



USAID PROGRAM BRIEF

FOREST CARBON, MARKETS AND COMMUNITIES

A PROGRAM MANAGED BY THE NATURAL RESOURCES MANAGEMENT OFFICE OF USAID

OVERVIEW

Forest conservation and sustainable forest management have been recognized as strategically important for mitigating and adapting to climate change. The global community is developing policies and approaches to compensate countries for Reducing Emissions from Deforestation and Degradation (REDD), a concept that now includes efforts that sequester carbon in forests and other landscapes, and promotes socio-economic and biodiversity benefits (REDD+). Multiple initiatives are underway to prepare for local, national, and international REDD+ agreements and initiatives. Pilot projects are being implemented in dozens of countries around the globe by non-governmental organizations (NGOs), donors, and private investors.

The U.S. Government (USG) has pledged \$1 billion in “fast-start financing” to assist countries to develop and implement REDD+ plans that contribute to sustainable livelihoods, protect biodiversity, and respect the rights of indigenous peoples, women, the poor, and vulnerable populations. The U.S. Agency for International Development (USAID) is leading the implementation of REDD+ activities, with funding allocated through the sustainable landscapes pillar of its global climate change program. In response to the demand for technical contributions for enhancing the international framework for REDD+ and for technical assistance in implementing projects and programs related to REDD+, USAID has launched the Forest Carbon, Markets and Communities (FCMC) Program to provide its missions and partner governments and local and international stakeholders with technical assistance in developing and implementing integrated REDD+ initiatives.

FCMC is building technical capacity by developing tools and training that support USG contributions to the international REDD+ architecture. The technical competencies provided by FCMC provide an integrated approach to address social and environmental soundness; low emissions development strategies; monitoring, reporting, and verification; and finance and carbon markets.

Social and Environmental Soundness (SES)

REDD+ will only succeed if activities are socially and environmentally feasible, sustainable, and sound. REDD+ needs to address many issues, including land and carbon tenure, gender, human rights, democracy, governance, and benefit sharing. REDD+ must equitably engage many stakeholders, especially local communities living in or near forests, as well as government and private sector stakeholders and investors. International climate change discussions have agreed that REDD+ initiatives should, at a minimum, “do no harm” to forest communities or the environment. Many stakeholders advocate that REDD+ can and should do more (i.e., “do good”) by reducing poverty or improving environmental benefits. REDD+ brings risks and opportunities for rural populations—especially indigenous peoples—and needs social and environmental safeguards, standards, and guidelines to manage those risks. FCMC is assisting USAID to assess best practices and develop SES guidelines and training applicable to a range of USAID-supported activities and support work on social and environmental impact assessment, stakeholder engagement, safeguards and standards, and social and environmental safeguard information systems.

Low Emissions Development Strategies (LEDS)

The pathway to a “green economy” will require the integration of Low (greenhouse gas [GHG]) Emissions Development Strategy (LEDS) options that take an economy-wide approach to economic growth including transport, energy efficiency, renewable energy, and land use (e.g., agriculture, water, forestry). The LEDS component serves to backstop and enhance the USG “Enhancing Capacity for Low Emissions Development” program by supporting cross-sector planning and decision-making in the land use sector. This includes providing technical assistance to partner USAID missions and host country governments so that strategies that promote growth and development also reduce greenhouse gas emissions in the land use sector. These efforts can provide a bridge between



Many of the critical REDD+ interventions occur at the forest/agricultural land interface.

REDD+ and LEDS investments so that climate change mitigation and adaptation are integrated into a development trajectory that fosters economic growth and poverty reduction.



Building community capacity for forest carbon monitoring is a FCMC goal.

Measurement, Reporting, and Verification (MRV)

A functional REDD+ mechanism requires national institutions capable of managing Measurement, Reporting, and Verification (MRV) systems. These apply a range of technologies, including remote sensing, forest inventories and soil surveys, and require a capacity to synthesize information into reliable and transparent reporting. Many developing countries with dynamic forest frontiers that could potentially benefit from REDD+ activities do not yet have the capacity to participate effectively in emerging international REDD+ markets, in part because of a lack of an MRV system. An effective MRV system should engage local and national governments, communities and the private sector. It can benefit by drawing on the expertise of non-governmental organizations and academia. Transparency is necessary to warrant the confidence of stakeholder groups and international investors that underpin a “pay-for-performance” system. The FCMC focuses its efforts on building capacity in MRV protocols linked to REDD+. The FCMC team can provide offices and missions with specific MRV and GHG inventory expertise, as well as assist in the design and development of national and sub-national systems and the integration of forest carbon MRV into national GHG inventories.

Finance and Carbon Markets (FCM)

The most thoroughly designed REDD+ projects will only succeed over time if markets can play a sustainable, long-term role in carbon finance and attract private capital. Countries, along with their private and public sector institutions, are preparing for engagement in international voluntary—and if internationally agreed—compliance carbon markets for REDD+ with a focus on “pay-for-performance” compensation. The FCMC team assists countries and their institutions to build the enabling conditions needed to attract and engage private capital through a suite of possible financial structures, including risk management products, loan guarantees, registries, settlement and clearinghouse, audit and verification, public and private debt issuance, public-private partnerships, equity markets, municipal finance, emission reduction purchase agreements, and donor-based support. These services include helping countries and their institutions design national and sub-national policies and programs that reduce risk and promote international financing for REDD+.

CROSS-CUTTING APPROACH, CORE SERVICES, AND ORGANIZATION

FCMC implementation promotes coordination, complementarity, and synergy among the core technical competencies regarding the approaches applied, the deliverables produced, and the services provided. This integrated approach requires a broad understanding of the international and intergovernmental context surrounding REDD+, the various approaches undertaken by national governments and stakeholders to implement REDD+, and the diverse activities supported by USAID and international partners to realize national and international policy and technical advances. While each thematic area brings specific technical expertise to FCMC, the desired outcomes for REDD+ cannot be achieved if addressed in isolation. Targeted and focused coordination efforts maximize the value of an integrated approach to FCMC implementation, promote economies of scale, and foster the integration of key USAID priorities, such as gender, democracy and governance, biodiversity conservation, and development best practices across all FCMC work.

Services provided by FCMC include analysis, evaluation, tools, and guidance for program design support, training materials, and meeting and workshop development and facilitation at local and national levels. Thematic leaders have access to expertise within partner organizations, as well as national and international consultants. The team works with USAID missions and bureaus to implement activities that support REDD+ and other USG climate change objectives at international and national levels.

WORKING WITH FCMC:

FCMC is a centrally-funded program through USAID’s Bureau for Economic Growth, Education, and Environment and offers opportunities for buy-in by regional bureaus and other USG agencies. In-country activities undertaken by FCMC will be vetted for approval with the relevant mission and/or bureau. FCMC is committed to insuring coordination of REDD+ initiatives with host country programs, the international donor community, and NGOs, as well as USAID-funded activities.

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FCMC is implemented by Prime Contractor Tetra Tech ARD, along with core partners Conservation International, Terra Global Capital, Greenhouse Gas Management Institute, World Resources Institute, and Landesa