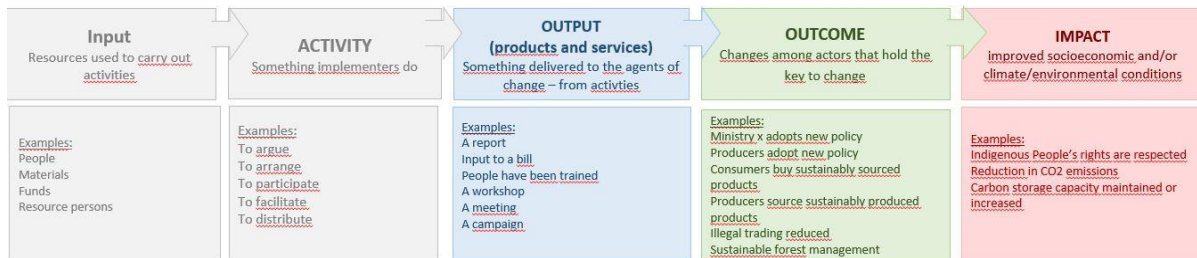


1. General Project Information:

- 1.1 Name of recipient organisation: The Nature Conservancy
- 1.2 Reporting year: 2013 - 2015 (All Years)
- 1.3 Agreement Number: GLO-4251 QZA-12/0816
- 1.4 Name of project: Building a Long-Term Sustainable Financing and Policy Framework for REDD+
- 1.5 Country and/ or region: Global
- 1.6 Financial support to the project from Norad for last calendar year 2015:
USD \$376,367 (NOK 3,100,000)
- 1.7 Thematic area: Creating a Global Consensus on REDD+

2 Describe the project's progress for previous calendar year:



- 2.1 Give a short description of the **project's target group(s)** and what the baseline for the target group was at the start of the project.

Target group: REDD+ implementation ministries, finance ministries, national development banks in REDD+ countries; international institutions including UNFCCC, FCPF; EU institutions and member states; California regulators; U.S. government; forest communities and other relevant stakeholders; media, opinion leaders.

- *A global climate agreement that includes a REDD+ mechanism that establishes a framework to value and robustly measure REDD+ contributions to reductions in global carbon emissions.*
Baseline: There is no current global agreement (2013).
- *Number of national or regional climate change policies that include incentives for REDD+, especially California and the EU emission trading mechanisms.*
Baseline: No national or regional climate policies currently include REDD+ "credits" as compliance units, or provide for a funding stream that is tied to emission reduction policies (e.g., use of allowance allocation revenue). California is considering including credit for REDD+ activities within its state-level system, and is working with states and provinces in tropical forest countries to establish cooperative trading and financing arrangements. There is public funding as part of national climate policies and budget allocations.
- *Amount of new financial commitments to REDD+ for the 2013-2020 period.*
Baseline: \$1-2 billion per year pledged (The ODI database is a primary source for evaluating financial commitment increases above current levels through the life of the grant).
- *Number of REDD+ countries that have explicitly established their REDD+ actions as NAMAs and as a component of their national low emissions development strategies.*
Baseline: No REDD+ country has yet established REDD+ actions as NAMAs, as part of their national low emissions development strategy.

- *Number of South-South information sharing platforms focused on technical issues and learning on the topics of REDD+, including finance and benefit sharing, sharing perspectives of diverse government agencies national and subnational development banks, and other stakeholders.*

Baseline: Aside from the multi-country dialogue informal meetings TNC is facilitating we are not aware of other South-South platforms on these issues, beyond ad-hoc bilateral exchange efforts.

2.2 Please repeat the project's **desired impact**.

The desired impact of the proposed project is the establishment of effective, efficient and equitable REDD+ mechanisms and programs at global, national and subnational levels that increase economic development and human well-being while minimizing carbon emissions and forest loss globally. Though REDD+ implementation has ramped up in many key countries around the world, significant challenges remain that, until resolved, will limit the ability of REDD+ to deliver upon its promise at global scale. These challenges include a critical gap expected in funding between 2013 and 2020, continuing uncertainty over REDD+ in some quarters as an effective and equitable solution, and the slow progress of international negotiations to produce a comprehensive policy incentive framework.

This project addressed these challenges for REDD+ by supporting the development of specific funding streams through the rest of the decade, including innovative results-based mechanisms; providing policy solutions that address outstanding financing, social and methodological uncertainties; and building a powerful, political constituency in support of the role REDD+ can play in mitigating climate change, conserving forests and promoting sustainable development.

TNC played a unique role in building a consensus for REDD+ and ramping up funding, as a result of our integrated involvement in REDD+ from field implementation to science to global policy. Throughout the course of this grant we also cultivated and built upon our trusted relationships with key policy leaders in this area, from political leaders in forest nations, to US State and Federal officials, to multilateral financial institutions. While TNC has previously been involved in several of the areas in this grant, Norad funding allows us to substantially deepen our impact, invest in new areas, and make a critical difference in our ability to achieve the outcomes.

2.3 Is the project still relevant for the desired impact? (Yes/No) If No, please give a short explanation.

Yes, this project remained relevant for the desired impacts in the REDD+ space throughout the grant period. The central challenges addressed by the grant activities, such as political support and funding streams for REDD+, are increasingly being addressed by the international community. For example, REDD+ was identified in the Paris Agreement as a key tool for tackling climate change, and key funders and multilateral funds are increasing their support for REDD+. Furthermore, over 100 developed and developing countries included land use in their NDC action pledges for the 2015 UNFCCC Paris COP21.

2.4 a) Please repeat the project's outcome(s) (effect on project's target group(s), counterpart(s), beneficiary (-ies)).

1: Adequate and Sustainable Finance for REDD+, with a focus on developing funding and incentive streams from the EU, Forest Carbon Partnership Facility, California, and U.S. federal policy mechanisms.

2: Enhanced Climate Finance Readiness of Key REDD+ Countries, with a focus on Brazil, Indonesia and Mexico as models, and sharing best practices across a broader set of countries.

3: Targeted Analysis and Advice on REDD+ Financial, Social and Methodological Issues, through the development of research papers on the future of REDD+ financing mechanisms; measuring social impacts; and assessing compensation baselines.

4: Critical Political Constituencies in Support of REDD+ Are Established, through targeted advocacy of policy solutions in key forums, and convening dialogues of policy leaders and stakeholders to build consensus on REDD+ benefits and approaches.

- b) Please report on all outcomes from the project document:
- I. What changes have been achieved with reference to the baseline?
 - II. Please report on the key indicators used to document that the desired change has occurred.
 - III. Please reflect on whether targets that were originally set have been achieved, and what project outputs were key to achieving them. If relevant reflect on why outputs delivered as planned did not help meet the targets
 - IV. If outcomes are not yet achieved, please explain why, and in addition, how the outputs will lead to the desired outcome and when.
 - V. Are the outcomes expected to be sustainable?

Indicator Number <i>from Menu of Common Indicators</i>										
1	2	3	4	5	6	7	8	9	10	11
				X	X		X		X	X

1.1 Campaign to mobilize and shape new funding sources for REDD+ in the EU, U.S. and other developed countries.

- I. Financing sources for REDD+ have increased since the start of this grant. The baseline in the Project Document reflected concern that REDD+ would lose support among developing and donor countries, and that a subset of civil society voices critical of REDD+ would exacerbate this risk. Donor contributions have remained steady and land use mitigation strategies (including REDD+) have become increasingly accepted by developed and developing countries. Furthermore, REDD+ finance now includes a more diverse set of donors and activities. Whereas REDD+ finance in 2013 consisted largely of Norwegian bilateral agreements with select countries, along with a variety of support for readiness, the picture in 2016 is far more dynamic: a series of bilateral deals involving other donor countries, along with progress by existing and new multilateral funds, has allowed REDD+ finance to flow through more channels. In addition, the baseline started with no rules or infrastructure to effectively take on results-based finance for REDD+. Our advocacy efforts included advising the Green Climate Fund (GCF) Board in advance of the agreement of the Investment Framework in 2014 and more recently in 2015 and early 2016 at the GCF Board Meetings advising informally on the development of guidelines for monitoring and evaluation of projects and guidelines for programs.
- II. Output 1.1 tracked Indicator 11: Contribution to international consensus on REDD+ and increased REDD+ financing, as listed in the Menu of Indicators. The level of funding for REDD+ pledges have not increased as quickly as originally anticipated. The type of funding available is still primarily from the public sector, with private sector REDD+ still operating in a small, voluntary market. There have, however, been positive developments in REDD+ finance moving into Phase III Results-Based Payment (RBP) approaches with funding spreading out across readiness, implementing and RBP phases. Furthermore, the Paris Agreement, an international framework, included REDD+ and REDD+ RBP in several key areas, including in the finance section. This sends a clear and enduring signal that the global community aims to provide funding to support REDD+. Meanwhile, the GCF and the International Civil Aviation Organization (ICAO) are set to consider rules that could spur REDD+ finance flows; the GCF Board in particular asked the GCF Secretariat in early 2016 to develop a plan to operationalize REDD+ RBP, which if acted upon could prove a watershed moment for REDD+.
- III. Over the course of the 3 year timeframe of this grant, this output has produced many materials and services, the highlights of which are outlined below:
 - In 2013, an analytical paper was produced jointly with Climate Focus to identify and build momentum around a set of politically viable strategies for mobilizing REDD+ finance in the EU in the short to medium term. *Mobilizing REDD+ Finance from the European Union: Final Policy Brief*.
 - In 2014, TNC undertook a revised line of work, with approval from Norad, that focused on research, education and advocacy to help shape investment opportunities, including through the GCF. We

contracted with Climate Focus to publish an analytical paper on “REDD+ Finance in the European Union,” which was prepared via consultations with European agencies on REDD+ Finance.

- In 2015, TNC continued to engage and consult on the structure of REDD+ finance within the GCF, and at the end of the year began a consultative process with the GCF Secretariat directly (along with civil society and other experts).

IV. The public financing for REDD+ and REDD+ institutions developed more slowly than anticipated due to budget constraints in developed countries during the grant period. This hindered funding mobilization efforts, including delays within the Green Climate Fund to begin operationalization. The inclusion of REDD+ in the GCF’s Performance Measurement Framework and the initial logic model for REDD+ Results-Based Payments lends an optimistic outlook for the sector in the near future, including its linkage to compliance and offsetting schemes in California and ICAO.

1.2 Contributions to successful implementation of the FCPF Carbon Fund.

- I.** The FCPF and its Carbon Fund continued to make significant progress for REDD+ and entered into the important implementation phase in 2015. With the Methodological Framework in place, the FCPF achieved very significant progress in building the portfolio of REDD+ projects in the Carbon Fund. Following approval of an initial set of emissions reductions (ER) programs into the Fund’s pipeline, the Trustee of the Carbon Fund has entered into Letters of Intent (LOIs) for 12 of the ER-PINs approved in 2014, and the Carbon Fund Participants decided to select or provisionally select seven additional ER-PINs into the pipeline of the Carbon Fund in 2015. Countries that have signed LOIs, are preparing Emissions Reduction Program Documents (ERPD) in order to reach the final stage of signing the Emissions Reduction Payment Agreement (ERPA). Each of these steps will continue through a competitive process based on evaluations of quality and progress in order to optimize the development and goals of the fund, and manage the risks to the FCPF Carbon Fund Participants and REDD Countries. Most importantly, the FCPF, with its consensus-based approach and Methodological Framework, is increasingly being recognized as a precedent-setter for multilateral results-based finance for REDD+. Its inclusive governance model also continues to be well-regarded, and has contributed to broadening the acceptance of REDD+, according to many observers.
- II.** Output 1.2 tracked Indicator 5: Contribution to changes in policy and plans for land use in targeted landscape; Indicator 8: Adoption of REDD+ safeguards (UNFCCC Cancun safeguards); Indicator 10: Development and Adoption of MRV Methodology; and Indicator 11: Contribution to International Consensus on REDD+ and Increased REDD+ Financing, as listed in the Menu of Indicators. TNC chaired the full series of FCPF Carbon Fund meetings in 2014 that resulted in 18 countries approved to the Carbon Fund pipeline. These countries are following the guidelines of the Fund’s Methodological Framework established in 2013 – the first detailed rules for performance-based REDD+ agreed by a multilateral process. Furthermore, the efforts undertaken for this grant to successfully build a pipeline and efficient business process for the FCPF Carbon Fund have helped both continue the momentum for REDD+ as well as establish a specific portfolio to demonstrate models for piloting REDD+ at a large scale and under stringent environmental and social standards. The FCPF, which represents a broad spectrum of financial contributors, REDD+ countries and active observers, is expected to generate many lessons learned that can help inform effective policy, advance consensus, and drive international political support for REDD+.
- III.** It was stated in the Project Document that we would “contribute to an effective and broadly-supported implementation of the Carbon Fund, including: the development of a robust methodological framework to ensure environmental and social integrity; identification of candidate pilot programs; defining terms for emissions reductions transactions; and the execution of at least three emissions reduction purchase agreements.” As of 2015, The FCPF capitalization stands at a total of USD \$1.057 Billion, of which USD\$365 Million is for the Readiness Fund and USD\$692 Million is for the Carbon Fund. In 2013, the Methodological Framework was completed and agreed upon by the Participants Committee – the first time such a comprehensive set of rules for operationalizing REDD+ has been agreed to by a multilateral body. This set of “operational rules” will govern the selection, execution, and performance assessment of large-scale emissions reduction programs, or ER-PIN. Twenty proposals had been submitted to the Carbon Fund Participants as of February 2016, with 12 signed an LOI, and another five who are working towards

signing a Letter of Intent, which brings them to the last stage to submit the ERP. The Carbon Fund process has been somewhat slower to reach the ERPA signing stage than expected, but the first ERPAs are expected by 2017, and perhaps even this year. Importantly, the Carbon Fund expects to leverage additional investment from other funding sources into its emissions reduction programs.

IV. The outcomes for this output have been achieved as described above, and will continue to build on this engagement in the upcoming 2016 – 2020 Norad-funded grant.

1.3 Campaign for the inclusion and full implementation of REDD+ in California’s climate regulatory program.

- I.** Over the course of this grant period, progress has been made with respect to the baseline for establishing a California Results-Based Mechanism. In the administration, for example, the Chair of the California Air Resources Board (ARB) publically and privately stated several times that the ARB is moving forward to develop the regulations needed to add tropical forest credits into AB 32. This is an important political signal that represents the results from the awareness raising activities. At the state level, there has also been positive progress from the advocacy efforts, as there was no new legislation introduced in 2015 that would block AB32 like there has been in the first two years of the grant period.
- II.** Output 1.3 tracked Indicator 5: Contribution to Changes in Policy & Plans for Land Use in Targeted Landscape, as listed in the Menu of Indicators. Two key indicators show success to date: During Fall of 2015, the ARB held two workshops on changes to the cap and trade program where tropical forests were discussed at length. At the second workshop, tropical forests were the sole focus and the ARB produced a white paper officially recommending inclusion of tropical forest credits into AB 32.
- III.** The main outputs include the design and implementation of a strategic outreach and education campaign to increase understanding of and build support for adding jurisdictional tropical forest credits into California’s AB 32 Cap and Trade program. Educational and information exchanges and meetings with key members of Governor Brown’s administration and the state legislature, participated in workshops with the ARB, produced videos, fact sheets, and opinion articles in newspapers and deployed social media to build support broadly for tropical forest protection offset credits. One example was a special event at the annual UNFCCC Paris COP21 aimed to increase understanding by California officials of the importance of tropical forest protection to climate action at a global scale.
- IV.** Slow political progress in the state of California caused a delay in achieving the final outcome as outlined in the grant. The pace of activities on this legislation has increased recently, and it’s expected to have a critical vote by the Air Resources Board to proceed with new regulations on July 21, 2016.

1.4 Advocacy for increased U.S. federal budget appropriations for REDD+ and international conservation.

- I.** TNC helped to secure and maintain appropriations for REDD+ and international conservation in a period marked by severe budget constraints; the U.S. State Department’s Sustainable Landscapes funding, for example was \$226 million for 2013, \$190 million for 2014, and \$219 million for 2015. This was achieved through TNC’s participation in the Climate and Development Coalition, a diverse grouping of civil society organizations, which sought to provide informational briefings to key Congressional members during appropriation votes.
- II.** Output 1.1 tracked Indicator 11: Contribution to international consensus on REDD+ and increased REDD+ financing, as listed in the Menu of Indicators. At the start of the grant, the difficult realities of the U.S. federal budget process meant advocating for REDD+ in a low-profile manner. TNC was able to raise the profile of REDD+ in the lead-up to the 2015 UNFCCC Paris COP21 as Congressional members and staffers took interest in the international climate policy process. We remain optimistic that the conversations about REDD+ in Congress remain on a positive trajectory.
- III.** Through the Climate & Development Coalition, informational briefings were held with key Congressional staff on REDD+, the UNFCCC process, and the Paris Agreement to increase international support, including:
 - November 10, 2015: Congressional briefing titled, “Opportunities in International Climate Cooperation,” in Washington, DC, TNC co-sponsored with USCAN for House and Senate staffers.

Topics of discussion included the Paris Agreement and the various sectors affected by an agreement, including the land sector, and how public funding played an important role.

- November 13, 2015: A second briefing by the same title was held specifically for Senate staffers and was similarly co-sponsored by TNC and USCAN.

IV. TNC and partners defended, with considerable success, existing appropriations by Congress in 2015 for sustainable landscapes and REDD+ activities during a time of immense budgetary pressures in Washington.

1.5 Advocacy campaign and specific proposals for REDD+ inclusion in emerging U.S. federal climate policy.

- I.** The lack of viable federal climate change legislation posed limitations to achieving this outcome; nevertheless the U.S. still indicated leadership towards supporting international consensus on REDD+ including: sustained investment in sustainable landscapes assistance; active engagement in international forums such as the Tropical Forest Alliance 2020; remarks from the Secretary of State on REDD+ at COP19; U.S. signature on the New York Declaration for Forests; and speeches from Members of Congress related to REDD+.
- II.** Output 1.5 tracked indicator 11: Contribution to international consensus on REDD+ and increased REDD+ financing, as listed in the Menu of Indicators. Without new federal climate policy development in the U.S. there was no new funding additional to that in Output 1.4. However, this Output did contribute to international consensus on REDD+, as the United States was active in supporting the completion of the REDD+ framework in the UNFCCC and its inclusion in the Paris Agreement, which encourages all countries to take action to conserve and enhance carbon stocks in ecosystems. This is a reaffirmation and strong foundation for the role ecosystems play as a climate solution.
- III.** This component faced rather limited opportunities for advancing REDD+ in U.S. policy (beyond budget appropriations in 1.4 above), due to the polarized political environment for climate action. However, TNC still worked towards advancing REDD+. Key activities included:
 - Submitted comments on draft federal legislation and in response to requests for input from Congressional offices;
 - Reviewed the Administration's climate plan for REDD+ opportunities; and other informal discussions; Meeting with Members of Congress on REDD+, including co-sponsoring and speaking at a Capitol Hill briefing educating staffers on REDD+ in the UNFCCC process in November 2014; and
 - Worked to create a diverse constituency in support of international forest conservation by educating the forestry committee of the World Business Council on Sustainable Development on the UNFCCC.
- IV.** While the overall outcome of including REDD+ into federal climate legislation in the U.S. was not yet achieved because no such legislation has been developed, the U.S. administration has continued to prioritize programs and funding to support REDD+ and sustainable landscapes. The work TNC and allies have done to create a solid foundation of support for REDD+ with the administrative and legislative branches can be built upon if and when such legislation comes forward.

2.1 Policy briefs and in-country workshops on key REDD+ finance issues.

- I.** These reports and workshop have elevated the level of awareness between Government agencies (Ministry of Environment and Ministry of Agriculture in Brazil, Ministry of Forestry in Indonesia, State Government of Para, Provincial Government of East Kalimantan, Municipal/District Governments for Belem and for Berau), from rural credit agencies (e.g. Banco Amazonia), and from other relevant actors such as the Climate Policy Initiative in Indonesia, on the relevance of and need to strengthen the connectivity between subnational and national financial mechanisms. Discussions around the findings of these reports have spearheaded new thinking among these actors on looking into traditional financial mechanisms at multiple levels to be used and applied for REDD+ objectives.
- II.** Output 2.1 tracked Indicators 5: Contribution to changes in policy and plans for land use in targeted landscape and Indicator 6: Models Developed/Piloted and Practices Changed, as listed in the Menu of Indicators. Some key actors engaged during the development of these reports have indicated their interest in furthering their understanding around the findings stemming from these reports and looking into

potential collaboration opportunities using these reports as a starting point for deeper analyses, and to explore their potential applicability in current REDD+ related policy and financial related programs.

III. In close collaboration with key national REDD+ agencies in Brazil and Indonesia, TNC developed policy briefs on Indonesia and Brazil, provided expert advice to policy makers and are in the process of conducting a set of in-country workshops to support the design and implementation of REDD+ financial architectures in these countries. The 2014 policy briefs are detailed below and in more detail in past reports:

- *“Developing a framework for jurisdictional performance-based incentives as a financial mechanism for REDD+ in Indonesia”*. This study identified that for jurisdictional approaches to support REDD+ implementation, it is necessary to find ways to blend multiple financing mechanisms, and proposes some insights on how this could be done.
- *“Financial and Operational Analysis of Banco da Amazonia (BASA) with regards to their allocation of resources and its linkages with the broader REDD+ financial architecture for the Brazilian Amazon”*. Through this study we identified the types of lines for rural credit developed by BASA that could be best adapted to be used for REDD+ funding. In addition, the study signals the applicability of environmental safeguards used for lines for rural credit to REDD+ funding.

We presented the results at in-country workshops showcasing the results of the two country analyses on REDD+ finance and institutional arrangements finalized this year on Indonesia and Brazil. One of the workshops included a session at the REDD Learning Exchange meeting in Jakarta in November 2014 (funded by the Norad Sustainable Landscapes Grant) and in Sao Felix do Xingu in early December 2014.

IV. The outcomes for this output were achieved, as a set of policy briefs were developed which included expert advice on the design and implementation of REDD+ financial architectures in Indonesia and Brazil.

2.2 Multi-country dialogue on REDD+ finance and benefit sharing mechanisms between the Governments of Brazil, Indonesia, Mexico and Peru and a set of comparative analyses for enhancing knowledge sharing.

I. The multi-country dialogue series helped to address how the REDD+ frameworks fits within the international climate architecture, as well as to solidify understanding of REDD+ within a variety of developing country contexts. The focus countries for this effort were Mexico, Brazil, Indonesia, and Peru. Through collaboration with the World Bank/UNDP hosted dialogue series, country participation was expanded to include Costa Rica, Colombia, DRC, Ethiopia, and Vietnam in 2013. Going forward, the governments engaged through this series can better incorporate REDD+ activities within and across the FCPF, UNFCCC, and country-specific NDCs.

II. Output 2.2 tracked Indicator 11: Contribution to international consensus on REDD+ and increased REDD+ financing, as listed in the Menu of Indicators. TNC was not aware of any other South-South platforms on these issues prior this series of workshops. By extension, there was limited sharing of perspectives on REDD+ issues among REDD+ Country governments, in particular across agencies such as the Ministry of Forestry and the Ministry of Finance. Throughout the grant period, this interaction increased significantly, and can be represented through examples such as the World Bank’s South-South Knowledge Exchange.

III. Over the course of the grant period, we hosted or co-hosted a series of dialogue workshops to achieve the planned outcomes of exchanging knowledge on technical issues among government representatives from a range of diverse agencies. A brief description of each dialogue is outlined below:

- In 2012, the multi-country dialogues started through a series of small, invitation-only, lunch dialogues on the margins of the UNFCCC Doha COP18 focusing on REDD+ finance and benefit sharing issues of common interest to the participants. A series of interviews and a webinar to share interview results subsequently led to dialogue workshop with stakeholders from REDD+ countries.
- In October 2013, jointly with the World Bank, we hosted a workshop on REDD+ Finance and benefit sharing on the margins of the REDD Exchange in Oslo, Norway. Combining similar efforts with the World Bank allowed us to expand the scope of countries involved to also include Ethiopia, Vietnam, Colombia, and the Democratic Republic of Congo in addition to the four main participants.
- In November 2015, TNC co-hosted a session at the Global Joint FCPF/UN-REDD Programme REDD+ Knowledge Exchange Day in San Jose, Costa Rica. This workshop focused on treatment of land use in the INDCs and FCPF Emissions Reduction Project Idea Notes (ERPIN). It specifically focused on helping

developing country experts learn more about the difficulties of integrating existing work in the FCPF with their countries' intended climate contributions as set forth in INDCs.

IV. The outcomes for this output were achieved.

3.1 Analytical paper on REDD+ financing through 2020 and beyond, reflecting both the current realities of international policy and lessons learned in REDD+ implementation.

- I.** In the original Project Document, we referenced the uncertainty over future funding streams for REDD+ and the need for an understanding of how REDD+ may be expected to work through the end of this decade before a global REDD+ mechanism is likely to emerge. Due to an extension, this analytical paper was produced after the Paris Agreement, so we thus had the opportunity to articulate the future of REDD+ in a world where REDD+ is cemented in the Paris Agreement, public commitment to REDD+ remains quite strong, and other considerations and revenue/incentive opportunities (carbon markets, corporate supply chain commitments, etc.) continue to emerge. The paper considered the integration of results-based finance (RBF) with such emerging opportunities, along with lessons from RBF experience to date.
- II.** Output 3.1 tracked Indicator 11: Contribution to international consensus on REDD+ and increased REDD+ financing, as listed in the Menu of Indicators. Throughout 2013, we engaged in consultations to inform the development of a paper on the Future of REDD+ Finance. These consultations, in forums both formal and informal, contributed to the sharing of knowledge on the future opportunities to integrate results-based payments for REDD+ with sustainable supply chain incentives. The analytical paper incorporated a survey of diverse, experienced and well-placed members of the REDD+ policy and finance community around the world in an attempt to establish a) general views of the REDD+ community on results-based finance; b) what additional questions or considerations should be discussed as the REDD+ system evolves; and c) recommendations for future development and alignment of RBF. One of the primary advocacy goals is improving both REDD+ dialogue and the confidence of public and private actors in funding REDD+.
- III.** The original vision of results-based REDD+ has evolved due to several factors as a global carbon market has not materialized; commodity-producing companies have shown interest in reducing impacts of their supply chains on forests; and awareness has grown of the diverse financial sources and incentives (e.g. agricultural subsidies or access to supply chain incentives) that can positively influence land use decision-making for low-carbon development. The research product helps to frame how results-based finance for REDD+ can be optimized as a tool to shift rural economies to sustainable development pathways, both by reflecting on lessons learned to date, discussing the shifting landscape in which REDD+ operates, and by providing recommendations for next steps for the REDD+ community. The research includes a survey of REDD+ experts, 19 individuals from governments, the private sector, academia and civil society, on how they see results-based finance affecting the transforming of land use decision-making.
- IV.** Plans were changed several times for this output due to unforeseen circumstances, as described and approved in previous reports. However, with the approval of the no-cost extension from January – April 2016, the analytical report was completed and is attached to this report for your reference.

3.2 Social measures methodology that enables results-based management.

- I.** In order to create the social measures baseline, we attempted to integrate data from the Norway-supported CIFOR REDD+ Global Comparative Study. Although we had hoped to be able to leverage the CIFOR GCS work in the SFX HWB baseline and monitoring plan, it ultimately did not overlap with the households that we surveyed, nor did it employ many of the same indicators we ultimately chose to track. Therefore, we did not use their data, beyond determining variation across the population for choosing our sample size.
- II.** Output 3.2 tracked Indicator 8: Adoption of REDD+ Safeguards (UNFCCC Cancun Safeguards), as listed in the Menu of Indicators. The specific categories include respect for the knowledge and rights of indigenous peoples and members of local communities; full and effective participation of relevant stakeholders in particular indigenous peoples and local communities; and conservation of natural forests and biological diversity and enhancement of other social and environmental benefits. Indigenous peoples, local communities, small holders and large holders will experience measurable improvements in their human well-being as a result of the Sao Felix Green Development pilot. The pilot was already designed to deliver

social benefits to this group, and also to incorporate REDD+ strategies. As a result of this grant, the benefits will be strengthened, better predicted, and measured as part of a monitoring program.

- III. In July, 2014 TNC published the guide: “Strengthening the Social Impacts of Sustainable Landscapes Programs: A guide for practitioners.” This 100+ page guide was reviewed internally and externally, including by experts in the rights, REDD+, standards, and impact evaluation fields as well as field practitioners. The reviewers are scientists with the Norad-funded CIFOR Global Comparative Study (GCS) on REDD+. This guide helps practitioners:
- Develop and strengthen our on-the-ground programs in a way that meets our conservation goals and benefits local communities
 - Develop programs to cost-effectively measure and monitor the social impacts
 - Avoid or minimize unintended negative impacts on human well-being from sustainable landscapes programs.

Many of the approaches and tools were developed and refined by TNC’s Berau Forest Carbon Program in Indonesia. It is currently being piloted in Sao Felix do Xingu (SFX). As part of this piloting process, we held multiple workshops with the SFX team to work through the steps in the guide, which also provided input on refining approaches. A final brief was also produced on the importance of social monitoring for REDD+, the ability to do this cost effectively, and the benefits that has for programs.

- IV. The outcomes for this output were achieved.

3.3 Proposals for appropriate compensation baseline methodologies.

- I. At the time of writing this report, 15 countries have submitted their REDD+ reference levels to the UNFCCC, compared to zero submissions at the beginning of the grant period. Furthermore, all 18 of the FCPF Carbon Fund pipeline countries include information on MRV methodologies in their Emissions Reductions Program Information Notes.
- II. Output 3.3 tracked Indicator 10: Development and adoption of MRV methodology. We have seen REDD+ countries start to develop reference levels for REDD+ and plans for monitoring and MRV approaches.
- III. This work has helped create an increased understanding of the available data and best use of those data for the environmental integrity of baselines. Outputs included two, publically available, reports:
- [Applicability of the Hansen Global Forest Data to REDD+ Policy Decisions](#)
 - [Forest Reference Level Submissions Under REDD+: An Analysis of Submission Trends, Leading Practices, and Areas for Improvement](#)

Additional outputs included: Participation in a workshop on June 9, 2015 on “Land Sector Transparency in INDCs and Principles for Track Progress” held by the World Resources Institute; Speaking at a UNFCCC side event on June 1, 2015 on improving the rules for land use accounting, hosted by Birdlife International; and presenting on the research of the Forest Reference levels.

- IV. The reference levels proposed to both the UNFCCC and the Forest Carbon Fund Partnership Facility show significant progress towards achieving the outcome.

4.1 Advocacy for effective policy and technical solutions that address environmental and social integrity concerns and strengthen confidence in REDD+.

- I. The most significant changes were the adoption of new UNFCCC COP decisions in the Warsaw Framework for REDD+ in 2013 which lays out the foundation at the global level, for environmentally and socially responsible REDD+. The subsequent development of the UNFCCC REDD+ Info Hub is especially critical for ensuring the transparency of social and environmental impacts from REDD+ and tracking progress in order for public and investor confidence in REDD+ outcomes. Finally, and most recently, the Paris Agreement was established at the conclusion of the 2015 UNFCCC Paris COP21. The agreement creates the framework to ensure that transparency will create confidence, and therefore spur investment, in the sector’s mitigation outcome. One of the articles specifically mentions REDD+ and says all countries should take action to conserve and enhance carbon stocks in ecosystems. While this is a reiteration of what’s already in the UN climate change Convention, this is a strong foundation for this work going forward and a good sign that REDD+ efforts will continue to play a key role as a climate solution.

- II.** Output 4.1 tracked Indicator 11: Contribution to International Consensus on REDD+ and Increased REDD+ Financing, as listed in the Menu of Indicators. Global consensus on REDD+ has increased through the conclusions of the REDD+ framework and inclusion of REDD+ in the Paris Agreement. This completes the methodological guidance and the framework for countries to put forward verified emissions reductions. In sum, countries have guidance on the elements that need to be submitted to the UNFCCC to engage in REDD+: a national REDD+ plan, a reference level, information on safeguards, verified emissions reductions, and sources of finance. With this frame of technical work to prepare a supply of REDD+ emissions reductions, countries can increase mitigation ambition from lands in their INDCs. The culmination of this work was in the Paris Agreement, which included an article in the agreement on lands mentioning REDD+.
- III.** This work focused on input to the UNFCCC process and REDD+ policy design there. Our work included:
- Co-lead a coalition of over 10 NGOs working on REDD+ solutions in the UNFCCC, which produced group submissions and joint position papers on the issue, gave interventions during REDD+ negotiating sessions, held bilateral meetings with governments to identify collaborative and effective solutions to political roadblocks to REDD+ decisions;
 - UNFCCC meetings, where TNC brought our field experience to bear on the negotiations of the REDD+ framework through side events, submissions, and interventions;
 - Hosting dialogues amongst negotiators on REDD+ and land use in the lead up to and during the negotiations of 2015 Paris Agreement;
 - Participation in the Climate Action Network's REDD+ group; and
 - Presentations and speaking during events to share experiences and promote REDD+, including at the Global Landscapes Forum; Brown bag lunches at the World Bank in March of 2015 and March 2016, sharing how COP decisions on REDD+ might influence World Bank program implementation; and Pre-COP webinars for media to update them on REDD+ in the negotiations
- IV.** The outcomes of this output were achieved.

4.2 International dialogues convened across key constituencies.

- I.** As indicated in the Project Document a central goal is to strengthening understanding and relationships, to deepen political commitment to REDD+ in key governments, including the United States. The Regional REDD+ Policy Brochure series is a good example how to advocate for national climate policies through communication tools. However, the impacts of these advocacy efforts specifically linked to the policy communication tools are challenging to attribute to one organization or outreach method. .
- II.** Output 4.2 tracked Indicator 11: Contribution to International Consensus on REDD+ and Increased REDD+ Financing, as listed in the Menu of Indicators. Combined with the advocacy work in output 4.1, together utilized the international exchanges of policy makers and thought leaders to enhance understanding of REDD+, its challenges and solutions.
- III.** In 2014 and 2015, the Regional REDD+ Policy Brochure Series were published, including:
- California, Tropical Forests and Our Changing Climate (*English*)
 - Progress and Recommendations for the Design of a National REDD+ Safeguards for Mexico (*Spanish; translated to English*)
 - Mainstreaming Gender in Policies and Laws related to Climate Change and REDD+ in Mexico (*Spanish; Translated to English*)
 - Elements and Recommendations for the Design of a Benefit Distribution Mechanism for REDD+ in Mexico (*Spanish; Translated to English*)
 - Curbing Climate Change by Protecting and Restoring the World's Tropical Forests (*English*)
- Furthermore, in October 2015, an international dialogue with representatives from the state governments of Acre and Mato Grosso of Brazil and Chiapas and Jalisco of Mexico was held in Sacramento, California. In addition to the government officials and other non-governmental organization representatives, Indigenous community leaders participated in the dialogue highlighting the importance of tropical forest protection and how climate action by California can contribute to the future sustainability of their communities. During this dialogue, the California brochure was shared amongst key participants and stakeholders.

IV. The outcomes of this output were achieved, although the work to increase understanding and to deepen political commitment to REDD+ in key governments will continue to be strengthened.

V. Are the outcomes expected to be sustainable?

All four outcomes of this project are expected to be ongoing and sustainable, and many of the activities to sustain these outcomes will continue in the next round of Norad Civil Society funding through the approved project for 2016 – 2020 titled, “REDD+ in Practice: Strengthening Global Governance and Improving Local Performance.” The risks that have been outlined throughout this report need to continue to be managed and monitored, particularly given the political space of most of these activities. One example of this is demonstrated in Output 4.1 under Outcome 4: Critical Political Constituencies in Support of REDD+ Are Established, while the Paris Agreement was established and is considered a monumental success in the political will to address climate change, many factors about the methodologies needed to implement it and the environmental integrity of those rules are still to be determined over the course of the next few years. Another example is while the inclusion of REDD+ incentives in domestic policy frameworks is progressing slowly, markets such as California’s compliance market are strongly considering REDD+ credits. Meanwhile, international bodies such as the GCF and ICAO are primed for including REDD+. While public funding is still not sufficient to provide a bridge between now and when these incipient markets develop for REDD+, the institutions and knowledge necessary for successful REDD+ finance flows at a large scale are in place in a growing number of countries

As mentioned in the past reports, we will continue to ensure the sustainability of the project outcomes by:

- Evaluating the ability of federal public funding and innovative mechanisms to bridge the gap until compliance-based REDD+ mechanisms expand. Key elements include a broad base of support, successful development of innovative models, and effective use of funds;
- Incorporating well-designed financial mechanisms that will be embedded in national, subnational and local policies;
- Identifying and developing the research topics in close consultation and collaboration with some key policy makers and other influential stakeholders; and
- Engaging key constituencies to address core concerns/interests, seeking to gain lasting consensus, and building durable working relationships.

2.5 Are there any internal and/ or external factors that have affected the project in any significant way?

- a) Specify deviations from plans.
- b) Give a short risk assessment

1.1 Campaign to mobilize and shape new funding sources for REDD+ in the EU, U.S. and other developed countries.

Specify Deviations from Plans: In 2014, TNC received approval to change the scope of this component to include a broader focus on the analysis and outreach strategy beyond the 2020 timeframe, and to also include the U.S. and other developed countries (changes approved April 3, 2014). The two new topics included: 1) positioning and shaping a robust, effective, and efficient REDD+ window in the Green Climate Fund; and 2) Advocating for developed countries to include international mitigation commitments with strong REDD+ components as part of a Paris agreement in 2015.

Risk Assessment: Over the course of this grant, the GCF emerged as a major climate finance tool that presented both opportunities and risks. TNC expressed in the 2014 Progress Report the risk that political considerations would compel the GCF Secretariat and Board to quickly establish a set of rules for REDD+ results-based finance that lacks environmental integrity. Those risks remain, although TNC sees 2016 as an important year for REDD+ results-based payments in the GCF, with the Secretariat already having a thoughtful plan to have consultations to formulate a robust ruleset in upcoming Board Meetings. In the U.S., a nationwide policy is unlikely to emerge from Congress to cap emissions; however, state-level progress in states like California remains promising sources of REDD+ demand. As other developed countries’ climate

plans and carbon markets progressively evolve, REDD+ is poised to become a key tool for multilateral funds and compliance markets.

1.2 Contributions to successful implementation of the FCPF Carbon Fund.

Specify Deviations from Plans: There were no significant deviations from the plan.

Risk Assessment: The Carbon Fund made impressive progress throughout the grant period, as described in the section above. One primary longer-term risk is in the delivery and fulfillment of the Emissions Reduction programs (ERPDs). While this is not a risk during this grant period, it will be something that will be considered throughout the implementation of the 2016-2020 Norad grant, where some of these activities will be continued. The Nature Conservancy will be attentive to this challenge, and it will be important for the Carbon Fund to put in place active risk mitigation measures, from the strategic design of the overall portfolio to support for individual programs.

1.3 Campaign for the inclusion and full implementation of REDD+ in California's climate regulatory program.

Specify Deviations from Plans: The progress on integrating jurisdictional tropical forest credits into California's AB 32 climate change regulatory program continues at a slow, but steady rate. The pace reflects the ability of offset critics to raise doubts within the California legislative branch. One example of the critics is when groups opposed to forest offsets collaborate with urban, environmental justice advocates to oppose the California Air Resources Board as it develops the regulations adding tropical forest offsets to the AB32 Cap and Trade program. In response, several actions have been taken, such as contracting with a strategic communications firm to help produce print and video materials and op-eds to educate the Governor's staff, key agency leaders and state legislators. TNC established a good partnership with the Yurok Native American tribe in Northern California who have successfully sold domestic, project scale, compliance grade, AB32 forest offset credits to counter critic's complaints about safeguards.

Risk Assessment: The risk of achieving desired impact is low, as there is currently support from the chair of the California Air Resources Board, Mary Nichols, who has publicly stated the agency's intent to add tropical forest credits to AB32. This is an ongoing process and we will continue to monitor the low political risk going forward.

1.4 Advocacy for increased U.S. federal budget appropriations for REDD+ and international conservation.

Specify Deviations from Plans: There were no specific deviations from the Implementation plan for this output. Given the constrained budget environment in Congress over the past several years, it was difficult to achieve increased appropriations for REDD+ and international conservation. Nevertheless, TNC contributed by working with partners to secure existing levels of funding in the U.S. Government Sustainable Landscapes program. Years 1 and 2 (2013, 2014, respectively) saw several grant activities put on hold due to the political environment surrounding the budget. Year 3 (2015) experienced a better political environment to advocate for these appropriations. A positive deviation from the plan was the increased role of the Climate & Development Coalition, a cross-sectoral coalition of organizations from the environment and human development sectors dedicated to U.S. climate finance. This group played a key role in securing Congressional moderates' support during appropriations processes for the GCF.

Risk Assessment: A constrained budget environment in the U.S. will likely remain for coming years. The 2016 election holds some risk for funding levels for REDD+ and international conservation. Those opposed to such funding may gain a stronger voice in Congress, and there is a chance that strong advocates for such funding in the Obama Administration may be replaced by an Administration that does not prioritize these areas.

1.5 Advocacy campaign and specific proposals for REDD+ inclusion in emerging U.S. federal climate policy.

Specify Deviations from Plans: The general political conditions of the U.S. Congress made any Congressional action on climate change challenging. Nevertheless, the executive branch's efforts to take climate action, including the release of President Obama's Climate Action Plan and the U.S.' INDC before Paris, indicate opportunities to include REDD+ in climate action taken by the administration. We have seen continued efforts by the executive branch to include REDD+ in international climate efforts, such as their leadership in

establishing the BioCarbon Fund Initiative for Sustainable Forest Landscapes (ISFL), signing onto the New York Declaration for Forests, and inclusion of REDD+ in the President's Climate Action Plan.

Risk Assessment: There are significant risks that future policies to address climate in the U.S. do not include REDD+, especially as opportunities emerge at the state level. However, our work in bringing REDD+ into the California climate policy system, our broader climate work in many U.S. states, including a newly launched 50-State Climate Strategy, and continued efforts to educate Congress will be aimed at alleviating these risks.

2.1 Policy briefs and in-country workshops on key REDD+ finance issues.

Specify Deviations from Plans: The policy briefs were finalized in mid-2014 for two countries: Indonesia and Brazil, on jurisdictional performance based incentives and REDD+ financial architecture. Due to a few short delays, TNC was not able to organize an event during the June UNFCCC Bonn meeting in 2015 but did present the findings of this work during other in-country workshops throughout 2014.

Risk Assessment: We do not anticipate significant risks, as this output is now complete and the policy briefs have been disseminated to policy makers during in-country workshops and are publically available online.

2.2 Multi-country dialogue on REDD+ finance and benefit sharing mechanisms between the Governments of Brazil, Indonesia, Mexico and Peru and a set of comparative analyses for enhancing knowledge sharing.

Specify Deviations from Plans: This output saw no major deviations from stated implementation plans. TNC often had to weigh the shifting political landscape, venue opportunities, and costs in order to ensure the best spaces for dialogue and analysis. As the interest increased, it became more cost-effective than anticipated, as partners arranged for the event space and participants did not need travel support. The outputs from the event were completed with cost-efficient savings that was included in the budget revisions in previously approved progress reports.

Risk Assessment: South-South cooperation and understanding on REDD+ finance and benefit sharing mechanisms is stronger than it previously was at the start of the grant in 2013; many REDD+ countries now engaged in REDD+ now have a better understanding of the nuances of other colleagues and political circumstances. There are limited risks of losing progress made on this output, as partners will likely continue with these types of learning exchanges.

3.1 Analytical paper on REDD+ financing through 2020 and beyond, reflecting both the current realities of international policy and lessons learned in REDD+ implementation.

Specify Deviations from Plans: This output saw several delays due to unforeseen circumstances. Initial plans anticipated a final paper by early 2014 accompanied by public launch events; however, as described in earlier approved progress reports, this was delayed and resulted in a no-cost extension for the January – April 2016 period. First, the evolving context in which REDD+ now operates (the Paris Agreement, emergence of corporate supply chain commitments, and the slow growth of carbon markets) allowed for the analysis to take stock of the evolution of results-based finance for REDD+ to date as a finance tool and provide a forward-looking analysis of how REDD+ might optimally contribute to land use transformation.

Risk Assessment: Given the opportunity to complete this activity incorporating the new commitments made during the 2015 UNFCCC Paris COP21 and the initial delays, as described above, a no-cost extension was approved by Inger Brodal, Deputy Director, Department for Civil Society, Norad. There is a low risk of limited disbursement opportunities.

3.2 Social measures methodology that enables results-based management.

Specify Deviations from Plans: In July, 2014 TNC published the guide: "Strengthening the Social Impacts of Sustainable Landscapes Programs: A guide for practitioners." As part of this piloting process in Sao Felix do Xingu (SFX), we held multiple workshops with the SFX team to work through the steps in the guide, which also provided input on refining approaches. Because of the complexity of the SFX program, progress was slower than expected at the workshops, so more staff time was needed than originally budgeted.

Risk Assessment: There is moderate risk that the lessons learned in this guide are not applied beyond the pilot projects.

3.3 Proposals for appropriate compensation baseline methodologies.

Specify Deviations from Plans: The release of remote-sensing scientist, Matt Hansen's, forest cover data in 2014 and the submission of REDD+ country reference levels to the UNFCCC in early 2015 changed the approach and focus of the work as originally outlined in the Implementation Plan, to ensure it was continuing to be relevant both in terms of science and global consensus towards REDD+ implementation. Therefore, the last two years of implementation focused more on the appropriate use of the increasingly available data for reference levels, than on providing prescriptions of how to set reference levels.

Risk Assessment: The proliferation of land use change datasets and reference levels approaches could potentially lead to ineffective or disputed REDD+ baseline approaches. Therefore, to mitigate this risk, TNC proposed work on methodological consistency in the approved 2016-2020 Norad grant, "REDD+ in Practice: Strengthening Global Governance and Improving Local Performance."

4.1 Advocacy for effective policy and technical solutions that address environmental and social integrity concerns and strengthen confidence in REDD+.

Specify Deviations from Plans: This work did not deviate from the approved Implementation Plan.

Risk Assessment: The success of REDD+ under the UNFCCC, one of the main targets of this work, is tied closely to the successful operationalization of the 2015 Paris Agreement. Therefore, the most significant risk is that countries fail to implement the agreement.

4.2 International dialogues convened across key constituencies.

Specify Deviations from Plans: As shared in the first progress reports, this output was expanded to include international dialogues as well as the communication tools for policy makers. Thus, we hosted international dialogues across key constituencies and also produced a small series of Regional REDD+ Policy Brochures, including from California, Mexico, and a Global Perspective. We had expected to also include Indonesia and Brazil in the brochure series but due to staff turnover and priority shifts within the regional offices, we were not able to complete it within the grant period.

Risk Assessment: There is limited risk that the momentum created from the dialogues and information shared through the policy communication brochures are not updated to be relevant in future forums, however, TNC is committed to mobilizing action on climate change and views the communication of this information as a key factor to do so.

2.6 **Cross cutting concerns.** Report on whether the project has contributed to

- a) Reduced corruption
- b) Gender equality
- c) Respect for human rights

The Nature Conservancy's project, "Building a Long-Term Sustainable Financing and Policy Framework for REDD+," contributed to reducing corruption, improving gender equality, and assuring the respect for human rights in the following ways over the course of the three-year grant.

- a) **Reduced Corruption:** One of the project's main objectives is to improve governance in the regions and arenas in which TNC's work is supported, through activities like the TNC-facilitated dialogues between government officials and civil society representatives in Output 2.2. Several of the grant activities aimed to enhance the transparent flow of information, which provides access for a more diverse group of stakeholders to utilize public knowledge. This, in turn, increases transparency surrounding government funds and activities allowing for 1) greater civil society participation and 2) a potential decrease in corruption and misuse of public funds. Substantial effort has been made to facilitate multi-stakeholder arrangements and ensure decisions are made through participatory processes. At a global scale, for example, our work on the FCPF reduces corruption by ensuring that all countries approved for Carbon Fund payments comply with the World Bank due diligence requirements. In the FCPF Carbon Fund, all Participants also must comply with the Conflict of Interest guidelines to increase transparency. The

impact on reducing corruption can be measured by the number of countries receiving Carbon Fund payments because these countries have complied with all of the requirements outlined above.

- b) **Gender Equality:** The Nature Conservancy is a leader in designing and advocating for social and environmental standards for REDD+, which includes gender equality and women's empowerment as a criterion. TNC values, respects, and promotes gender equality and women's empowerment by being attentive to this issue in all of the policy venues which we are involved, and remains committed to ensuring these standards both on the ground in jurisdictional REDD+ programs and in the forums designing REDD+ standards. These standards intend to proactively ensure the consultation and interests of local communities, and in doing so work protect their rights. Our advocacy work in this grant has had several outputs in this regard, for example, addressing gender issues are demonstrated in Output 1.2's activities through the FCPF, which includes safeguards and non-carbon benefits as a separate criterion in the evaluation process of ER-PINs. Furthermore, the policy and advocacy work that we conduct aims to promote gender equality by identifying opportunities and recognizing the need for equal involvement in decision-making processes, will use gender-disaggregated data for analysis of needs and program progress, and by respecting the rights of local and indigenous communities. The impact on enhancing gender equality can be demonstrated through the events where we share lessons learned, for example, we presented on Gender Lessons from Implementing Gender equality in REDD+.the 2013 Social Measures Guide (Output 3.2), which addressed guidance for human rights issues such as safeguards and delivering co-benefits; the "Strengthening the Social Impacts of Sustainable Landscapes Programs" guide) that helps practitioners avoid unintended negative impacts on human well-being and the brief on the importance of social monitoring for REDD+ (Output 3.2).
- c) **Respect for Human Rights:** TNC has taken a proactive approach to respect for human rights, with TNC's membership in the Conservation in Human Rights (CIHR) initiative. Stakeholders involved in the proposed project are free to exercise their economic, social, cultural, political, civil and political rights during their engagement with the project. Furthermore, TNC played a leading role in the development of social and environmental standards for REDD+ (the REDD+ Social or Environmental Standards, commonly referred to as the REDD+ SES), and is committed to applying these standards to our REDD+ work to ensure that the rights and interests of our partners are respected. Furthermore, this project has contributed to the respect for human rights through our work in the FCPF (Output 1.2) with the Environmental and Social Safeguards requirements for projects applying to the Carbon Fund, for example, to design and implement projects with the full and effective participation of Indigenous Peoples and marginalized groups in a way that fosters full respect for Indigenous Peoples' dignity, human rights, traditional knowledge, and cultural uniqueness and diversity and so that they: (i) receive culturally compatible social and economic benefits; and (ii) do not suffer adverse effects during the development process.

2.9 Lessons learned. Give a short description of lessons learned during the year in question. For final report, please summarize lessons learned for the whole agreement period.

Over the course of the 3-year grant period we aimed to create a global consensus on REDD+ and learned how the wide range of elements needed to create a system that adequately incentivizes REDD+ can be put together to advance outcomes. Civil society's contribution to reaching a global climate agreement in Paris highlights many lessons for the policy landscape in a post-Paris world that will now be focused on implementation. Strengthening civil society's voice and working in collaboration with a variety of stakeholders is one positive lesson to be applied in the future to ensure successful implementation of the Paris Agreement, including the operationalization of the article in the Paris Agreement that states all countries should take action to conserve and enhance carbon stocks in ecosystems. This grant's inclusion of furthering technical knowledge, building political will, engaging in lesson-sharing, piloting incentive systems, and integrating REDD+ into climate policy systems provided a holistic view of how those pieces can fit together to achieve a larger outcome. As donor countries, REDD+ countries and funding entities begin to operationalize REDD+ and scale up finance in various fora (GCF, ICAO, compliance markets, etc.), it is

increasingly apparent that stakeholders will need to consider consistent approaches to REDD+ finance across these fora; how REDD+ can best be leveraged in-country; and how forest and donor country NDCs will integrate REDD+ and REDD+ finance to maximize ambition. Furthermore, the Forest Carbon Partnership Facility, which represents a broad spectrum of financial contributors, REDD+ countries and active observers, is expected to generate many lessons learned to inform effective policy and drive international political support for REDD+ in the coming years. These lessons will be captured in TNC's new 2016 – 2020 grant, "REDD+ in Practice: Strengthening Global Governance and Improving Local Performance."

3 Case/success story

HEADLINE: Coalition-building and technical support by civil society advanced the social and environmental integrity of a global agreement on REDD+.

INTRODUCTION: The inclusion of REDD+ in Article 5 of the Paris Agreement suggests that emissions reductions from tropical forest conservation will, by meeting globally-agreed standards, be a component of achieving climate goals.

WHY: We sought to maximize synergies and minimize inconsistencies of evolving standards and processes for REDD+, which we believe could be both difficult for REDD+ countries to navigate and erode confidence that REDD+ is a coherent, verifiable tool for climate mitigation.

WHAT: The most prominent UNFCCC agreements on REDD+, the Warsaw Framework and Article 5 of the Paris Agreement, are the result of many years of work by the REDD+ community, in which TNC and our partner organizations engaged. Our advocacy for solutions to address environmental and social integrity concerns lead to increased confidence in REDD+ as a verifiable mitigation tool. One of the best success stories was our work at the UNFCCC, leading multiple dialogues amongst negotiators to have informal conversations about how to advance social and environmental outcomes from REDD+ under the COP21 agreement. These conversations occurred through a series of workshops held with Land Use and Agriculture Negotiators from 2013 - 2015. At these events TNC, along with our partners, provided background – either through presentations or white papers – to focus the event, and then held small group discussions around a set of issues related to the most pressing issues on REDD+ in the negotiations. These small discussion groups allowed for the exchange of views among negotiators from developing and developed countries and civil society. Ultimately these events helped identify areas of convergence and high-level principles to ensure the environmental and social benefits with REDD+ were kept as a top priority for policy-makers, and we received many positive comments from participants that these workshops helped provide space for dialogue to move the negotiations forward.

HOW MUCH: Many aspects of this grant and our broader work contributed to this success. The budget for Output 4.1 focused specifically on this result had a total budget of NOK 1,579,665 over three years.

RESULTS: The desired new state, as identified in 2012 was "greater confidence in and understanding of the benefits of REDD+ by key stakeholder constituencies and acknowledgement of its importance for economic development, climate change mitigation, forest conservation, and protection of biodiversity." At the outset of this grant, we identified one of the key indicators of progress to be a "global climate agreement that includes a REDD+ mechanism that establishes a framework to value and robustly measure REDD+ contributions to reductions in global carbon emissions" (with a baseline of zero – there was no such global agreement in 2012). The confidence in REDD+ as a system to mitigate climate change and achieve economic, social, and environmental co-benefits is indicated by the Warsaw Framework for REDD+ and Article 5 of the Paris Agreement.

Furthermore, the UNFCCC methodological guidance for REDD+ and the framework for countries to put forward verified emissions reductions meet minimum social and environmental standards. The common elements that need to be submitted to the UNFCCC to engage in REDD+ (a national REDD+ plan, a reference level, information on safeguards, verified emissions reductions, and sources of finance), provides a foundation around which other REDD+ programs can be built, thus reducing the potential contradictions and maximize the possible synergies among REDD+ standards. Much of this success was the result of work with our target groups, such as meetings and technical dialogues with UNFCCC negotiators, briefings on REDD+ for the private sector, and advancement of common messages with civil society.

LESSONS LEARNED: One of the risks outlined at the outset of this grant was that key REDD+ countries would decrease support of REDD+ activities due to political pressure or a change of government. We worked across the spectrum of REDD+ Countries to ensure that loss of a single vocal champion at the global-level would not derail international efforts. We had indicated the likelihood of this risk was low, and found that the risk did not come to fruition. Furthermore, the development of nationally determined contributions created a sense of collective responsibility to address climate change, and many countries included forests in their pledges.

A significant lesson learned was the importance of raising awareness, sharing knowledge, and advocating across constituencies with common messages. Our coalition-coordinated advocacy included policy options supported by multiple civil society organization, champions who knew they had a strong core of backing, and clear minimum standards for social and environmental integrity, lead to these successful REDD+ outcomes.

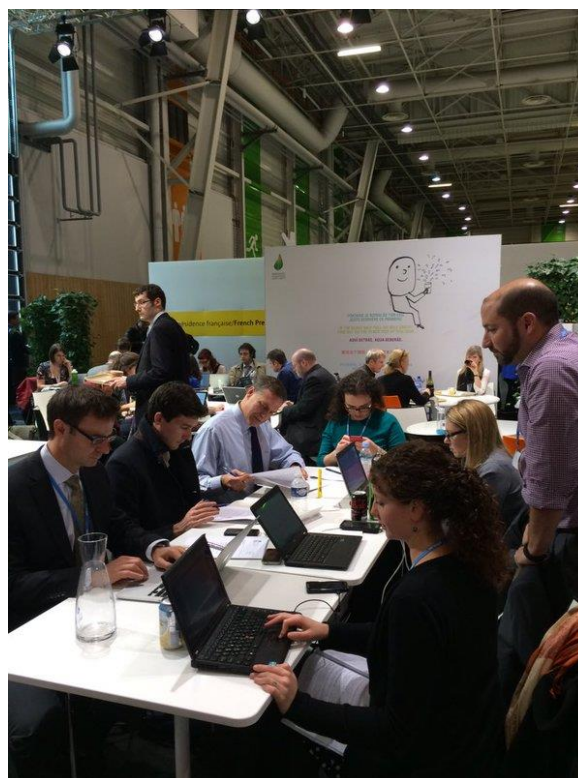
PARTNERS: The Nature Conservancy worked with a number of peer organizations to accomplish our climate change and REDD+ objectives, but did not engage in a sub-grant partnership. These peer organizations include: World Wildlife Fund, Conservation International, Environmental Defense Fund, National Wildlife Federation, Union of Concerned Scientists, and Forest Trends.

GEOGRAPHIC LOCATION: Global

SOURCES:

- UNFCCC Paris Agreement, December 2015
http://unfccc.int/files/essential_background/convention/application/pdf/english_paris_agreement.pdf
- Media Outlets, such as Climate Change News article, «A ten-year battle to root forests in a climate pact is won»
<http://www.climatechangenews.com/2015/12/16/a-ten-year-battle-to-root-forests-in-a-climate-pact-is-won>

PHOTO: TNC delegation working on text analysis at the UNFCCC Paris COP21. December 2015.
© Lisa Schindler Murray, TNC



4 Project's accounts for last year:

4.1 The accounts must relate to the approved budget for the year in question. All deviations must be clearly shown and explained.

Please Note: The explanations below detail the information for deviations of more than 10% *above* a line item, as agreed in the contract.

Deviations:

Outcome 4: Critical Political Constituencies in Support of REDD+ are Established.

Personnel: In 2015, Output 4.1 was primarily focused on advocacy leading up to the UNFCCC Paris COP21, and thus, we dedicated more time committed to achieving this outcome than originally budgeted, resulting in approximately USD \$15,000 more spent on personnel than the USD \$122,525 budgeted.

Travel: Similarly, in advance of the UNFCCC Paris COP21 there were more UN intersessionals than we originally anticipated resulting in a significant deviation in the budget line item, spending USD \$46,780, approximately USD \$5,000 more than the USD \$41,950 that was originally budgeted.

**The Government of Norway's International Climate and Forest Initiative - Building Global Consensus
Year 3 Financial Report**

<i>For the period of January 1, 2015 - April 30, 2016</i>					
	Complete Year 3	Audited Year 3	Extension	Variance	%
1. Adequate and Sustainable Finance for REDD+					
Personnel	\$ 177,231	\$ 178,300	\$ -	\$ (1,070)	1%
Contracts	\$ -	\$ -	\$ -	\$ -	n/a
Travel	\$ 34,699	\$ 34,604	\$ -	\$ 95	0%
Meetings & Workshops	\$ 3,178	\$ 3,328	\$ -	\$ (150)	5%
Communications, supplies, equipment	\$ 310	\$ 35	\$ -	\$ 275	-89%
Indirect Costs (@ 7%)	\$ 15,079	\$ 15,139	\$ -	\$ (60)	0%
Sub-Total, Outcome 1	\$ 230,497	\$ 231,406	\$ -	\$ (910)	0%
2. Enhanced Climate Finance Readiness of Key REDD+ Countries					
Personnel	\$ 34,458	\$ 34,099	\$ -	\$ 359	-1%
Contracts	\$ 12,111	\$ 12,111	\$ -	\$ -	0%
Travel	\$ 4,353	\$ 4,353	\$ -	\$ -	0%
Meetings & Workshops	\$ 7	\$ 7	\$ -	\$ -	0%
Communications, supplies, equipment	\$ -	\$ -	\$ -	\$ -	-100%
Indirect Costs (@ 7%)	\$ 3,565	\$ 3,540	\$ -	\$ 25	-1%
Sub-Total, Outcome 2	\$ 54,494	\$ 54,110	\$ -	\$ 384	-1%
3. Targeted Analysis and advice on economic, financial and methodological issues					
Personnel	\$ 110,789	\$ 34,988	\$ 60,042	\$ 15,759	-14%
Contracts	\$ 32,500	\$ 12,500	\$ 20,000	\$ -	0%
Travel	\$ 2,473	\$ 2,473	\$ -	\$ -	0%
Meetings & Workshops	\$ -	\$ -	\$ -	\$ -	-100%
Communications, supplies, equipment	\$ -	\$ -	\$ -	\$ -	-100%
Indirect Costs (@ 7%)	\$ 10,203	\$ 3,497	\$ 5,603	\$ 1,103	-11%
Sub-Total, Outcome 3	\$ 155,966	\$ 53,459	\$ 85,645	\$ 16,862	-11%
4. Critical political constituencies in support of REDD+ are established					
Personnel	\$ 122,525	\$ 137,853	\$ -	\$ (15,328)	13%
Contracts	\$ 1,100	\$ 1,100	\$ -	\$ -	0%
Travel	\$ 41,953	\$ 46,780	\$ -	\$ (4,827)	12%
Meetings & Workshops	\$ 16,793	\$ 10,941	\$ -	\$ 5,852	-35%
Communications, supplies, equipment	\$ 377	\$ 343	\$ -	\$ 34	-9%
Indirect Costs (@ 7%)	\$ 12,792	\$ 13,791	\$ -	\$ (999)	8%
Sub-Total, Outcome 4	\$ 195,540	\$ 210,807	\$ -	\$ (15,267)	8%
Total	\$ 636,497	\$ 549,782	\$ 85,645	\$ 1,070	0%
Budget Summary.					
Personnel	\$ 445,003	\$ 385,240	\$ 60,042	\$ (279)	0%
Contracts	\$ 45,711	\$ 25,711	\$ 20,000	\$ -	0%
Travel	\$ 83,478	\$ 88,210	\$ -	\$ (4,732)	6%
Meetings & Workshops	\$ 19,978	\$ 14,276	\$ -	\$ 5,702	-29%
Communication, Supplies	\$ 687	\$ 377	\$ -	\$ 309	-45%
External Audit	\$ 55,000	\$ 56,000	\$ -	\$ (1,000)	2%
Indirect Costs	\$ 45,490	\$ 39,887	\$ 5,603	\$ -	0%
GRAND TOTAL	\$ 695,347	\$ 609,702	\$ 85,645	\$ (0)	0%
Norwegian Kroner	\$ 4,589,287	\$ 4,498,631	\$ 705,086		
<i>Effective exchange rate</i>	<i>6.60</i>	<i>7.38</i>	<i>8.23</i>		

Note: The Year 3 Complete Budget includes the carryforward from Year 3 (2015) in the amount of \$296,915 and also includes the Year 3 (2015) loss due to the currency exchange rate. Total currency exchange rate loss for Year 3 was \$162,763.72

The Year 3 Complete Budget also includes the revisions approved as part the No-Cost Extension granted to The Nature Conservancy.

The Government of Norway's International Climate and Forest Initiative - Building Global Consensus
Report Period: January 1, 2013 - April 30, 2016

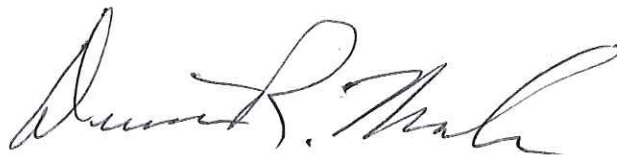
	Norad Building Global Consensus Budget and Actuals				
	BUDGET YEAR 1	BUDGET YEAR 2	BUDGET YEAR 3 AND EXTENSION	TOTAL APPROVED BUDGET	TOTAL ACTUALS
1. Adequate and Sustainable Finance for REDD+					
Personnel	\$ 142,148.60	\$ 139,120.96	\$ 112,527.33	393,797	\$ 394,867
Subgrants			\$ -	-	\$ -
Contracts	\$ 35,000.00	\$ 35,000.00	\$ (19,500.00)	50,500	\$ 50,500
Travel	\$ 29,000.00	\$ 23,000.00	\$ 24,358.81	76,359	\$ 76,264
Meetings & Workshops	\$ 20,500.00	\$ (8,500.00)	\$ (6,182.82)	5,817	\$ 5,967
Communications, supplies, equipment	\$ -	\$ 2,000.00	\$ (1,653.93)	346	\$ 71
Indirect Costs (@ 7%)	\$ 15,865.40	\$ 13,343.48	\$ 8,984.72	38,194	\$ 38,827
Sub-Total, Outcome 1	\$ 242,514.00	\$ 203,964.44	\$ 118,534.11	\$ 565,012.55	\$ 566,495.56
2. Enhanced Climate Finance Readiness of Key REDD+ Countries					
Personnel	\$ 57,532.18	\$ 41,551.00	\$ 5,016.52	104,100	\$ 103,741
Subgrants			\$ -	-	\$ -
Contracts	\$ 15,000	\$ 32,767	\$ (10,257)	\$ 37,510	\$ 37,510
Travel	\$ -	\$ 18,000	\$ (11,125)	\$ 6,875	\$ 6,875
Meetings & Workshops	\$ 15,660	\$ 5,000	\$ (15,696)	\$ 4,964	\$ 4,964
Communications, supplies, equipment	\$ 2,000	\$ (2,000)	\$ -	\$ -	\$ -
Indirect Costs (@ 7%)	\$ 6,313	\$ 6,672	\$ (2,244)	\$ 10,741	\$ 10,716
Sub-Total, Outcome 2	\$ 96,505.91	\$ 101,990.26	\$ (34,306.89)	\$ 164,189.29	\$ 163,805.02
3. Targeted Analysis and advice on economic, financial and methodological issues					
Personnel	\$ 37,679	\$ 50,275	\$ 103,678	\$ 191,632	\$ 175,874
Subgrants			\$ -	\$ -	\$ -
Contracts	\$ 25,000	\$ 20,000	\$ 8,167	\$ 53,167	\$ 53,167
Travel	\$ 8,000	\$ 2,000	\$ (1,338)	\$ 8,662	\$ 8,662
Meetings & Workshops	\$ 6,360	\$ (2,700)	\$ 1,112	\$ 4,772	\$ 4,772
Communications, supplies, equipment	\$ 5,000	\$ (1,500)	\$ (724)	\$ 2,776	\$ 2,776
Indirect Costs (@ 7%)	\$ 5,743	\$ 4,765	\$ 7,763	\$ 18,271	\$ 17,168
Sub-Total, Outcome 3	\$ 87,781.41	\$ 72,840.25	\$ 118,658.51	\$ 279,280.17	\$ 262,418.87
4. Critical political constituencies in support of REDD+ are established					
Personnel	\$ 88,302	\$ 79,513	\$ 90,150	\$ 257,966	\$ 273,293
Subgrants			\$ -	\$ -	\$ -
Contracts	\$ -	\$ -	\$ 2,889	\$ 2,889	\$ 2,889
Travel	\$ 15,500	\$ 11,500	\$ 39,671	\$ 66,671	\$ 71,498
Meetings & Workshops	\$ 8,500	\$ (500)	\$ 13,080	\$ 21,080	\$ 15,228
Communications, supplies, equipment	\$ -	\$ 7,000	\$ (5,256)	\$ 1,744	\$ 1,709
Indirect Costs (@ 7%)	\$ 7,861	\$ 6,826	\$ 9,837	\$ 24,525	\$ 25,523
Sub-Total, Outcome 4	\$ 120,163.61	\$ 104,339.10	\$ 150,371.67	\$ 374,874.38	\$ 390,140.87
Total	\$ 546,965	\$ 483,134	\$ 353,257	\$ 1,394,855	\$ 1,382,860
Budget Summary.					
Personnel	\$ 325,662	\$ 310,460	\$ 311,373	\$ 947,494	\$ 947,775
Subgrants				\$ -	\$ -
Contracts	\$ 75,000	\$ 87,767	\$ (18,702)	\$ 144,065	\$ 144,065
Travel	\$ 52,500	\$ 54,500	\$ 51,567	\$ 158,567	\$ 163,299
Meetings & Workshops	\$ 51,020	\$ (6,700)	\$ (7,687)	\$ 36,634	\$ 30,931
Communication, Supplies	\$ 7,000	\$ 5,500	\$ (7,634)	\$ 4,866	\$ 4,557
			\$ -		
External Audit	\$ 30,000	\$ 30,000	\$ 23,000	\$ 83,000	\$ 84,000
Indirect Costs	\$ 37,883	\$ 33,707	\$ 24,634	\$ 96,224	\$ 96,224
GRAND TOTAL	\$ 579,065	\$ 515,234	\$ 376,551	1,470,850	\$ 1,470,850
Norwegian Kroner	3,500,000	3,400,000	3,100,000	10,000,000	10,000,000
Effective exchange rate	6.04	6.60	8.23		

Date 30 June 2016

Signature(s):



Laura Bracis
Director of Accounting & Financial Reporting



Duncan Marsh
Director of International Climate Policy

Attachments:

- Cover Memo
- Menu of Common Indicators (Submitted March 15, 2016)
- Audited accounts and completed form from the accountant for last year's accounts
- TNC Annual Report (FY15)
- 2015 Deliverables:
 - o Output 4.2 Policy Brochure: *"Curbing Climate Change by Protecting and Restoring the World's Tropical Forests"*
 - o Output 3.1 Analytical Paper: *"Results-Based Finance for REDD+: A Tool for Sustainable Development"*