

Jim Yong Kim
President of the World Bank
jkim@worldbank.org

Friday, December 8th 2017

Dear Jim Yong Kim,

RE: Open letter to the World Bank and international community on the tenth anniversary of the Forest Carbon Partnership Facility

As a grouping of environmental NGOs working in tropical forests, we are writing to express our concern about the direction of travel of the World Bank's Forest Carbon Partnership Facility (FCPF) as well as wider efforts to reduce emissions from deforestation and degradation (REDD).

December 11th marks **ten years** since the FCPF was formally launched at the UN climate conference in Bali with the aim of establishing a market-based system for paying countries in the Global South to prevent carbon emissions from forest loss. Yet, despite mobilizing commitments and contributions from donors such as the governments of Norway, UK and Germany totalling more than **US\$1.1 billion**¹, the FCPF cannot point to **a single gram of carbon that it has saved nor any emissions reductions payments that have yet been made**. Meanwhile, FCPF's accounts show an astonishing level of non-productive administrative costs.²

Pressures for the FCPF to show results in the form of 'payments for performance' has resulted in Emissions Reductions Programmes (ER-Ps) now being considered for funding even though countries have made little progress on so-called 'REDD Readiness' – a series of actions supposedly required to ensure transparent, equitable and effective REDD+ interventions. A recent analysis by the Rights and Resources Initiative (RRI) of the 13 ER-Ps in the Carbon Fund pipeline found that:

- The importance of secure tenure rights for effective REDD+ implementation is largely unrecognized, with weak to non-existent commitments to advance such issues.
- Locally affected populations and vulnerable groups are inadequately involved in the design and intended delivery of proposed ER-Ps.
- Most countries lack a legal foundation for carbon rights, rendering problematic the promise of carbon as a tradeable asset.

¹ A total of 15 developed countries, BP and the Nature Conservancy NGO have contributed to the FCPF. This is in addition to other World Bank managed REDD funds such as the Forest Investment Programme (US\$775 million) and the BioCarbon Fund (US\$340 million).

² See <http://bit.ly/2AELJji>

- Requirements for establishing fair and equitable benefit sharing schemes are insufficient for developing timely and comprehensive strategies.
- The governance institutions needed to support effective REDD+ delivery are largely absent.³

In addition, deforestation assessments and associated actions target the livelihoods of the poorest while baseline reference scenarios have been set so high in some cases as to allow for deforestation to increase but REDD 'credits' still to be generated.

The impacts of this lack of 'REDD-readiness' are already being felt on the ground with worrying reports of land grabbing, conflict over carbon rights, and human rights abuses in some areas.⁴

In fact, it is becoming clear that the ER-Ps cannot work without very substantial prior investment – in other words, the international community, including the Bank itself, is going to have to pay to create the forest carbon emissions reductions which the FCPF Carbon Fund will then buy back again.

This is a monstrously inefficient and cumbersome way to make financial interventions to protect forests. The fundamental lack of any due diligence in the design of the FCPF in 2007-08 has been confirmed to us by its first director, who told us 10 years ago that there had been “no analytical or modelling work” - such as on the demand in, and impact on, carbon markets for FCPF's 'product' - done in the process of designing the FCPF. As far we are aware, that remains the case to date.

Whilst the FCPF has from the outset professed to be a process of 'learning by doing', there has been a total absence of any serious appraisal of the lessons learned. The evaluation of the FCPF in 2016, whilst pointing out some serious shortcomings, appears to have resulted in no substantive changes.

In our view, the single most important lesson from the 10 years of the FCPF's history is clear: this approach to forest protection simply has not worked.

We therefore call on you and the relevant donor/investor governments to suspend support to the FCPF until such time as the Bank can clearly demonstrate how the programme will concretely enhance the rights and livelihoods of indigenous and forest communities and is able to set out a convincing economic case for the carbon market it intends to kick-start.

Sincerely,

AJESH - Cameroon

Alternatives Durables pour le Développement - Cameroon

Amis de l'Afrique Francophone - Benin

ARA - Germany

Bruno Manser Fund – Switzerland, Malaysia

³ <http://bit.ly/2AG14Rf>

⁴ <http://bit.ly/2AApETt>

Climate Alliance - Europe

Denkhausbremen e.V. - Germany

LICOCO – Democratic Republic of Congo

PERAD - Cameroon

Pro REGENWALD - Germany

Rainforest Foundation UK – United Kingdom

Regenwald e.V - Germany

Urgewald - Germany

CC - Governments of:

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