

**Quick Start Actions and
Establishment of the Multi-Donor Trust Fund for the
UN Collaborative Programme on Reducing Emissions
from Deforestation and Forest Degradation (UN-REDD)
in Developing Countries**

14 May 2008

Background

Developing countries are requesting support to respond to [Decision 2/CP.13](#) of the UNFCCC COP13 in Bali. Donors are committing resources to this end and requesting international institutions to provide technical assistance to countries and to explore financial management modalities. The United Nations Development Programme (UNDP), the Food and Agriculture Organization (FAO) and the United Nations Environment Programme (UNEP) are committed to leading a coordinated UN-REDD approach.

The present document builds on the UN Collaborative Programme of UNDP, FAO and UNEP presented to Norway on 9 April 2008 and henceforth referred to as the UN-REDD document. The UN-REDD document outlined the international context for REDD, the international and national needs to advance, and a proposed set of interagency actions in support of delivering REDD approaches at the national level, through the UN Joint Programme mechanism.

The current document presents three further pieces:

1. Quick start actions to be implemented in the short term (next 18 months) in support of the UNFCCC process and to support and help identify pilot countries in that preparation process for anticipated UNFCCC mechanisms on REDD;
2. Outline of an administrative and financial mechanism to support the quick starts and for upscaling of the same spatially and temporally; and
3. Indicative budget for the quick start actions to be administered through the mechanism as noted in #2 above.

1. Quick Start actions

“Quick Start” actions will be implemented during the 18 months leading up to the UNFCCC COP in Copenhagen in December 2009, focusing on the needs and priorities expressed by a set of pilot countries participating in the Quick Start phase. The objectives for Quick Start actions include:

- Building capacity of developing countries to implement REDD actions to maximize emission reductions and activities towards beneficial outcomes at the national and local levels (including co-benefits);
- Testing a range of activities relevant to the REDD negotiations under the auspices of the UNFCCC, leading up to the Conference of the Parties in 2009, including training of negotiators about REDD;
- Testing preliminary concepts and scenarios for REDD building both knowledge base of successes and failures; and
- Paving the way for long-term engagement of REDD into the carbon market through payment for ecosystem services.

Proposed activities are divided into Country Actions and International Support Functions focusing in particular on deliverables, outcomes, developing a knowledge base and preparatory activities for upscaling.

For the Quick Start actions, up to six pilot countries will be selected, based on a variety of factors, including:

- an expressed willingness for Quick Start action
- emission reduction potential
- degree of REDD readiness
- existing collaboration between the country and the UN partners in related areas that will help ensure rapid progress.

Quick start actions will be defined and detailed according to country needs, and considering complementarities with existing and proposed programmes in the country, noting that proposed activities to support REDD may develop strong synergies with activities towards other development objectives. To this end, collaborative arrangements will be established at the country level with existing bi-lateral, multi-lateral or basket funding arrangements to maximize synergies and minimize overlaps. Further, a number of the pilots may be undertaken in conjunction with the World Bank’s Forest Carbon Partnership Facility (FCPF) and REDD-relevant donors, such as the Global Environment Facility (GEF). To date, UN-REDD has received expressions of interest from Papua New Guinea and Panama to support REDD readiness in conjunction with the FCPF. Other pilots

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may provide an opportunity for UN-REDD to support alternative approaches for generating REDD carbon assets.

The UN partners will coordinate their respective support according to their areas of comparative advantage. The table below indicates activities through which the partner agencies will focus their support to country programmes in the implementation of Quick Start actions. The list is indicative and only outlines the broad categories for national action and international support. *(NB: for additional information on the action categories, please refer to the UN-REDD document.)*

Country Actions

The roles and states of readiness may vary between countries and will be defined in consultation with the country as part of the scoping and alliance building activity in each country aimed towards the elaboration of a National Readiness Action Plan. The scoping and alliance building will also be the mechanism by which linkages and synergies between existing and planned development programmes, including the FCPF, are established. Additional specificity regarding the actions in the matrix below is contained in the UN-REDD document.

International Support Functions

As detailed in the UN-REDD document, international support actions are designed to assist countries in their activities; build a knowledge base to later upscale the process beyond quick starts. A more detailed specification, including the roles and responsibilities for each of the UN partners, for the Quick Start actions will be prepared by the UN partners in an initial work planning phase.

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Activity	Indicative key support areas ²		
	FAO	UNDP	UNEP
Country Actions			
Scoping and Alliance Building	X	X	X
REDD Readiness for Monitoring and Assessment	X		
REDD Dialogue ¹			
National REDD strategy ¹			
Support for implementing the REDD measures ¹			
REDD Data Management	X		
REDD Payment structuring		X	
REDD Payment Distribution		X	
International Support Functions			
<i>Technical and Scientific Support:</i>			
Monitoring systems	X		
Accounting Methods and Verification of Reduced Emissions			X
Guidelines, methods and tools for reducing deforestation and forest degradation	X		X
Co-benefit and Trade-Off Tools	X	X	X
Capacity building in negotiation		X	X
<i>Knowledge Management:</i>			
Knowledge Sharing Between Countries	X	X	X
REDD Awareness			X
Data availability and interpretation	X		
Cutting edge science and policy networks	X		X

¹) To be determined by country

²) Indicates activities where agencies have comparative advantages for supporting country REDD programmes. These indications do not exclude agencies from other activities in the list and are primarily to illustrate the complementary roles of the partner agencies. The roles of agencies will be specifically defined for each country programme.

2. Administrative and Financial Mechanism

As defined in the UN-REDD document, a Multi-Donor Trust Fund (MDTF) is proposed as the administrative and financial means to implement not only the Quick Start Actions noted above, but also to provide a longer-term framework for international financing of Reducing Emissions from Deforestation and Forest Degradation in Developing Countries. The proposed arrangement builds on well established and proven principles, regulations and procedures as described further below and in Appendix 1, ensuring that financial resources can be made available to country programmes expediently.

UN-REDD country-level interventions will be guided by the five inter-related principles of the UN Development Group (UNDG):

- Human-rights-based approach to programming, with particular reference to the [UNDG Guidelines on Indigenous Peoples' Issues](#)
- Gender equality
- Environmental sustainability
- Results-based management
- Capacity development

In addition, each UN Organization will:

- Build on its comparative strengths
- Facilitate partnerships, drawing on expertise from a range of national and international organizations acting as executing agencies to ensure well coordinated, well informed and timely action
- Actively contribute to coordination and mainstreaming in-country, while avoiding duplication of effort with other REDD initiatives

The proposed governance and administration of the Multi-Donor Trust Fund are further described in Appendix 1 to this document.

3. Budget for Quick Start actions

Based on the Quick Start Actions noted in section 1 above and the Administrative and Financial arrangements of section 2

An indicative budget for Quick Start actions over a period of 18 months is provided below. The budget items follow the outline of activities in the UN-REDD document. Activities are divided into Country Actions and International Support Functions. Country Actions and corresponding budgets are indicative as the requirements and detailed programming will be done in consultation with the individual countries and taking into account complementary programmes. Up to six countries will be included in the pilot phase.

Country Actions

Indicative budget per country, Quick Start actions next 18 months

Item	Million US\$
Scoping and Alliance Building	1.00
REDD Readiness for Monitoring and Assessment	1.70
REDD Dialogue	0.50
National REDD strategy	0.50
Support for implementing the REDD measures	0.20
REDD Data Management	0.30
REDD Payment structuring	0.10
REDD Payment Distribution	0.10
Total	4.40

International Support Functions

Budget for Quick Start actions next 18 months

Item	Million US\$
<i>Technical and Scientific Support:</i>	
Monitoring systems ¹	1.50
Accounting Methods and Verification of Reduced Emissions	0.75
Guidelines, methods and tools for reducing deforestation and forest degradation ¹	1.00
Co-benefit and Trade-Off Tools	0.75
Capacity building in negotiation	0.50
<i>Knowledge Management:</i>	
Knowledge Sharing Between Countries	0.50
REDD Awareness	0.30
Data availability and interpretation	0.50
Cutting edge science and policy networks	0.50
Total	6.30

¹) Includes international training program on monitoring assessment and accounting, and REDD strategy development

Total indicative budget for Quick Start actions next 18 months

Item	Million US\$
Country Action, 6 countries	26.40
International Support Function	6.30
UN Indirect support cost, 7%	2.30
Total	35.00

Appendix 1. Proposed Governance and Administration of the UN-REDD Multi-Donor Trust Fund

The UN Collaborative Programme proposes to have UNDP serve as the administrative agent of the MDTF. This will require the establishment of a minimum level of administrative organizational bodies.

Overall leadership of UN-REDD MDTF is provided by the **UN-REDD Policy Advisory Body**. This body provides overall leadership and sets the strategic direction of UN-REDD. It decides on financial allocations to joint programmes, and develops monitoring mechanisms, with a view to ensuring Fund-wide success. The UN-REDD Policy Body will ensure coordination with REDD actors at a global scale, such as the World Bank's FCPF participants' committee. It would include UNEP, UNDP, FAO, the MDTF donors, the World Bank, and representatives of key groups, organizations and other donors (e.g. the Coalition of Rainforest Nations, UNFCCC Secretariat, Secretariat of the United Nations Permanent Forum on Indigenous Issues, GEF Secretariat, CGIAR organizations, ITTO, IUCN, civil society groups, etc).

The **UN-REDD Technical Secretariat** serves the Policy Body, using the capacities of the participating UN organizations, research institutions and recognized experts. It ensures policies and strategies decided by the Policy Advisory Body are implemented and adhered to. The Secretariat will manage the national joint programme review process. It will also manage the UN-REDD's overall monitoring and evaluation function which includes *inter alia* monitoring allocations to and delivery by the global support programme and country joint programmes, and tracking Programme-wide progress and ensuring that monitoring mechanisms are applied. It will include independent third party verification/evaluation of emission reductions, an on-line review and comment process, and an ombudsman system for complaints.

Administration of the UN-REDD MDTF is entrusted to the Multi-Donor Trust Fund (MDTF) Office of UNDP. In the context of growing efforts of the UN system towards enhanced coherence and efficiency at the country level and increasing joint UN activities, UNDP is often called upon to play the role of [Administrative Agent](#) for [Multi-Donor Trust Funds \(MDTFs\)](#) and [Joint Programmes \(JPs\)](#) established by the UN system, national authorities and donors fund management mechanisms. MDTFs can be designed to allow all key partners, including recipient country stakeholders, to participate in the decision-making process, while allowing the participating UN agencies to operate under their own rules and regulations.

The comparative advantage of a UNDP administered MDTFs is that it can be set up and start delivering very quickly. The increasing use of MDTFs and JPs is a direct application of the aid effectiveness agenda and UN reform initiatives, and the need to provide flexible, coordinated and predictable funding to support the

achievement of national priorities. In their governance structure and operations, MDTFs and JPs are consistent with the [Paris Declaration](#), including national ownership, alignment with national priorities, harmonization and coordination.

In the context of the UN Development Group (UNDG), UNDP has built on the [pass-through fund management modality](#) to set up funding mechanisms that can be used for the UN system at large. Under this arrangement the Administrative Agent acts as the administrative interface with donors. UNDP's accountability as the Administrative Agent is set out in the policy "[UNDP's Accountability when acting as Administrative Agent in MDTFs and/or UN Joint Programmes using the pass-through fund management modality.](#)" Participating UN organizations, in this case FAO, UNDP and UNEP, assume full programmatic and financial accountability for the funds received from the Administrative Agent. National governments, Regional Development Banks and NGOs can receive funding through a participating UN organization and act as executing agencies.

The MDTF Office is **the Administrative Agent** of the Fund. The MDTF Office manages the distribution of resources and oversees the work of UNDP Country offices that may be involved in the provision of Administrative Agent function at the country level. The MDTF Office as AA will be responsible for:

- a. Disbursing approved resources to the Participating UN Organizations.
- b. Consolidating the joint programme narrative report with financial reports from Participating UN Organizations; including analysis of financial and narrative data; for forwarding to the Policy Board and national REDD Steering Committees
- c. Providing the Consolidated Joint Programme Progress Reports, and other reports as appropriate to the donor, i.e. the Policy Board through the REDD Technical Secretariat,
- d. Streamlining the reporting systems and harmonizing reporting formats based on joint programming best practices.
- e. Facilitate the work of the Participating UN Organizations to ensure adherence to a results based reporting structures around outcomes and outputs.
- f. Ensuring that fiduciary fund management requirements are adhered to.

As Administrative Agent, the MDTF Office shall be responsible for concluding Memoranda of Understanding with Participating UN Organizations. It shall receive, administer and disburse funds to Participating UN Organizations and submit periodic consolidated narrative and financial reports to country-level and Policy Board. The Administrative Agent may undertake additional functions at the request of the country-level steering committee and Participating UN Organizations. The Administrative Agent will charge a one time fee of 1 per cent for fund administration and fiduciary responsibilities which will be provided in advance on the basis of Joint Programme budgets approved by the Policy Board.

UN-REDD will support **UN Resident Coordinators** in their strategic leadership of the UN Country Team. The UN Resident Coordinator will provide ongoing oversight to the joint programme at the national level, ensuring the participating UN organizations are meeting their obligations. The Resident Coordinator is entrusted with supporting the overall programme design under the government's leadership, ongoing programmatic oversight of the UN-REDD activities and UN coordination with the National REDD Office where such exist. The Resident Coordinator also facilitates ongoing monitoring and evaluation of UN-REDD activities in conformity with UN standards. On receipt of consolidated country level reports, the Resident Coordinator will provide an overall assessment of the programme's progress and results. He/she will also facilitate ongoing monitoring and evaluation of Fund-supported activities in conformity with UN standards and any guidance provided by the UN-REDD Technical Secretariat or Policy Board.

Each **Participating UN Organization** shall assume full programmatic and financial accountability for the funds disbursed to it by the Administrative Agent. Each Participating UN Organization shall establish a separate ledger account for the receipt and administration of the funds disbursed to it by the Administrative Agent. The Participating Agencies participate in the design, ongoing programmatic implementation and oversight of the country Joint Programme. Participating UN Organizations shall be entitled to deduct their indirect costs on contributions received according to their own regulations and rules, taking into account the size and complexity of the particular programme. Any indirect costs will be reflected in the Joint Programme submitted to the Policy Board. Indirect costs will not exceed 7 per cent of the project budget.

A **National REDD Steering Committee** mechanism will be established to provide operational coordination to the Joint Programme and integration under the UNDAF thematic structures in place at the country level. The establishment of a country-led **National REDD Office** will be encouraged to provide day-to-day management of the Joint Programme, coordinate national REDD activities, ensure whole-of-government responses, and integrate REDD into national development planning processes.

Resident Coordinators are encouraged to keep Country Team members fully-informed on UN-REDD activities. Involvement of the Government in the deliberations concerning the Fund-related activities in the country is also crucial. UN-REDD also looks to Resident Coordinators to reach out to non-resident UN agencies, where appropriate.

Activities supported by UN-REDD at the country level are expected to take the form of Joint UN Programmes whereby multiple UN organizations collaborate around a common programmatic goal. Funds will be channelled to individual organizations to meet their commitments to the Joint Programme, through the Administrative Agent.

Formulation process and release of funds

Resident Coordinators will facilitate the development of Joint Programme documents at the country level. The draft Joint Programme document will then be submitted to the UN-REDD Technical Secretariat. The UN-REDD Secretariat will review the document with a view to ensuring consistency in design standards. The Secretariat may also seek technical comments on the draft document from a recognized expert in the field.

The Joint Programme will then be presented to the UN-REDD Policy Board for final decision and budget approval. On receipt of the Policy Board's final budget approval, the UN-REDD Secretariat will release funds for the implementation of the full Joint Programme to the Multi Donor Trust Fund Office.

On receipt of a copy of the signed Joint Programme document, the Multi Donor Trust Fund Office will pass funds to the Participating UN Organization(s). The Administrative Agent will release funds to Participating UN Organizations in annual allocations, with second year advances (and beyond), subject to meeting performance and delivery benchmarks. Periodic reviews of programme management and finances will be undertaken jointly by the country-level Steering Committee.

Monitoring and accountability

Participating UN Organization in receipt of UN-REDD resources will be required to provide the Administrative Agent with the following statements and reports:

- Narrative progress reports for each twelve-month period ending 31 December, to be provided no later than two months after the end of the applicable reporting period;
- Annual financial reports as of 31 December each year with respect to the funds disbursed to it from the Joint Programme Account, to be provided no later than three months after the end of the applicable reporting period;
- A final narrative report and financial report, after the completion of all Joint Programme activities financed from the UN-REDD MDTF, to be provided no later than 30 April of the year following the financial closing of Joint Programme activities;
- A final certified financial statement, to be provided no later than 30 June of the year following the financial closing of Project activities.

The Administrative Agent shall prepare consolidated narrative progress and financial reports consisting of the reports referred to above submitted by each Participating UN Organization, and shall provide those consolidated reports to the respective Resident Coordinators and subsequently to the UN-REDD Policy Board.

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Decisions by the UN-REDD Policy Board will be shared with all stakeholders in order to ensure the full coordination and coherence of UN-REDD efforts. The UN-REDD Technical Secretariat will develop a dedicated web site to ensure appropriate transparency and accountability. In line with the UN's commitment towards public disclosure of its operational activities, summaries of project information, periodic progress reports and monthly updates on project commitments and disbursements, procurement requests and contract awards will be posted on the web site. Participating UN Organizations will be encouraged to publish expressions of interest, requests for proposals and invitations to bid on the public web site.

Activities carried out by the UN Agencies shall be subject to internal and external audit as articulated in their applicable Financial Regulations and Rules. In addition, the UN-REDD Policy Board will consult with the UN Agencies on any additional specific audits or reviews that may be required, subject to the respective Financial Regulations and Rules of the UN Agencies. Participating Organizations will provide a summary of their internal audit key findings and recommendations for consolidation by the AA and submission to the Policy Board.

Evaluation

UN-REDD will establish an Evaluation Plan which ensures that all programmes supported by the UN-REDD MDTF will undertake a final evaluation which will assess the relevance and effectiveness of the intervention, and measure the development impact of the results achieved, on the basis of the initial analysis and indicators described at the time of programme formulation.

Joint Communications

Information given to the press, to the beneficiaries of UN-REDD, all related publicity material, official notices, reports and publications, shall acknowledge the role of the UN-REDD donors, the UN Agencies, and any other relevant parties.

Whenever possible and to the extent that it does not jeopardize the privileges and immunities of UN Agencies, and the safety and security of their staff, UN Agencies will promote donor visibility on information, project materials and at project sites, in accordance with their respective regulations, rules, policies and procedures.

For more information about the MDTF pass-through modality, please see:

www.undp.org/mdtf/overview.shtm