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Memorandum

TO: Participants Assembly, Forest Carbon Partnership Facility
Participants Committee, Forest Carbon Partnership Facility
Facility Management Team, Forest Carbon Partnership Facility
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Partnership Facility Participants Committee for Non-Governmental
Organizations
Above signed members of the FCPF NGO Contact Group

Improving the Clarity, Transparency, and Accountability of FCPF Decisionmaking

Good forest governance is critical to reducing emissions from deforestation and forest degradation (REDD) in developing countries. Good governance is also required of the international institutions that implement REDD. "Governance" refers to the actors, rules, and practices that determine how governing decisions are made. This memorandum discusses concerns about the governance of FCPF's Readiness Mechanism.

FCPF must play a constructive role in addressing the institutional challenges posed by REDD. The success of FCPF will be measured by its ability to perform key institutional functions: oversight, financial support, standard-setting, certification of results, and accountability. FCPF's success or failure in meeting these institutional challenges will have significant implications for its future and that of other international REDD efforts.

Crosscutting the functions listed above is the consistent application of agreed principles and performance-based standards to hold national governments accountable for their performance while also allowing countries full ownership of their REDD strategies. Such decisions are politically sensitive because they entail making judgements about the quality of the actors involved and the results of their activities. The political character of such decisions can be mediated by the consistent and fair application of agreed principles and performance-based standards. The political sensitivity of such decisions is further mediated where the parties subject to decisionmaking also play a role in formulating the governing principles and standards and share decisionmaking authority. (In the FCPF, this takes place through participant countries' roles in the Participants Assembly and the Participants Committee.) Making what would generally be considered highly politicized decisions in accordance with agreed principles, standards, and indicators shifts the mode of decisionmaking from a political model of decisionmaking towards a more judicial model of decisionmaking. The effectiveness of the FCPF will fundamentally depend on its ability to develop institutional competencies and procedures that can mediate decisionmaking in this way and thereby ensure that the principles and performance standards necessary for the successful implementation of REDD are, in fact, implemented.

This memorandum calls for greater clarity, transparency, and accountability in FCPF decisionmaking. The current lack of clear decision gates at key points in the readiness process and the consequent lack of sufficient transparency and accountability weakens the

integrity and credibility of FCPF decisionmaking. Some will argue that increasing transparency and accountability will make decisionmaking procedures too cumbersome. However, this must be balanced against the fact that a lack of clarity, transparency, and accountability in FCPF decisionmaking causes the readiness process to get bogged down, because opaque and unaccountable decisions are frequently called into question as lacking integrity and credibility. Indeed, greater clarity, transparency, and accountability is likely to streamline FCPF decisionmaking by making decisionmaking procedures more readily understandable and efficient.

Of course, decisionmaking necessarily entails judgement, and concerned parties will disagree regarding judgements made (e.g., whether a particular country should receive readiness funding in particular circumstances), even where decisionmaking procedures are agreed. But ensuring clear, transparent, and accountable decisionmaking procedures is a very important step in ensuring greater credibility and integrity in FCPF decisionmaking. Moreover, clear and transparent decisionmaking procedures provide the appropriate forum for differing views to be debated and a traceable record of decisions and their justification, and accountability includes the opportunity to challenge controversial decisions.

Improved decisionmaking procedures would also help the FCPF to better fulfil its two main purposes: (1) providing resources to enable countries to achieve REDD and (2) providing insights into the challenges of implementing a REDD mechanism. A successful REDD mechanism is one that is effective, efficient, and equitable. Ensuring that funding decisions are made in accordance with REDD readiness principles and performance-based standards will increase the effectiveness and efficiency of the Readiness Mechanism. Ensuring that the readiness process proceeds in a manner that is fully compliant with the World Bank's safeguard policies and applicable international obligations, including Indigenous Peoples' right to free prior and informed consent, will help to ensure that the readiness process leads to an equitable result. Finally, clear, transparent, and accountable decisionmaking procedures will result in a better-documented programme subject to more accurate assessment of its successes and failures as well as attribution for the same, allowing for more lessons to be learned from the FCPF as a pilot REDD initiative.

The first step in ensuring greater clarity, transparency, and accountability in FCPF decisionmaking is clarifying key decision gates in a REDD country's progression from its acceptance into the Readiness Mechanism to the award of a readiness grant and consideration of the resulting Readiness Package. Alarming, the FCPF is instead *eroding decision gates* throughout the readiness formulation and preparation process (hereinafter "readiness process"). In particular, with regard to the oversight exercised by the Participants Committee (PC), we note a shift from requiring PC *approval* of countries' Readiness Plans to merely seeking PC *review and assessment* of Readiness Preparation Proposals (R-PPs). We further note a shift from an FCPF commitment to *ensuring compliance* of the Readiness Mechanism with the World Bank's safeguard policies to merely *engaging in a dialogue about* safeguard requirements. As proposed, this dialogical process may not result in a determination of compliance until the very end of the Readiness Process, upon assessment of the resulting Readiness Package.¹

These are not harmless shifts in terminology. Rather, they represent the Facility Management Team's (FMT's) muting of decision gates in favour of a dialogue leading up to and beyond

¹ FCPF Note FMT 2009-6, Incorporating Environmental and Social Considerations into the Process of Getting Ready for REDD (DRAFT- October 15, 2009).

the issuance a US\$3.6 million readiness grant, without any decisive points for ensuring compliance with agreed performance-based standards. This erosion of key decision gates causes a crippling reduction in transparency and accountability. For, without clarity regarding key decision gates—including the inputs to be considered, standards to be applied, and decisions that are responsive to concerns raised—rights holders such as indigenous peoples and other stakeholders are unable to assess and influence the process effectively.

FMT claims that the iterative dialogue it recommends is aimed at ensuring REDD readiness. While there is value in the feedback and other assistance provided through this dialogue, *such efforts are not an adequate substitute for transparent key decision gates through which REDD countries proceed only if their performance so far has been consistent with agreed performance-based standards.*

This memo proceeds in two parts. First, we discuss concerns and make recommendations regarding the process leading up to any decision to issue readiness grants to countries for which the PC has already reviewed and assessed an R-Plan (Panama, Indonesia, and Guyana). Second, we discuss concerns relating to the FCPF’s decisionmaking processes more generally and recommend reforms to be implemented prior to the approval of any other R-PPs.

I. Withholding Readiness Grants until Agreed Performance Standards for the Readiness Formulation Process are Met

The FCPF Charter provides that the PC shall be responsible for “approving the Readiness Plan submitted by a REDD Country Participant” after “taking into account the findings and recommendations of the Ad Hoc Technical Advisory Panel (TAP) that may be established for this purpose.”² At PC2 in March 2009, the PC adopted an interim process for approving R-Plans. This interim process included the adoption of specific criteria and performance-based standards to guide the evaluation of R-Plans by the TAP and approval by the PC.³ Under the interim process, if the PC found that a country had failed to comply with the agreed criteria and standards, the country would be given feedback regarding areas in need of improvement and allowed to re-submit an improved R-Plan up to two more times.⁴ At PC2, the PC resolved that this interim process would be applied to any R-Plans submitted for approval to PC3, after which the process would be reviewed and possibly revised based on the experience at PC3.⁵

At PC3 in June 2009, the PC considered R-Plans from Panama, Guyana, and Indonesia. Rather than proceeding in accordance with the interim approval process adopted at PC2, however, the PC instead revised its process prior to taking action on the R-Plans before it (see further discussion at page 7, below).

Notwithstanding numerous serious concerns raised by the TAPs as well as in preliminary findings from the Bank’s due diligence with regard to the R-Plans’ compliance with the criteria and standards specified by the interim process for approval of R-Plans, the PC “recognized” that each plan “provides a sufficient basis for funding to move ahead with

² FCPF Charter at section 3.1(b).

³ See FCPF Second Participants Committee Meeting (March 2009), Resolution PC/2/2009/2 (adopting Program Document FMT 2009-1-Rev.1 and Program Document FMT 2009-2 to comprise its “Interim R-Plan Review Process”).

⁴ *Ibid.*

⁵ *Ibid.*

preparation for readiness.”⁶ The PC also requested that Panama, Guyana, and Indonesia address the key issues identified in their respective TAP assessments, the preliminary findings of the World Bank’s due diligence, and Summary Reports of the PC’s discussions of the R-Plans.⁷

In the case of Guyana, for example, the PC noted in particular the need for further action in the following areas: (1) strengthen assessment and plans for addressing the drivers of deforestation and REDD strategies outside of the forest sector, and link the proposed REDD strategy to these drivers; (2) review the implications of the current land titling process (especially for Amerindian communities) for the national REDD strategy, and address issues identified in the review; (3) consider, when establishing the national reference scenario, realistic opportunity costs and take into account concerns highlighted by the TAP; (4) develop a plan and schedule for inclusive and transparent consultations with stakeholders, including indigenous and local communities, on the development and implementation of a future REDD strategy; (5) align the new policies and laws emerging for a low carbon development strategy and assess their implications for a future REDD strategy; (6) develop and elaborate on strategies and safeguards to ensure that REDD projects and programs do not adversely affect biodiversity and other forest ecosystems services, and enhance the livelihoods of forest-dependent indigenous peoples and other forest-dwellers; and (7) clarify and/or further develop relevant policies, laws, regulations, or guidelines concerning land tenure and resource access, and the distribution of costs and benefits, for REDD demonstration projects, ensuring that the rights and interests of relevant stakeholders, including forest-dependent indigenous peoples and other forest dwellers, are taken into account.⁸

The PC also noted the need for progress in the areas specified to be noted in the countries’ FCPF grant agreements.⁹ In the case of Indonesia, the PC requested that Indonesia report on the progress on the issues included on its Summary Report on Indonesia at PC4, before signature of a grant agreement.¹⁰ However, the PC failed to specify any process to determine whether Guyana or Panama has taken the further actions requested by the PC, or whether the R-PPs comply with the Bank’s safeguard policies and applicable international obligations, prior to finalizing a grant agreement. Nor has the FMT been forthcoming with further details regarding how to ensure that a readiness grant is not issued unless and until the REDD country demonstrates that its R-PP complies with agreed performance-based standards for the readiness formulation stage.

To remedy these deficiencies, we urge the PC to

- Affirm that in no case should a grant agreement be issued to Guyana, Panama, or Indonesia, unless and until the country in question has demonstrated compliance with the specific recommendations of the TAP, the preliminary findings of the Bank’s due diligence, and the PC’s Summary Report.

⁶ FCPF Third Participants Committee Meeting (June 16-18, 2009), Resolution PC/3/2009/2 (regarding Panama), Resolution PC/3/2009/1 (regarding Guyana), and PC/3/2009/5 (regarding Indonesia).

⁷ *Ibid.*

⁸ FCPF Participants Committee Third Meeting (June 16-18, 2009), PC Discussions of Guyana’s Readiness Preparation Proposal, Summary Report.

⁹ See FCPF Participants Committee Third Meeting (June 16-18, 2009), Summary Reports re PC discussions of R-PPs for Panama, Guyana, and Indonesia.

¹⁰ FCPF Third Participants Committee Meeting (June 16-18, 2009), Resolution PC/3/2009/5.

- Clarify procedures, inputs, and standards through which such compliance shall be assessed and approved.
- Solicit and take into consideration the views and testimonies of indigenous peoples and other forest communities as well as independent observers and forest governance monitors, given that many of the deficiencies recognized in the reviewed R-Plans pertain to the need for more inclusive, transparent, and responsive consultations with stakeholders; assessment of the implications of proposed REDD strategies on the livelihoods of forest-dependent indigenous peoples and other forest dwellers; and the need to secure the legal rights of indigenous peoples to their traditional lands and resources. This is necessary in order to accurately assess whether or not these issues have been adequately addressed.

This last point is very important, because a country's self-assessment alone provides an insufficient basis for determining compliance with performance-based standards and World Bank safeguards. For example, a report submitted to FCPF by a credible independent monitor has outlined concerns calling the credibility of Guyana's self-representation into question, and making numerous specific recommendations for further steps FCPF should require from Guyana in order to begin to validate the credibility of its R-PP.¹¹ FCPF should be required to issue a reasoned response to such allegations, perhaps utilizing the TAP to further investigate the claims. A reasoned response would reply to the concerns raised and must expressly justify any decision to issue a readiness grant to Guyana notwithstanding the claims alleged.

II. Adopting Procedures to Implement Agreed REDD Readiness Principles

Key lessons learned from past forest conservation efforts include:

- (1) Good forest governance is essential for positive outcomes in the forest sector. Good forest governance, in the context of REDD, includes the active participation in decisionmaking by key stakeholders, resulting in their joint ownership of REDD plans and strategies. In many cases, it also requires land-tenure reform to clarify and secure indigenous peoples' rights to their traditional forest lands and resources.
- (2) Proposed solutions to deforestation and forest degradation must be responsive to the complex drivers of deforestation and degradation. These are typically driven, in turn, by larger economic factors, such as demands of global commodity markets, rising population levels, and economic-development aspirations, and corresponding pressures on the use of land and other natural resources. Thus, effective policies must reach beyond the forest sector to cover cross-sectoral issues.

Principles articulated in the FCPF Charter and guidance documents incorporate these lessons. These documents emphasize meaningful community consultation resulting in broad ownership of planned REDD strategies and priorities; rigorous analysis of context-specific drivers of deforestation and forest degradation, including thoughtful scrutiny of past efforts, successes, and failures; and attention to underlying concerns such as the need for land-tenure reform as essential prerequisites for successful REDD (hereinafter "REDD readiness principles"). Crucially, these same documents commit FCPF to ensuring that its operations are consistent with a country's applicable international obligations under environmental and

¹¹ See Janette Bulkan and John Palmer, *Input into the missions to Guyana of the World Bank's Forest Carbon Partnership Facility*, Facility Management Team (FMT) (Sept 7, 2009), submitted to the Guyana Task Team Leader, Laurent Debroux, via email from Erin Carey (Sept 9, 2009).

human rights instruments it has ratified.¹² FMT guidelines on 'National Consultation and Participation for REDD' also state that "Countries that have signed on to the UN Declaration on the Rights of Indigenous Peoples will be expected to adhere to the principles of free, prior and informed consent (FPIC)."¹³ To date, however, FCPF has failed to ensure that the Readiness Mechanism will operate in accordance with the principles articulated in its guidance documents.

FCPF should ensure the implementation of REDD readiness principles by

- Identifying the following as key decision gates in the readiness process: approving an R-PIN; approving an R-PP; agreeing to issue a readiness grant, including milestones, performance-based standards, and indicators for monitoring implementation of the approved R-PP; certifying progress in the implementation of an R-PP, as a condition of disbursing successive tranches of a readiness grant; approving a Readiness Package.
- Translating REDD readiness principles and World Bank safeguard policies into meaningful performance-based standards appropriate to each stage of the readiness process, including mechanisms to determine compliance with international obligations.
- Providing for all the necessary steps to ensure that indigenous peoples' right to free and prior informed consent be upheld in the preparation phase of REDD readiness and in subsequent phases.
- Soliciting and taking into consideration the views and testimonies of indigenous peoples and other forest communities as well as independent observers and forest governance monitors, in addition to the TAP synthesis review and the World Bank's due diligence reports.
- Requiring reasoned decisionmaking at key decision gates. That is, decisions must be justified in terms of agreed performance standards in light of all the information in the record and be responsive to concerns raised.
- Passing REDD countries through a decision gate only after the agreed performance standards for the decision gate have been achieved.

As FMT maintains, a country's pursuit of REDD readiness is an extended process.¹⁴ This does not mean, however, that it is impossible to monitor countries' progress and to ensure their compliance with meaningful performance-based standards along the way. On the contrary, it is essential that FCPF do so. FCPF has asserted that compliance with its REDD readiness principles is necessary to achieve REDD readiness. A country is only likely to achieve REDD readiness through the implementation of its R-PP if the country has first complied with relevant performance-based standards for the readiness formulation phase culminating in an approved R-PP.

A. Halting the Erosion of PC Approval of R-PPs and the Consequent Reduction in Transparency and Accountability

¹² See FCPF Charter at section 3.1(d).

¹³ *National Consultation for Participation for REDD*, FMT Note 2009-2, Forest Carbon Partnership Facility (May 6, 2009) at 3.

¹⁴ *The Role of the Participants Committee in Reviewing and Assessing Readiness Preparation Proposals*, FMT Note 2009-3, Forest Carbon Partnership Facility (Jun 8, 2009).

Prior to considering the R-Plans submitted to PC3 in accordance the interim approval process adopted at PC2,¹⁵ the PC passed Resolution PC/3/2009/1, endorsing FMT's recommendation that the role of the PC with regard to the R-PP should focus on:

- (i) Reviewing and assessing the R-PP on the basis of the criteria still to be finalized, taking into account the review by the TAP and the preliminary findings from the World Bank's due diligence;
- (ii) Providing guidance on issues to be addressed in the relevant components of the R-PP;
- (iii) Determining whether the R-PP submitted by the REDD country Participant provides a sufficient basis to proceed with funding; and
- (iv) Monitoring the implementation of R-PPs by REDD Country Participants through progress reports, as specified in the Charter.¹⁶

At the upcoming Participants Assembly (PA) on October 26, 2009, FMT will ask the PA to amend the FCPF Charter to comport with PC Resolution PC/3/2009/1.¹⁷ We urge the PA to reject the proposed amendment in order to halt the current trend towards eroding key decision gates in the readiness process and the consequent reduction in the transparency and accountability of FCPF decisionmaking. Instead, the PA should seek to maintain R-PP approval as a key decision gate in the readiness process, preserve the role of the PC in approving R-PPs, and ensure that it does so in accordance with agreed performance-based standards.

B. Ensuring Compliance with World Bank Safeguards throughout the Readiness Process

The FCPF Charter clearly provides that the World Bank's safeguard policies apply to the Readiness Mechanism:

The operation of the Facility, including implementation of activities under Grant Agreements and Emission Reduction Programs shall . . . Comply with the World Bank's Operational Policies and Procedures, taking into account the need for effective participation of forest dependent indigenous peoples and forest dwellers in decisions that may affect them, respecting their rights under national law and applicable international obligations.¹⁸

A Facility Management Team under the Facility is hereby established by the Bank to be responsible for the day-to-day operation of the Facility and the size of the Facility Management Team shall be proportionate to its functions, which shall include . . . Seeking to ensure the Facility's operation in compliance with the relevant World Bank Group's Operational Policies and Procedures.¹⁹

The powers and duties of the Trustee of the Readiness Fund and the Trustee of the Carbon Fund shall be subject to this Charter, the Participation

¹⁵ See FCPF Second Participants Committee Meeting (March 2009), Resolution PC/2/2009/2 (adopting Program Document FMT 2009-1-Rev.1 and Program Document FMT 2009-2 to comprise its "Interim R-Plan Review Process").

¹⁶ FCPF Third Participants Committee Meeting (June 16-18, 2009), *Readiness Preparation Proposals and the Role of the Participants Committee*, Resolution PC/3/2009/1 (adopting recommendations advocated in FCPF FMT Note 2009-3 (June 8, 2009)).

¹⁷ See Proposed Amendment to the Charter Establishing the Forest Carbon Partnership Facility, FMT Note 2009-5, Forest Carbon Partnership Facility (October 26, 2009).

¹⁸ FCPF Charter at section 3.1(d) (Operating Principles).

¹⁹ FCPF Charter at section 14.

Agreements and the relevant World Bank's Operational Policies and Procedures....²⁰

In practice, however, the FCPF has repeatedly sought to postpone compliance screening. In its most recent iterations on this point, FMT asserts that an agreement with the REDD country will be reached regarding which safeguard policies are triggered “as early as possible in the preparation of the R-Package, and reflected in the progress report that is produced during preparation.”²¹ The progress report referenced takes place after most of the readiness grant already has been issued, likely to be at least one year after implementation of the R-PP has begun.

Clearly, this would be far too late. As the Inspection Panel held in *Democratic Republic of Congo: Transitional Support for Economic Recovery Credit and Emergency Economic and Social Reunification Support Project* (2005) (hereinafter “DRC Case”),²² when it comes to assessing compliance with the safeguards, early planning stages matter. The Inspection Panel noted in the DRC Case that, where OD 4.20 was not triggered early in the design of a project, “potentially critical interests and needs” of the [indigenous community] were left unaddressed.²³ In essence, a safeguard postponed in the design and appraisal stages may become a safeguard denied.

The FCPF should protect against this risk by

- Articulating clear performance-based standards for evaluating compliance with the Bank's safeguard policies at every key decision gate (except, perhaps, approval of the R-PIN).
- Confirming that readiness funds will not be issued to a country where it is found not to comply with these performance-based standards.

Rather than identifying what would constitute safeguard compliance for each key stage of the process, including the readiness formulation phase, FMT recommends postponing assessment of safeguard compliance until the completion of the readiness phase, at the point when a REDD country presents its Readiness Package for endorsement by the PC.²⁴ FMT argues that, because consultation is an on-going process throughout the readiness phase, compliance with the safeguards cannot be assessed until the entire readiness process is complete.²⁵ Instead, FMT proposed that safeguard concerns be incorporated into the terms of reference for consultations to take place during the readiness implementation phase, and that this will ensure compliance with the safeguards.²⁶

²⁰ FCPF Charter at section 14.2(b).

²¹ *Incorporating Environmental and Social Considerations into the Process of Getting Ready for REDD*, Note FMT 2009-6, Forest Carbon Partnership Facility (DRAFT- October 15, 2009) at paragraph 4.

²² See www.worldbank.org/inspectionpanel.

²³ Inspection Panel, Investigation Report: Democratic Republic of Congo: Transitional Support for Economic Recovery Grant (TSERO) (IDA Grant No. H 1920-DRC) and Emergency Economic and Social Reunification Support Project (EESRSP) (Credit No. 3824-DRC and Grant No. H 064-DRC), Report No. 40746 – ZR (August 31, 2007) at 97, available at <http://sitesources.worldbank.org/EXTINSPECTIONPANEL/Resources?FINALINVREPwhole.pdf>.

²⁴ *Incorporating Environmental and Social Considerations into the Process of Getting Ready for REDD*, Note FMT 2009-6, Forest Carbon Partnership Facility (DRAFT- October 15, 2009) at paragraph 16.

²⁵ See generally, *Incorporating Environmental and Social Considerations into the Process of Getting Ready for REDD*, Note FMT 2009-6, Forest Carbon Partnership Facility (DRAFT- October 15, 2009).

²⁶ Ibid.

While we agree that safeguard concerns should be incorporated into the terms of reference for consultations to be implemented during the readiness implementation phase following the approval of a country R-PP, this is not an adequate substitute for also evaluating a REDD country's performance during the readiness formulation phase culminating in the approval of the R-PP and agreement of a readiness grant. We are concerned that, in adopting this approach, FMT is evading its responsibility to ensure that World Bank safeguards are, in fact, *complied with throughout the readiness process*, including readiness formulation.

Clearly, the World Bank is having difficulty translating its safeguard policies, which have evolved in the setting of large infrastructure investment projects, into the context of the FCPF. FMT argues that compliance with the safeguards cannot be assessed at the readiness formulation stage because, at this stage, everything at issue – consultations, analysis of the drivers of deforestation, proposed REDD strategies – are merely preliminary.²⁷ The implication is that the Bank must know the full contours of the REDD strategies (which are the expected outcome of the readiness process and, therefore, cannot be known at its onset) in order to evaluate their impact in terms of the safeguard policies, in the same way as it must know the full contours of a proposed infrastructure project such as a major roadway or a dam before it can accurately assess the project's social and environmental impact.

Such a literal translation of the safeguard compliance framework from its conventional infrastructure-project setting to the FCPF is wholly inappropriate. Instead, the Readiness Mechanism, given its nature as a consultation, assessment, and planning stage, provides a forum for moving the understanding and impact of the safeguard policies forward. Both the spirit and the function of the safeguard policies suggest that it is most important to uphold these principles during the earliest planning stages. Accordingly, there is a need to be evaluating compliance with the safeguards at each stage along the way.

The World Bank has offered no justifiable reason why it cannot evaluate what would constitute safeguard compliance for preliminary consultations, preliminary analysis of the drivers of deforestation, and preliminary brainstorming about possible REDD strategies during the readiness formulation stage. The Bank should be able to assess the quality of the activities the country has conducted during the readiness formulation stage—the quality of preliminary consultations, preliminary analysis of drivers, and preliminary brainstorming of possible REDD strategies—as well as the quality of its plans for moving forward, particularly with regard to the consultation and participation plan. Then, at the mid point and end point of the implementation stage, the Bank should evaluate safeguard compliance again, with regard to how everything has evolved since the last compliance check. One thing is almost certain: compliance at the early stages will make compliance at later stages more likely.

Conclusion

The success of FCPF will be measured by its ability to implement effective, efficient, and equitable REDD readiness through its performance of the key institutional functions of oversight, financial support, standard-setting, certification of results, and accountability. Crosscutting these functions is the consistent application of agreed principles and standards to hold national governments accountable for their performance. FCPF's success or failure in

²⁷ *bid.*

meeting these institutional challenges will have significant implications for its future and that of other international REDD efforts.

Accordingly, FCPF must

- Ensure that a readiness grant is not issued to any country unless and until the country has demonstrated its compliance with agreed principles and performance-based standards necessary for ensuring the effective, efficient, and equitable implementation of REDD and with the World Bank's safeguard policies and applicable international obligations.
- Clarify key decision gates in a REDD country's progression from its acceptance into the Readiness Mechanism to the award of a readiness grant and consideration of the resulting Readiness Package.
- Ensure transparency regarding the inputs, decisionmaking process, and results at each decision gate.

The iterative dialogue about requirements for REDD readiness and the safeguard policies being promoted by the FMT is not an adequate substitute for transparent key decision gates through which REDD countries proceed only if their performance so far has been consistent with agreed performance-based standards.