However, the evidence available in reports remains somewhat anecdotal and UN-REDD has not clearly communicated the status of the pipeline of countries undergoing readiness preparations (requirements, activities, progress toward tangible outcomes).¹⁷⁸

Coordination has improved between UN-REDD and FCPF, but there are still overlaps that increase transaction costs in readiness implementation

Whilst donor respondents from the UK and Germany questioned the added value and risk of duplication between the FCPF and UN-REDD processes, UN-REDD staff articulated a clear complementarity between the two, given the UN's greater experience on forest measurement and governance work as well as ability to act as a neutral convener of multiple stakeholders from across Government, private sector and civil society.

Independent evaluations of both UN-REDD (Frechette *et al.*, 2014) and FCPF (*Le Groupe-Conseil Baastel* and Nordic Agency for Development and Ecology, 2013) noted that the dual

¹⁷⁸ UN-REDD report a recent shift in focus on reporting in relation the Participatory Governance Assessment. Effort is being made to document preliminary results after the governance data is available, how this informs policy making, has led to changes in policy to avoid, opened up a space to constructively address corruption risks and also for civil society actors to have a meaningful dialogue with relevant government actors. This information is now being updated each quarter and is available for Indonesia here: http://www.unredd.net/index.php?option=com_docman&task=cat_view&gid=3463&Itemid=53

channels of readiness support through FCPF and UN-REDD had created a burden for recipient countries and that there remained overlaps between the two. UN-REDD respondents agreed that it remained challenging to avoid some additional administrative burden for the countries where both UN-REDD and FCPF are active.

Some FAO and Secretariat staff highlighted opportunities from the existence of two 'competing' multilateral REDD+ institutions. For example, pressure to improve performance; the availability of more diverse lessons learned and sharing of the work in making rapid start-up in a large number of countries.

Stakeholders noted that coordination had improved over time and cited the jointly published stakeholder engagement guidelines (UN-REDD and FCPF, 2012), the participation of FCPF as an observer in the UN-REDD Policy Board, joint missions to eight countries and the delivery of the Common Approach to Environmental and Social Safeguards (FCPF, 2011b) as achievements.

The inclusion of UNDP and FAO as delivery partners to the FCPF in 2011 is also indicative of their complementary competence and country presence. However, it has not been easy to operationalise this collaboration. So far, UNDP is working in five countries on a 'pilot level' and FAO has not yet become a formal delivery partner, but is developing some more ad hoc collaboration in Ethiopia (interview respondents).

UN-REDD respondents highlighted the 2014 Ban Ki-moon Summit as an opportunity to make further progress on creating a clearer division of roles and responsibilities between UN-REDD and the FCPF.

NICFI is seen as a 'hands-off' donor, this creates both opportunities and risks which could be evaluated to shape future funding agreements

NICFI's contribution to the UN-REDD programme has resulted in its creation, its ability to sustain operations and the shape of its strategy. Respondents noted supportive and effective intellectual contributions made by NICFI staff during programming discussions and policy board meetings.

Stakeholders acknowledge that NICFI's support has provided operational capacity in many countries where NICFI would not have otherwise been able to operate. However, one UN agency staff member commented that other donors impose greater conditions and limitations on the use of funds which ultimately improves the effectiveness of the ways in which they are used. Various stakeholders commented that a more 'hands-on' approach could help ensure better coordination between bilateral programmes and UN-REDD activities and might also help in pushing for more efficient delivery.

Other respondents noted that the flexibility of Norwegian finance was what had enabled the effective deployment of resources to a large number of countries in ways which could respond adequately to contextual factors. It has also been able to link effectively with other leveraged funds mobilised by the member agencies (for example, FAO support to the forest assessment process and the UN-REDD programme in Tanzania).

4.2. Results on financial modalities and processes

UN-REDD has reported that 63% of pledged funds have been transferred to implementing partners with 34% reported as expenditure

UN-REDD has been able to report a slightly higher disbursement rate than FCPF, which in has been previously attributed to the greater in country presence of the UN agencies (Salmi *et al.* 2010). The most recent UN-REDD semi-annual report demonstrates that expenditure in 7 of the 14 country programmes was 'on track' as judged by the criteria of difference between % time elapsed and % expenditure of less than 20% (UN-REDD, 2013d).

NICFI was the founder donor to UN-REDD. Since its contribution, five other donors have invested but a relatively small amount of funds have been leveraged

NICFI remains responsible for 85% of the pledged funds to UN-REDD but contributions were also received from Denmark (2009), Spain (2010) Japan (2011) Luxembourg and the EU (2013) (UNDP MPTF website, 2014).

Information is not available to assess the cost-effectiveness of the UN-REDD programme administration, nor the decision-making process behind budget allocations

Information about the administration percentages retained by each agency from the funds allocated are not discernable from the available information. Whilst information is provided in relation to the allocation of funds to member agencies and to country programmes via the UNDP Multi-Partner Trust Fund website, the documents available from Policy Board meetings do not articulate the rationale for the distribution of these resources nor is it possible to understand how those funds have been utilised by each agency nor to make comparisons of effectiveness or cost drivers between different delivery approaches (See policy board notes, e.g. UN-REDD, 2009a-c; 2010a-b; 2011f-g; 2012a). NICFI notes that after discussions at the last Policy Board Meeting (Geneva, December 2013), measures have been taken to ensure a more participatory process to the decision around budget allocation of the Support to National Action programme.

UN-REDD's activities are compliant with Norad's guidelines on fiduciary risk and corruption

NICFI's 2013 UN-REDD Supplementary Agreement budget decision document notes Norway's long experience with UN administrative and financial management systems and the feasibility of normal follow up and quality assurance processes for aid (Norad, 2013f). The UN-REDD agencies (FAO, UNDP, UNEP) each have their own guidelines on fiduciary risk and corruption, as follows:

- The UNDP Policy on Fraud and other Corrupt Practices establishes the framework for preventing, identifying, reporting and effectively dealing with fraud and other forms of corruption¹⁷⁹;
- The UNDP Accountability Framework and Oversight Policy deals with results and risk-based performance management in addition to independent internal and external oversight to provide assurances to UNDP's Executive Board and its Administrator that functional systems of internal controls are in place¹⁸⁰;
- The United Nations Convention Against Corruption is a legally binding instrument that deals with a range of anti-corruption measures in the following areas: prevention, criminalisation and law enforcement measures, international cooperation, asset recovery, and technical assistance and information exchange¹⁸¹;
- UN-REDD Policy Board has continually stressed the importance of tackling corruption and illegality in National Programme applications, making specific comments in relation to this on applications from Bolivia, Zambia, Cambodia, Nigeria and Ecuador.

5. Results of progress towards NICFI objectives

5.1. Objective 1: To work towards the inclusion of emissions from deforestation and forest degradation in a new international climate regime

¹⁷⁹ http://www.undp.org/content/dam/undp/documents/about/transparencydocs/UNDP_Anti-fraud_Policy_English_FINAL.pdf

¹⁸⁰ <http://www.undp.org/execcbrd/pdf/dp08-16Rev1.pdf>

¹⁸¹ http://www.unodc.org/documents/treaties/UNCAC/Publications/Convention/08-50026_E.pdf

UN-REDD has engaged with 49 countries in REDD+ readiness process and has attracted support from five other donors

UN-REDD and donor interview respondents noted the importance of the UN-REDD in creating an inclusive programme that enabled a wide range of countries to participate in and learn about REDD+. The political value of this in relation to the overall momentum for REDD+ was most frequently mentioned.

UN-REDD has played a key role in developing aspects of the interim operational architecture for REDD+

In collaboration with the FCPF, UN-REDD has contributed to global understanding of the key requirements for REDD+ readiness processes. This includes a significant contribution from FAO to the development of national Forest Monitoring and Measurement, Verification and Reporting systems (UN-REDD, 2012h) but also work on the Common Approach to Safeguards and Stakeholder Engagement (FCPF, 2011b and UN-REDD and FCPF, 2012).

Engagement in UN-REDD programmes has strengthened negotiators' understanding of REDD+ processes in some, but not all, countries

In some countries, REDD+ negotiators were actively involved in technical work via the UN-REDD programme (negotiators from Vietnam and the Democratic Republic of Congo were highlighted by FAO staff interviewed). However this was not the case in all UN-REDD national programme countries. In Tanzania, for example, there were concerns that negotiators were not adequately briefed on the lessons emerging from UN-REDD implementation (Interviews in Tanzania country visit for this evaluation).

UN-REDD has contributed to the knowledge base on the scope of REDD+ and its implementation

Drawing on its experiences of country engagement, UN-REDD has produced a wide range of publications and communications material in relation to REDD+. The UN-REDD website contains over 100 documents, covering many aspects of REDD+ implementation, including National Forest Monitoring Systems, measurement verification and reporting, REDD+ governance, safeguards and safeguard information systems, stakeholder engagement, green economy and mainstreaming gender and REDD+ (UN-REDD website).

UN-REDD has also developed an online collaborative workspace for partner countries and an active YouTube Channel with 44 videos. This is accessible at <http://www.youtube.com/user/UNREDD>.

Conclusions

NICFI support to UN-REDD has furthered the development of the REDD+ regime on both technical and political fronts.

The creation of the UN-REDD programme and the rapid involvement of multiple countries in readiness processes was reported to enhance political incentives for wider participation in the REDD+ negotiations.

UN-REDD has contributed to the interim operational architecture for REDD+, particularly in relation to monitoring and MRV, stakeholder engagement and safeguards.

There are limitations in some cases in the extent to which national engagement with UN-REDD programmes contributes to countries' ability to engage in the negotiations.

5.2. Objective 2: To take early action to achieve cost-effective and verifiable reductions in greenhouse gas emissions

The UN-REDD programme is providing tailored REDD+ readiness support to 41 countries, of which 18 have national programmes. Many readiness activities are reported but the outcomes of this support are hard to ascertain

Progress in expenditure against plans in UN-REDD country programmes varies. Whilst some countries (e.g. Panama – see UN-REDD, 2013h) have experienced severe delays, an analysis of the disbursement rates from the 2013 December Semi-Annual Update (UN-REDD, 2013d) demonstrates that the programme is mostly able to make progress on disbursing funds, even in countries with extremely challenging governance contexts.

Table 21 National programme disbursement progress

Country	Time elapsed (%)	Expenditure	Difference
DRC	89%	87%	2%
The Philippines	100%	98%	2%
Zambia	64%	62%	2%
Tanzania	100%	93%	7%
Bolivia	4%	11%	-7%
Sri Lanka	9%	1%	8%
The Congo	21%	1%	20%

Solomon Islands	74%	49%	25%
Cambodia	56%	28%	28%
Nigeria	33%	3%	30%
Panama	84%	53%	31%
PNG	44%	12%	32%
Ecuador	77%	43%	34%
Paraguay	64%	22%	42%

Source: UN-REDD, 2013d. Semi-Annual Report at December 2013

Five countries have completed the first phase of the UN-REDD country programme, but only one has progressed to a second phase.

As of December 2013, Democratic Republic of Congo, Indonesia, the Philippines, Tanzania and Vietnam were reported to have completed their UN-REDD National Programmes (UN-REDD, 2013d). The Phase 2 funding stream was created by the UN-REDD Policy Board in 2012, and Vietnam is the only country to date to have accessed it, signing an agreement in July 2013 (UN-REDD, 2013g).

Indonesia, the Philippines and Tanzania were each mentioned by at least one UN-REDD staff member as countries where the results of engagement in UN-REDD had not met expectations. The four UN-REDD stakeholders who discussed the Democratic Republic of Congo acknowledged that despite early challenges in inter-agency coordination and in recruiting permanent staff, good progress had been made at the national level in brokering inter-ministerial collaboration and establishing systems and capacity for MRV. However, given the governance challenges in the country and the fact that further funds for REDD+ Phase 2 are not yet available, this progress is perceived as fragile.

There is a concern expressed by UN-REDD programme stakeholders that capacity developed as a result of engagement in the programme may not be sustained in the absence of on-going financial support. Further analysis would be required to understand whether this is a problem with the capacity development approach taken by the programme or if it is unavoidable given the uncertainties surrounding REDD+ and the lack of financial incentives available to Governments to justify maintaining this capacity. A draft of the independent evaluation accessed by the evaluation team commented that it had found ‘few examples of sustainable capacity development efforts’ (Frechette *et al.*, 2014).

UN-REDD has contributed to the development of multi-stakeholder platforms for REDD+ strategy development, but private sector participation has been limited

The UN-REDD programme sees one of its unique competences as providing “a neutral platform in bringing together government and non-governmental partners in reaching consensus on the need and means to prioritize and address governance issues” (UN-REDD 2013d and interview responses).

Support to the establishment of multi-stakeholder platforms have featured in all national programmes supported by NICFI and the draft independent evaluation notes that 'high quality outputs have been achieved in relation to stakeholder engagement and the development of national REDD+ governance systems. However the evaluation notes that sector representatives and private sector have hardly participated in the relevant discussion which hinders the ability of the programme to address the drivers of deforestation and forest degradation (Frechette *et al.*, 2014).

UN-REDD has contributed to the development of systems and capacities to develop and implement measurement, reporting and verification (MRV) and monitoring systems but there has been no systematic assessment of outcomes

UN-REDD reports that at least 21 partner countries have benefitted from training workshops and/or technical support in relation to national forest monitoring systems and measurement verification and reporting (UN-REDD, 2013c; 2013d-e). Training materials and tools have been developed for use by all countries, including:

- The UN-REDD framework for MRV and Monitoring was consolidated, and guidance is now available for countries (2013c)
- A framework document for "National Forest Monitoring Systems: Monitoring and Measurement, Reporting and Verification (M&MRV) in the context of REDD+ Activities," has been widely shared and used to assist countries in understanding the complex reporting requirements and systems needed for REDD+ (2013d)

Remote sensing tools, web portal upgrades, training (for portal customisation and guidance for forest area estimation using Landsat and Rapid-Eye data) and software have been developed in cooperation with Brazil's National Institute for Space Research (INPE). There is an ongoing collaboration between FAO and the Brazilian National Institute for Space Research (INPE) on "National Forest Monitoring Systems Based on Remote Sensing and Geographic Information System". This has enabled staff from Ecuador, Guyana, Mexico, Democratic Republic of Congo, Vietnam, Papua New Guinea, Tanzania and Zambia to participate in INPE's pilot training courses on the Brazilian satellite forest monitoring system called TerrAmazon. However, there is little information available to document how these tools have been used in national data management systems (UN-REDD, 2013c).

The draft report of the UN-REDD independent evaluation highlights that notable progress has been made with respect to MRV and monitoring and that outputs are high quality. However, it highlights as a preliminary observation that there has been a strong focus on carbon accounting, which has not always taken into account other forest services (Frechette *et al.*, 2014).

UN-REDD has contributed to the development of safeguards but coordination challenges remain

UN-REDD's Social and Environmental Principles and Criteria (SEPCs) outline seven overarching principles and 24 specific criteria for safeguarding against unintended negative impacts of REDD+ implementation (UN-REDD 2011c). Five countries with UN-REDD

National Programmes are working on national approaches to safeguards (Indonesia, Ecuador, the Democratic Republic of Congo, the Philippines, and Vietnam), supported to varying degrees by UN-REDD tools. The principles and criteria were approved at the UN-REDD Policy Board in 2012 and in 2013, the UN-REDD programme produced programme guidelines to help national recipient countries adhere these.

UN-REDD has also developed a Social Principles Risk Assessment Tool (UN-REDD, 2013f), and a policy brief entitled *Putting REDD+ Safeguards into Practice* (Peskest and Todd, 2012). Further publications related to this work area, including six country reports and two journal papers are available online.

These safeguards were used to inform the UN's inputs to the development of the 'Common Approach to Environmental and Social Safeguards' led by FCPF (FCPF, 2011b). One interview respondent noted that the agreement of the 'Common Approach' and the recognition of UN partners as FCPF delivery partners was the first time that UN safeguards had been considered equal to those of the World Bank. Improvements made in UN-REDD safeguards which were needed to facilitate the approval of the common approach have now been applied more broadly across the UNDP and UNEP. For example, they have been used in the UNEP Environment, Social and Economic Sustainability Framework and by the UNDP in the development of their corporate grievance and accountability mechanisms. Various countries have received support in relation to safeguards. In 2013, this included Argentina, Bhutan, Costa Rica, Democratic Republic of Congo, Ecuador and Peru (UN-REDD, 2013e).

UN-REDD safeguards go further than the UNFCCC and World Bank safeguarding requirements in relation to the provision for the right to Free, Prior and Informed Consent (FPIC). In the UNFCCC safeguards, only consultation is required. UN-REDD programme has developed programme level guidelines on Free, Prior, Informed Consent (FPIC) (UN-REDD, 2013j) and an associated legal companion (UN-REDD, 2013k); country specific guidance for FPIC in Papua New Guinea and Vietnam; and undertaken country level planning of FPIC in Ecuador, Honduras, Mexico, Panama, Paraguay, Peru (UN-REDD, 2013d).

Despite work on coordination, the UN-REDD 2013 Semi-Annual update reports ongoing confusion at the country level regarding integration between national processes to address the UNFCCC safeguards with other safeguards-related processes, particularly the World Bank's SESA (UN-REDD, 2013d). It remains a case of the implementing agency's safeguards governing the disbursement of resources, with the UN-REDD Programme's Social and Environmental Principles and Criteria acting as guidelines, rather than a legally binding set of requirements. A respondent from UNDP did comment that the process of getting UNDP safeguards accepted by the World Bank (so UNDP could become an implementing agency under FCPF), was one of the first times UN safeguards had been considered equivalent with the World Bank safeguards.

UN-REDD has contributed to the development of countries' national financial architecture and governance mechanisms

UN-REDD reported that Vietnam, Democratic Republic of Congo, Ecuador, Costa Rica, Mexico and Indonesia are working on the design or adaptation of financial and benefit sharing mechanisms (UN-REDD, 2013e).

Participatory Governance Assessment tools (see Samuel et al., 2010) have been developed to provide a systematic way of delivering a nationally owned process to assess gaps in relation to REDD+ governance. They have been initiated in Ecuador, Indonesia, Nigeria and Vietnam¹⁸². Data for Indonesia show important achievements including the revision of 21 regulations as a result of the Participatory Governance Assessment information and the follow-up of its recommendations; and that the Corruption Eradication Commission of Indonesia is using the assessment as a building block to develop sanctions to counter corrupt practices within the Indonesia bureaucracy (Kartodihardjo, 2012 and http://www.unredd.net/index.php?option=com_docman&task=cat_view&gid=3463&Itemid=53).

The ability of the UN-REDD Programme readiness processes to catalyse reform which results in efforts to tackle the drivers of deforestation and forest degradation is still unclear

The draft UN-REDD evaluation report (Frechette *et al.* 2014) highlights that the programme's 'ability to foster emissions reductions from deforestation and forest degradation largely lie beyond its control or influence' as they are dependent on the existence of cross-sectoral political commitment (including from finance and agriculture ministries), institutional changes being made and the availability of sufficient financial incentives. The report notes that '*the UN REDD Programme is helping to create favourable institutional environments for reducing aggregate pressure on forest resource systems but it has yet to develop scalable models to effectively address resource dilemmas in different settings.*'

UN-REDD's work on Green Economy remains mostly theoretical, but could create new opportunities to engage private sector and stimulate REDD+ investments

UN-REDD has supported meetings on REDD+ and the green economy in Geneva and Indonesia in 2013, which has resulted in an International Resource Panel report on REDD+ finance and private sector engagement (UNEP 2014). Actions relating to the promotion of a transition to a green economy are incorporated in to the national programmes in Congo, Ecuador and Panama and in the Phase 2 support to Vietnam. Green Economy concepts are also included in the REDD+ Strategy for the Democratic Republic of Congo. However, there is no information to evaluate the extent to which these concepts have been operationalised (UN-REDD, 2013e).

UNEP and UNDP are working together on a programme that will look at green supply chains and ethical investment guarantees; this is supported by the UNEP Finance Initiative. It is

¹⁸² See documents on the UN-REDD Collaborative Workspace
http://www.unredd.net/index.php?option=com_docman&task=cat_view&gid=651

seen as important to recognise that this is about demand for forest products in developed countries as well as governance in developing countries (UNEP interview respondent).

Conclusions

NICFI support to UN-REDD has enabled an increasing number of countries to participate in REDD+. Particular contributions have been made in relation to stakeholder engagement, monitoring and MRV, and safeguards.

Rates of disbursement and delivery of activities against readiness plans are relatively strong given the challenging environments within which many national programmes operate.

However, the long-term outcomes of these activities are not measured and it is possible that many capacity development efforts will not result in sustained capacity in the absence of a stronger national vision and resources available for post-readiness action.

The relationship between the readiness activities implemented by UN-REDD and the potential for reducing the drivers of deforestation could be further reviewed.

5.3. Objective 3: To promote the conservation of natural forests to maintain their carbon storage capacity

The UN-REDD strategy highlights the importance of integrating measures to conserve natural forests in national REDD+ strategies and in using safeguards on natural forest conservation in the programme's delivery approach

Conservation of natural forest is intrinsic to the REDD+ approach which seeks to create incentives that prevent the conversion of natural forest to other land uses. It can therefore be assumed that the majority of the results reported against objective three would also contribute to this objective. For example, in strengthening MRV capacity it was noted that UN-REDD equips countries to collect an accurate picture of their natural forest resources and to monitor the effectiveness of different approaches to minimising deforestation (UN-REDD, 2013i).

The UN-REDD Social and Environmental Principles and Criteria (UN-REDD, 2011c) prioritises natural forest conservation in Principle 5 and its two specific criteria (Criteria 12 and 13)¹⁸³. Other criteria focus on biodiversity and ecosystem services which also contribute to the protection of natural forest indirectly.

Conclusion

NICFI investments in UN-REDD have contributed indirectly to the conservation of natural forest. The inclusion of safeguards for natural forest conservation within the UN-REDD guidance is important but there is no systematic reporting to provide evidence that this safeguard is applied or that countries are using MRV data to monitor gross deforestation.

¹⁸³ Criterion 12 –Ensure that REDD+ activities do not cause the conversion of natural forest, and do address the other causes of conversion. Criterion 13 – Minimise degradation of natural forest in order to maintain biodiversity and other key values

5.4. Objective 4: Contribute to the general objectives of Norwegian development cooperation

UN-REDD has enabled the participation of indigenous peoples, local communities, civil society organisations in REDD+ processes at national and global level, but their influence on decision making is more limited at national level.

The independent evaluation highlights that the programme has done ground-breaking work to enable indigenous people and civil society to influence global discussions but notes less influence at country level and highlights that non-indigenous communities are not yet well represented (Frechette *et al.*, 2014). At the global level (the UN-REDD Policy Board) indigenous groups and civil society are represented (UN-REDD 2012b).

The Operational Guidance for the Engagement of Indigenous Peoples and Other Forest-Dependent Communities (UN-REDD 2009f) has guided country level work and influenced the development of harmonised guidance on stakeholder engagement produced with the FCPF (UN-REDD and FCPF 2012). Support to stakeholder engagement processes particularly targeted at indigenous people and civil society organisations are reported in 2013 for Cambodia, Colombia, Cote d'Ivoire, Honduras, Myanmar and Peru. Similar activities feature in the majority of UN-REDD national programmes. The influence of these groups over REDD+ processes are not reported in any detail and are therefore difficult to assess (UN-REDD 2013d-e).

UN-REDD has demonstrated its ability to respond to grievances, particularly in Panama

In 2013, the UN-REDD National Programme in Panama was put on hold due to an investigation into the concerns raised by COONAPIP, the National Coordinating Body of Indigenous Peoples in Panama when it withdrew from the UN-REDD programme in February 2013 (UN-REDD 2013h).

An independent investigation and evaluation of the UN-REDD Programme in Panama indicated that, while there were no violations of individual human rights by the UN-REDD Programme, there were faults in the National Programme design. It found that a proper participatory process with clear roles and responsibilities had not been established in Panama which hampered the subsequent inclusion of indigenous peoples in the implementation of activities. Following a re-design of the programme results framework, a no-cost extension was approved and the programme continued (UN-REDD 2013h).

Capacity building and technical support in the establishment of grievance mechanisms has also featured in various UN-REDD countries including Cambodia, Honduras, Panama,

Paraguay and Suriname but it is not clear whether these systems are functional (UN-REDD 2013e).

UN-REDD has positively contributed to the development of analysis in relation to land tenure and REDD+ issues

UN-REDD recognised the centrality of tenure to REDD+ as it was a key priority identified in the Country Needs Assessment undertaken in 2012 (UN-REDD 2012g). Using the FAO Voluntary Guidelines on the Responsible Governance of Tenure as a guiding tool, the programme has facilitated a number of regional and global meetings aiming to raise awareness of the importance of tenure issues to REDD+ and discuss approaches to developing enabling tenure conditions for REDD+ (UN-REDD website).

At country level, analysis on tenure issues and recommendations were produced in Democratic Republic of Congo, Kenya, Paraguay, Guatemala and Honduras. Whilst, there is limited evidence that recommendations have been adopted or that reform has taken place, this has raised awareness of the need for reform (UN-REDD website).

UN-REDD have produced guidance and analysis aimed at reducing corruption and illegality in REDD+ governance

UN-REDD has produced global guidance on *Freedom of Information and REDD+* (UN-REDD, 2013l), *Sharing National Experiences in Strengthening Transparency, Accountability and Integrity for REDD+* (UN-REDD 2013m) and Public animation video on Anti-Corruption and REDD+¹⁸⁴. It has also delivered training for civil society participants on ‘Anti-corruption for REDD in Asia and the Pacific’ and facilitated various national lesson learning and awareness creation events in Africa and Asia (UN-REDD newsletters).

Assessment of corruption risk has been undertaken in Kenya, Peru and Philippines and was part of the Indonesia Participatory Governance Assessment (UN-REDD website and 2013d-e). Whilst these reports generate recommendations, there is no evidence that these have been adopted. Vietnam’s phase 2 UN-REDD proposal contains a range of anti-corruption activities, including awareness raising, developing indicators to assess corruption risks, developing complaints and open information mechanisms as well as developing recommendations for modification to policies and closure of legal loopholes (UN-REDD 2013g). As grievances have not been raised in these countries, it is not yet clear whether these activities have reduced corruption risk in forest governance or REDD+ processes.

UN-REDD activities have contributed to the inclusion of biodiversity protection objectives within REDD+ processes where countries have requested this support

The UN-REDD Social and Environmental Principles and Criteria (UN-REDD, 2011c) has two Principles (6 and 7) which specify the importance of maintaining and enhancing the multiple functions of forests, including conservation of biodiversity and ecosystem services and

¹⁸⁴ <https://www.youtube.com/watch?v=NpKySjceJEg>

avoiding or minimising the adverse impacts on non-forest ecosystem services and biodiversity.

UN-REDD published a policy brief on 'REDD+ and the 2020 Aichi Biodiversity Targets: Promoting Synergies in International Forest Conservation Efforts' (Miles et al., 2012), which drew on a series of workshops co-hosted with the Convention of Biological Diversity at global and regional level. The UNEP interview respondent noted the importance of these workshops in building awareness and understanding on the links between REDD+ and biodiversity conservation.

UN-REDD has provided analysis to countries interested in biodiversity conservation. For example a series of maps to aid the implementation of Tanzania's REDD strategy. The maps include natural forest, biodiversity, ecosystem services, drivers of deforestation and forest degradation, and potential zones for implementation of REDD+ activities. The UNEP interview respondent also noted the potential for further work on the economic benefits from non-timber forest products and wildlife corridors.

UN-REDD support to MRV system design includes biodiversity monitoring where countries request this, for example in Ecuador and the Philippines (UN-REDD 2013c).

UN-REDD has undertaken analytical work and developed guidance on gender considerations in REDD+. It is also working on gender issues into national REDD+ processes

UN-REDD has developed a number of publications on REDD+ and gender including:

- Integrating Gender into REDD+ Safeguards in Indonesia (UN-REDD 2012f);
- The Business Case for Mainstreaming Gender in REDD+ (UN-REDD, 2011h);
- Implementing Gender-sensitive, Effective and Sustainable REDD+ Strategies (UN-REDD 2012h);
- A Draft Information Note on Gender Sensitive REDD+ (UN-REDD, 2013b), which was subsequently adopted as a Guidance Note.¹⁸⁵

An interagency gender working group has also been established in the UN-REDD Programme which has worked on the integration of gender considerations into the UN-REDD & FCPF Stakeholder Engagement Guidelines and a comprehensive integration of gender considerations in the 2010-2015 UN-REDD Programme Strategy (UN-REDD interview respondent). UN-REDD Policy Board discussions on gender issues (Information Session on Gender at 9th Policy Board, Brazzaville; Knowledge Sharing and Information Session at 10th Policy Board meeting, Lombok) contributed to the development of the guidance note.

¹⁸⁵ This Draft became a Guidance Note in Autumn 2013.
http://www.unredd.net/index.php?option=com_docman&task=doc_download&gid=11824&Itemid=53

UN-REDD, alongside Women Organizing for Change in Agriculture & Natural Resource Management (WOCAN) and Lowering Emissions in Asia's Forests (LEAF), has also established an initiative to identify practical entry points for women's inclusion and gender perspectives in REDD+ in Asia-Pacific. This involves examination of:

- Specific challenges and barriers that prevent the integration of gender perspectives;
- Collating relevant evidence of good practices of women's inclusion in forest and other land use sectors; and
- Knowledge sharing for replication of successful practices ¹⁸⁶.

The UN-REDD programme also explicitly examined gender dimensions of the national REDD+ safeguards in Indonesia (PRISAI), concluding that gender perspectives have been well integrated but that women's secure control over forest lands and resources and a more gender sensitive approach to Free Prior Informed Consent needed to be emphasised (UN-REDD, 2012b).

Whilst these are useful developments, the recent evaluation of the UN-REDD Programme found that while gender issues are reflected in most policy and programmatic documents and guidelines, the implementation of gender mainstreaming activities at the country level is not taking place in a cohesive and systematic way throughout the Programme (Frechette *et al.* 2014).

6. Conclusions

The UN-REDD programme has delivered a large number of activities that have contributed to the global knowledge base on the importance of tackling development issues within REDD+ and providing ideas on how these might be achieved within National Government systems.

However, there is an absence of a clear theory of change to guide the design and delivery of development activities within REDD+. This, combined with the absence of more detailed evidence about the outcomes of the activities mentioned in this section makes it challenging to ascertain whether these activities will result in the achievement of sustainable development outcomes.

¹⁸⁶ <http://wocan.org/sites/drupal.wocan.org/files/JointInitiative-Overview-March2914.pdf>

Annex 18 Evaluation Framework

Core objective / Strategic Objective	Key Inputs Covered by Evaluation	Indicator Themes	Outcomes areas	Data Sources	Analysis
<p>1. To work towards the inclusion of emissions from deforestation and forest degradation in a new international climate regime</p>	<ul style="list-style-type: none"> - Negotiations activities (submissions, participation in negotiations, funding of workshops, experts meetings). - Consensus-building activities outside the formal negotiations - UNREDD and FCPF readiness activities - bilateral results based partnerships (Brazil, Guyana, Indonesia) 	<ul style="list-style-type: none"> -UNFCCC negotiations -Readiness Progress -International REDD+ Architecture -Financial Mechanisms -MRV -Phase 3 developments -Leverage and catalysis -Capacity 	<ul style="list-style-type: none"> - Progress on all elements of REDD+ in the negotiations (including level of engagement) - rate of progress on REDD+ compared with other areas of the UNFCCC negotiations - Development of international architecture / common donor platforms -Development of financial structures / mechanisms -National level readiness progress in many countries -Leverage of other funding for REDD+ - Establishment in the mainstream WB, GEF, EC strategies 	<ul style="list-style-type: none"> -Global Policy evaluation baseline -MRV evaluation negotiations data and results - Norway's submissions to the UNFCCC -interviews with negotiators and key international informants - UNREDD, FCPF, FIP annual reporting, evaluations and related documentation -bilateral agreements, reporting and related documentation - Interviews with NICFI secretariat staff and bank / financial mechanism stakeholders regarding Brazil, Indonesia, Guyana, - interviews with other donors and key international informants 	<ul style="list-style-type: none"> - assessment of submissions and REDD+ developments in the UNFCCC negotiation text; -triangulation of informants' perceptions - identification of key results from documentation and informants interviews - comparison of financial pledges, disbursements and fund usage - assessment of funding flows through the bilateral mechanisms -coverage inWB strategy and country strategies, GEF, EU

Core objective / Strategic Objective	Key Inputs Covered by Evaluation	Indicator Themes	Outcomes areas	Data Sources	Analysis
<i>Development aspects of 1.</i>	<ul style="list-style-type: none"> - Negotiations activities - FCPF, FIP, UNREDD - Bilateral results-based partnerships - Civil Society Fund 	<ul style="list-style-type: none"> - <i>Indigenous Peoples' and local communities' rights</i> - <i>Sustainable finance</i> - <i>Accessibility of REDD+ to all developing countries with forests</i> - <i>Consistency with ODA guidelines</i> 	<ul style="list-style-type: none"> - <i>Acceptance of safeguards aspects of the negotiations</i> - <i>Are safeguards incorporated into design and planning and agreements</i> - <i>Agreement on phased approach that enables access for REDD+ countries, whatever their capacity starting point</i> - <i>Progress towards establishment and sustained financing of an international funding mechanism</i> - <i>Progress on national low carbon development pathways</i> - <i>development of rights based, participatory, transparent national REDD+ approaches</i> 	<ul style="list-style-type: none"> - <i>UNFCCC negotiations text</i> - <i>bilateral agreement related documentation</i> - <i>national level documentation on development aspects of REDD+ through the multilaterals</i> - <i>interviews with international and national stakeholders</i> 	<ul style="list-style-type: none"> - <i>Assessment of extent and depth of inclusion in documentation</i> - <i>triangulation of key informants' perceptions</i>

Core objective / Strategic Objective	Key Inputs Covered by Evaluation	Indicator Themes	Outcomes areas	Data Sources	Analysis
<p>2. To take early action to achieve cost-effective and verifiable reductions in greenhouse gas emissions</p>	<ul style="list-style-type: none"> - Bilateral results based partnerships (Brazil, Indonesia, Guyana) - Establishment of new partnerships with Ecuador and Colombia - MRV activities at global and national levels - Participation and funding of FCPFs Carbon Fund (only multilateral REDD+ pay-for-performance mechanism). Several emission reduction-programmes under development. - All our readiness (phase 1. UNREDD, FCPF R-fund) and phase 2-type investments (FIP, UNREDD tier 2, etc) are meant to catalyse future emission reductions. -Civil Society Fund pilots 	<ul style="list-style-type: none"> -Readiness Progress -Emissions reductions achieved, or progress towards this -Financial Mechanisms -MRV -Phase 3 developments -Capacity 	<ul style="list-style-type: none"> -Emissions reductions achieved, or likelihood of these being achieved - Progress on modalities of funds transfer, including anti-corruption aspects (multilateral, bilateral); - Development of national financial mechanisms - Development of methodologies for reference level setting in both high deforestation and low deforestation countries; - National-level MRV-systems; methodological and institutional choices; - Development of pilots -Research and lessons from pilots - Progress on relevant political processes in country partners 	<ul style="list-style-type: none"> -bilateral and multilateral country reporting -bilateral agreements -civil society reporting -multilateral strategies -interviews with multilateral, donor and REDD+ country stakeholders 	<ul style="list-style-type: none"> - Identification of documentary evidence -triangulation of informants' perceptions

Core objective / Strategic Objective	Key Inputs Covered by Evaluation	Indicator Themes	Outcomes areas	Data Sources	Analysis
Development aspects of 2	<ul style="list-style-type: none"> - Bilateral Partnerships - civil society pilots 	<ul style="list-style-type: none"> -Indigenous Peoples' and local communities' rights -Sustainable finance -Consistency with ODA guidelines -Resource conflict resolution -Tackling corruption and illegality -Biodiversity -Forest sector transparency and governance -Spatial planning -Tenure and access 	<ul style="list-style-type: none"> - implementation; are the requirements reflected e.g. in the design at the national level, are they implemented -Has the funding been put to good use? - Are safeguards incorporated into design and planning and agreements - Agreement on phased approach that enables access for REDD+ countries, whatever their capacity starting point -Progress towards establishment and sustained financing of an international funding mechanism - Progress on national low carbon development pathways -development of rights based, participatory, transparent national REDD+ approaches 	<ul style="list-style-type: none"> -civil society project reporting -national informants -Relevant national documents and strategies 	

Core objective / Strategic Objective	Key Inputs Covered by Evaluation	Indicator Themes	Outcomes areas	Data Sources	Analysis
3. To promote the conservation of natural forests to maintain their carbon storage capacity.	-Negotiations -bilateral agreements -Civil Society -CBD Secretariat work	-UNFCCC negotiations -Readiness Progress	-natural forest safeguards -national actions focused on protecting natural forest (e.g. Indonesia moratorium) -project scale activities -multilateral and CBD activities on biodiversity and REDD+	-Negotiations text -submissions -bilateral agreements and related documentation Civil society reporting Informants interviews	
<i>Development aspects of 3</i>	<i>-Negotiations -bilateral agreements -Civil Society</i>	<i>-Indigenous Peoples' and local communities' rights -Resource conflict resolution -Tackling corruption and illegality -Biodiversity -Forest sector transparency and governance</i>			

Core objective / Strategic Objective	Key Inputs Covered by Evaluation	Indicator Themes	Outcomes areas	Data Sources	Analysis
Is it possible to achieve climate objectives and payment for results with the existing financial set –up?				-Financial modalities study -interviews with donor, development bank, financial, international, national, multilateral informants	-Triangulation of informants perceptions with the financial modalities study
How successful has NICFI been in integrating and delivering on both the climate and development objectives				-Results against the core objectives -interviews key NICFI stakeholders	-Triangulation of informants perceptions with the results against core objectives
Does the incentive structure differentiate REDD+ from forest aid more generally				-interviews with donors, donor fund recipients, national and international informants	-Triangulation of informants perceptions
How can NICFI help maintain momentum for REDD+ between 2015 and 2020?				-interviews with donors, donor fund recipients, national and international, multilateral informants	-Triangulation of informants perceptions

Annex 19 Sampling Strategy

The subsampling criteria for assessment of results against the NICFI core objectives were the following:

1. NICFI's identification of which key portfolio activities are anticipated to generate results towards each core objective;
2. Level of funding;
3. Geographic / contextual coverage.

1. NICFI's identification of key elements of the NICFI portfolio anticipated to generate results towards each core objective

In order to aid development of a sampling strategy, the evaluation team has sought to develop an understanding of how NICFI sees each of the portfolio items contributing results against the NICFI Core Objectives in order to identify which items are most appropriate to focus on. Table 22 was provided to NICFI to identify what they see as the key contributing elements of the portfolio against each of the core objectives. These were identified as: i) activities focused on the UNFCCC Climate Change Negotiations, including consensus-building activities; ii) multilateral activities through the UN-REDD Programme, FCPF and FIP; iii) the three bilateral –results-based REDD+ partnerships with Brazil, Indonesia and Guyana; iv) Civil Society Support Scheme activities; and v) biodiversity focused activities through the Secretariat of the Convention on Biological Diversity and also through the UN-REDD Programme.

Table 22. NICFI's identification of key elements of the NICFI portfolio anticipated to generate results towards each core objective

Objectives	Portfolio items
Core Climate Objective 1	<p><i>Climate aspects:</i> Negotiations activities, Consensus Building activities; UN-REDD and FCPF Readiness activities</p> <p><i>Development aspects:</i> Negotiations activities, UN-REDD, FCPF, FIP, bilateral partnerships with Brazil, Guyana, Indonesia, Civil Society Support</p>
Core Climate Objective 2	<p><i>Climate aspects:</i> Bilateral partnerships with Brazil, Guyana, Indonesia; new partnerships under development with Ecuador and Colombia; UN-REDD and FCPF Phase 1 Readiness activities; UN-REDD and FIP Phase 2 activities; FCPF Carbon Fund; MRV activities</p> <p><i>Development aspects:</i> Bilateral partnerships with Brazil, Guyana, Indonesia, UN-REDD Programme, Civil Society Support,</p>

Objectives	Portfolio items
Core Climate Objective 3	<p><i>Climate aspects:</i> Negotiations activities, Bilateral partnerships with Brazil, Guyana, Indonesia, partnerships under development with Colombia and Ecuador; FCPF Carbon Fund; MRV activities; CBD Secretariat activities; UN-REDD work on biodiversity</p> <p><i>Development aspects:</i> To be defined</p>

2. Level of funding

There is a strong degree of overlap between the key activities anticipated to generate results and the portfolio activities that have received the majority of the NICFI disbursements 2008-2012.

Modality	% total NICFI disbursements 2008-2012	Proposed sample % of total NICFI disbursements	Sample coverage of each modality %
Multilateral Institutions	58	56 CBFF 8% FCPF 21% FIP 12% UN-REDD 15%	98
Bilateral partnerships	27	26 Brazil 11% Guyana 8% Indonesia 4% Tanzania 4%	93
Civil Society Support	14	14	100
Others	1	0	0
TOTAL	100	97	

3. Geographic and contextual points

Country visits to Brazil, Guyana, Indonesia would provide good coverage of country level REDD+ financial mechanisms supported by NICFI: Brazil's Amazon Fund was the world's first payment for results REDD+ financial mechanism; The Guyana REDD+ Investment Fund, established as part of the bilateral agreement with Norway, is the world's first national

level REDD+ financial mechanism, and in Indonesia The FREDDI (Fund for REDD+, Indonesia) mechanism has been developed, while an interim mechanism for disbursement, managed by UNDP, has been employed while FREDDI was under development.

Visits to Brazil, Guyana and Indonesia would provide examples of countries where results-based partnerships with Norway are most established, representation of cases in south America and south east Asia, and the evaluation team have data and contacts in these countries from previous evaluations.

Tanzania would also be a good addition to the group of country cases: it has a dry woodland ecological context, which is relevant across a major portion of Africa; the NICFI activities in Tanzania are also well-established and the evaluation team has data and contacts for these; and also for the purpose of achieving geographically balanced representation across the continents relevant for REDD+ and the NICFI portfolio.

4. Final sample

The final sample decided upon is the following:

Multilateral institutions - CBFF, FCPF, FIP, UN-REDD. Coverage only in terms of achievement of results against the NICFI core objectives as institution-specific evaluations of strategy and operational processes have been undertaken / are underway separately from this evaluation (the reports of which will form an input to this evaluation)

Country partners - Brazil, Guyana, Indonesia and Tanzania; in addition, the bilateral agreements related to newer partnerships with Mexico, Vietnam, Ethiopia and Colombia will be compared with the older bilateral agreements with Brazil, Guyana and Indonesia. The partnerships with Mexico, Vietnam, Ethiopia and Colombia will not be covered in any other way in this evaluation given timing and budget constraints.

EVALUATION REPORTS

- 8.00 Evaluation of the Norwegian Mixed Credits Programme
- 9.00 "Norwegians? Who needs Norwegians?" Explaining the Oslo Back Channel: Norway's Political Past in the Middle East
- 10.00 Taken for Granted? An Evaluation of Norway's Special Grant for the Environment
- 1.01 Evaluation of the Norwegian Human Rights Fund
- 2.01 Economic Impacts on the Least Developed Countries of the Elimination of Import Tariffs on their Products
- 3.01 Evaluation of the Public Support to the Norwegian NGOs Working in Nicaragua 1994–1999
- 3A.01 Evaluación del Apoyo Público a las ONGs Noruegas que Trabajan en Nicaragua 1994–1999
- 4.01 The International Monetary Fund and the World Bank Cooperation on Poverty Reduction
- 5.01 Evaluation of Development Co-operation between Bangladesh and Norway, 1995–2000
- 6.01 Can democratisation prevent conflicts? Lessons from sub-Saharan Africa
- 7.01 Reconciliation Among Young People in the Balkans An Evaluation of the Post Pessimist Network
- 1.02 Evaluation of the Norwegian Resource Bank for Democracy and Human Rights (NORDEM)
- 2.02 Evaluation of the International Humanitarian Assistance of the Norwegian Red Cross
- 3.02 Evaluation of ACOPAM An ILO program for "Cooperative and Organizational Support to Grassroots Initiatives" in Western Africa 1978 – 1999
- 3A.02 Évaluation du programme ACOPAM Un programme du BIT sur l'« Appui associatif et coopératif aux Initiatives de Développement à la Base » en Afrique de l'Ouest de 1978 à 1999
- 4.02 Legal Aid Against the Odds Evaluation of the Civil Rights Project (CRP) of the Norwegian Refugee Council in former Yugoslavia
- 1.03 Evaluation of the Norwegian Investment Fund for Developing Countries (Norfund)
- 2.03 Evaluation of the Norwegian Education Trust Fund for African the World Bank
- 3.03 Evaluering av Bistandstorgets Evalueringsnettverk
- 1.04 Towards Strategic Framework for Peace-building: Getting Their Act Together. Overview Report of the Joint Utstein Study of the Peacebuilding.
- 2.04 Norwegian Peace-building policies: Lessons Learnt and Challenges Ahead
- 3.04 Evaluation of CESAR's activities in the Middle East Funded by Norway
- 4.04 Evaluering av ordningen med støtte gjennom paraplyorganisasjoner. Eksempifisert ved støtte til Norsk Misjons Bistandsnemda og Atlas-alliansen
- 5.04 Study of the impact of the work of FORUT in Sri Lanka: Building Civil Society
- 6.04 Study of the impact of the work of Save the Children Norway in Ethiopia: Building Civil Society
- 1.05 –Study: Study of the impact of the work of FORUT in Sri Lanka and Save the Children Norway in Ethiopia: Building Civil Society
- 1.05 –Evaluation: Evaluation of the Norad Fellowship Programme
- 2.05 –Evaluation: Women Can Do It – an evaluation of the WCDI programme in the Western Balkans
- 3.05 Gender and Development – a review of evaluation report 1997–2004
- 4.05 Evaluation of the Framework Agreement between the Government of Norway and the United Nations Environment Programme (UNEP)
- 5.05 Evaluation of the "Strategy for Women and Gender Equality in Development Cooperation (1997–2005)"
- 1.06 Inter-Ministerial Cooperation. An Effective Model for Capacity Development?
- 2.06 Evaluation of Fredskorpset
- 1.06 – Synthesis Report: Lessons from Evaluations of Women and Gender Equality in Development Cooperation
- 1.07 Evaluation of the Norwegian Petroleum-Related Assistance
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