



Forest Carbon Partnership Facility

Registries

Twenty-fourth Meeting of the Participants Committee (PC24)

Luang Prabang, Lao PDR

September 25-27, 2017

Session Objectives

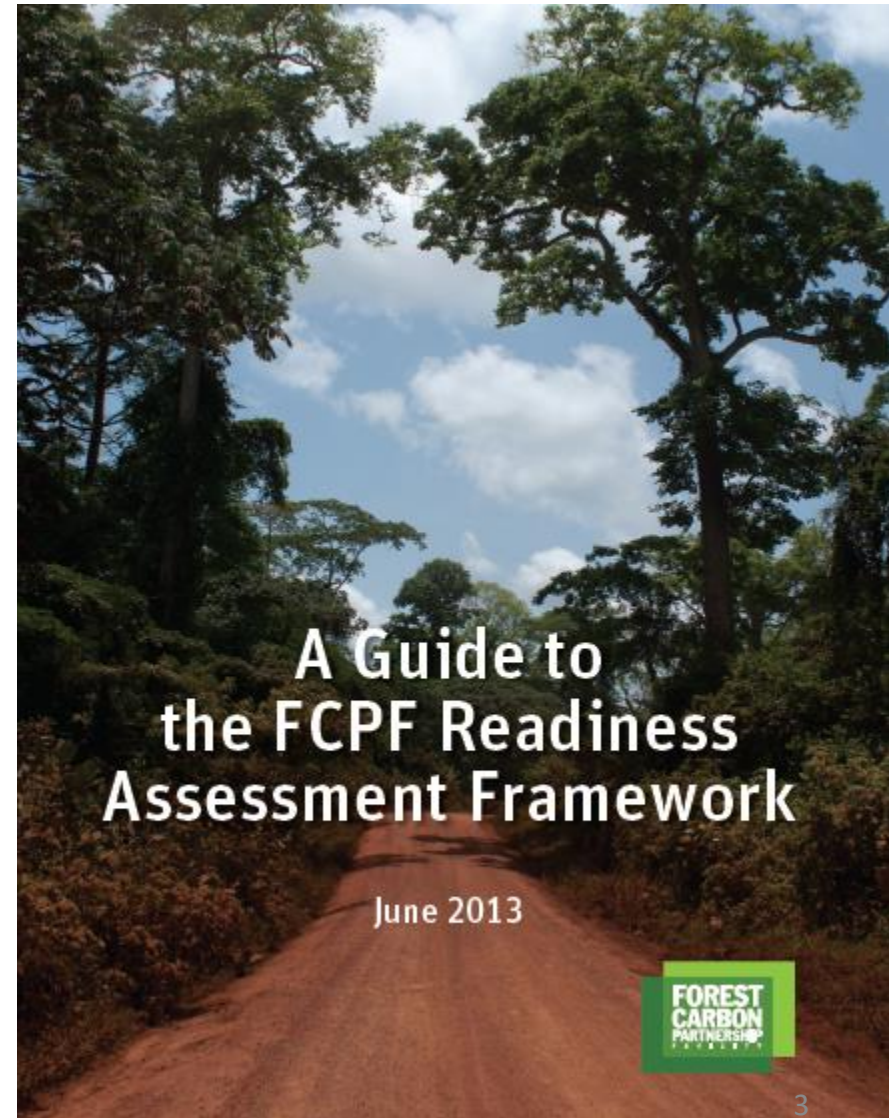
- Introduce guidance developed by Partnership for Market Readiness (PMR) and FCPF on registries
- Update on FCPF registry development going forward



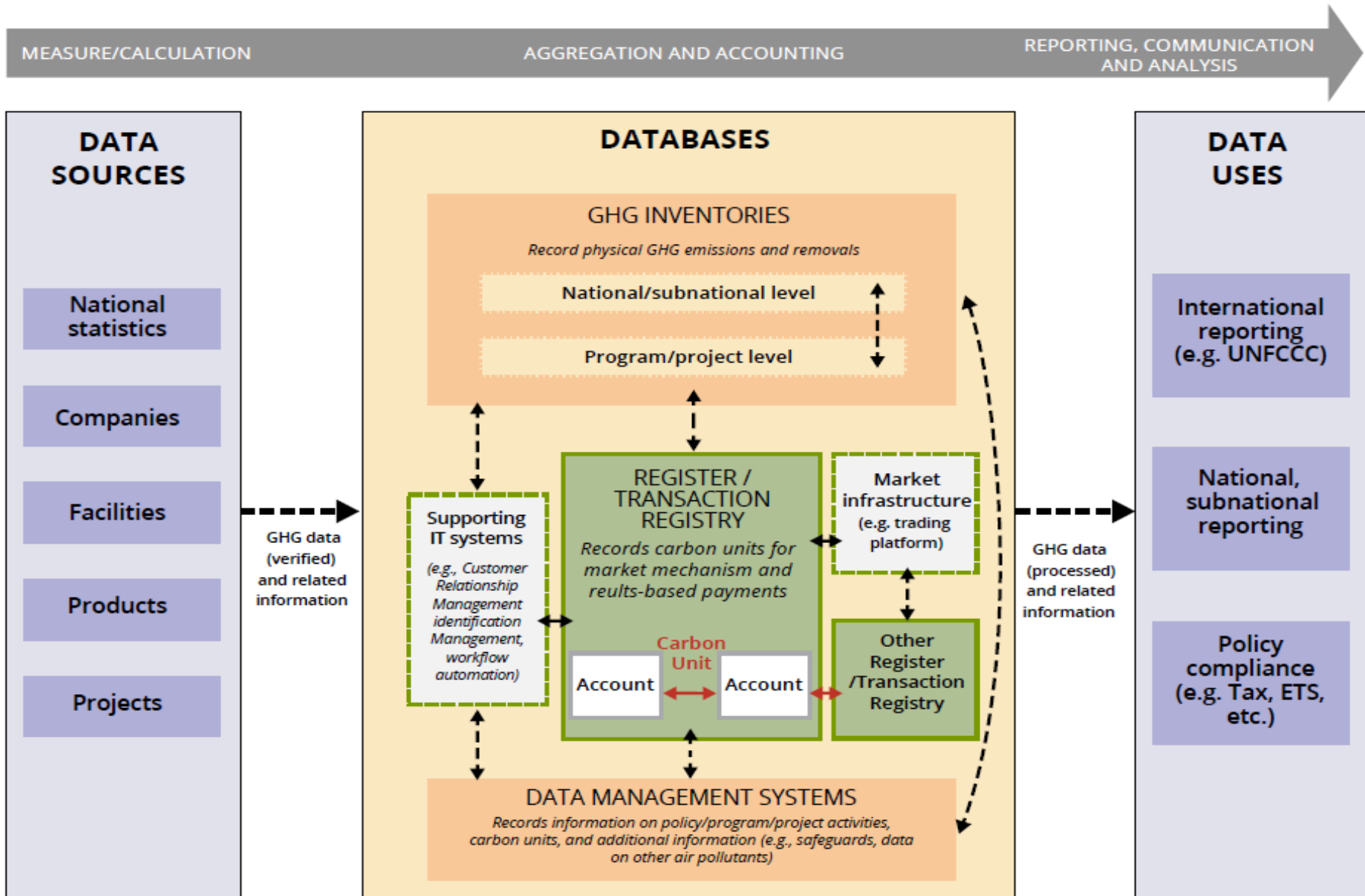
Readiness Assessment Framework

Subcomponent 2c : Implementation Framework

- Assessment criteria 22 suggests National REDD+ registry and system for monitoring REDD+ activities
- Comprehensive REDD+ information system with all relevant information



What is a registry?



What is a registry?

MEASURE/CALCULATION

AGGREGATION AND ACCOUNTING

REPORTING, COMMUNICATION
AND ANALYSIS

DATABASES

GHG INVENTORIES

Record physical GHG emissions and removals

National/subnational level

Program/project level

REGISTER / TRANSACTION REGISTRY

*Records carbon units for
market mechanism and
results-based payments*

Account \longleftrightarrow Carbon Unit \longleftrightarrow Account

Market
infrastructure
(e.g. trading
platform)

Other Register
/Transaction
Registry

DATA MANAGEMENT SYSTEMS

*Records information on policy/program/project activities,
carbon units, and additional information (e.g., safeguards, data
on other air pollutants)*

DATA USES

International
reporting
(e.g. UNFCCC)

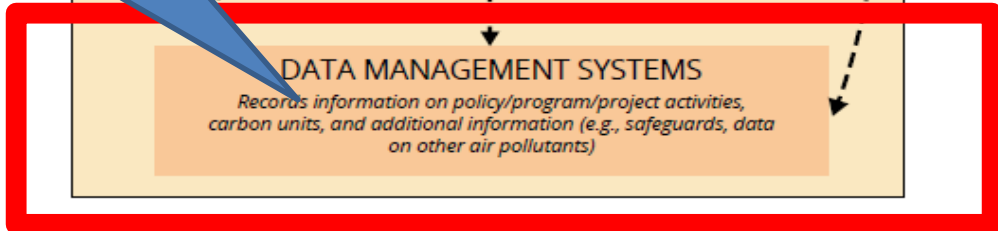
National,
subnational
reporting

Policy
compliance
(e.g. Tax, ETS,
etc.)

Data Management System: Records information on policy/programs/project activities and additional information (e.g. safeguards)

Projects

GHG data
(processed)
and related
information



What is a registry?

MEASURE/CALCULATION

AGGREGATION AND ACCOUNTING

REPORTING, COMMUNICATION AND ANALYSIS

Register / Transaction Registry: Records and tracks carbon units for market mechanisms and result-based payments

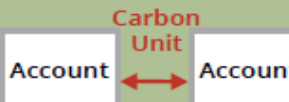
DATABASES

GHG INVENTORIES

Record physical GHG emissions and removals
International/subnational level
Project level

REGISTER / TRANSACTION REGISTRY

Records carbon units for market mechanism and result-based payments



Market infrastructure (e.g. trading platform)

Other register / transaction registry

DATA MANAGEMENT SYSTEMS

Records information on policy/program/project activities, carbon units, and additional information (e.g., safeguards, data on other air pollutants)

DATA USES

International reporting (e.g. UNFCCC)

National, subnational reporting

Policy compliance (e.g. Tax, ETS, etc.)

GHG data (processed) and related information

Projects

Carbon Fund Methodological Framework: Data Management Systems and Registries

Criteria 37 & 38

- Recording and accounting of GHG emissions reductions (ERs) supported by data management systems AND transaction registries

Data Management System

- Track emission reductions to specific REDD+ projects/programs
- Record REDD+ project/program information such as location, reference level, MRV, benefit sharing, safeguard standards and tenure information.

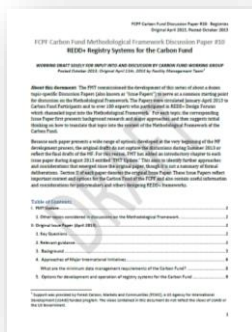
Transaction Registry

- Issue carbon units with unique serial numbers
- Allow carbon units to be transferred internally between account holders, or externally to another transaction registry

- Countries may develop their own Data Management Systems and transaction registries, or use centralized systems managed by third parties (37.1; 38.1)

FCPF Work Program on Data Management Systems and Registries

2013-2014



***Discussion Paper #10
REDD+ Registry Systems
for the Carbon Fund***

2015-2016



***Emissions Trading Registries:
Guidance on Regulation,
Development and
Administration (Oct. 2016)***

2017-2018

**FOCUS ON
IMPLEMENTATION**
Discussion on next
steps at CF16
(June 2017)

ANALYSIS

READINESS

IMPLEMENTATION

PMR/FCPF Guidance Report on Registries

Developed to provide guidance to countries designing transaction registries

THREE KEY QUESTIONS FOR POLICY MAKERS:

- What type of registry systems would be the most suitable for my country?
- What legal and administrative arrangements need to be put in place?
- What resources are required for implementation?



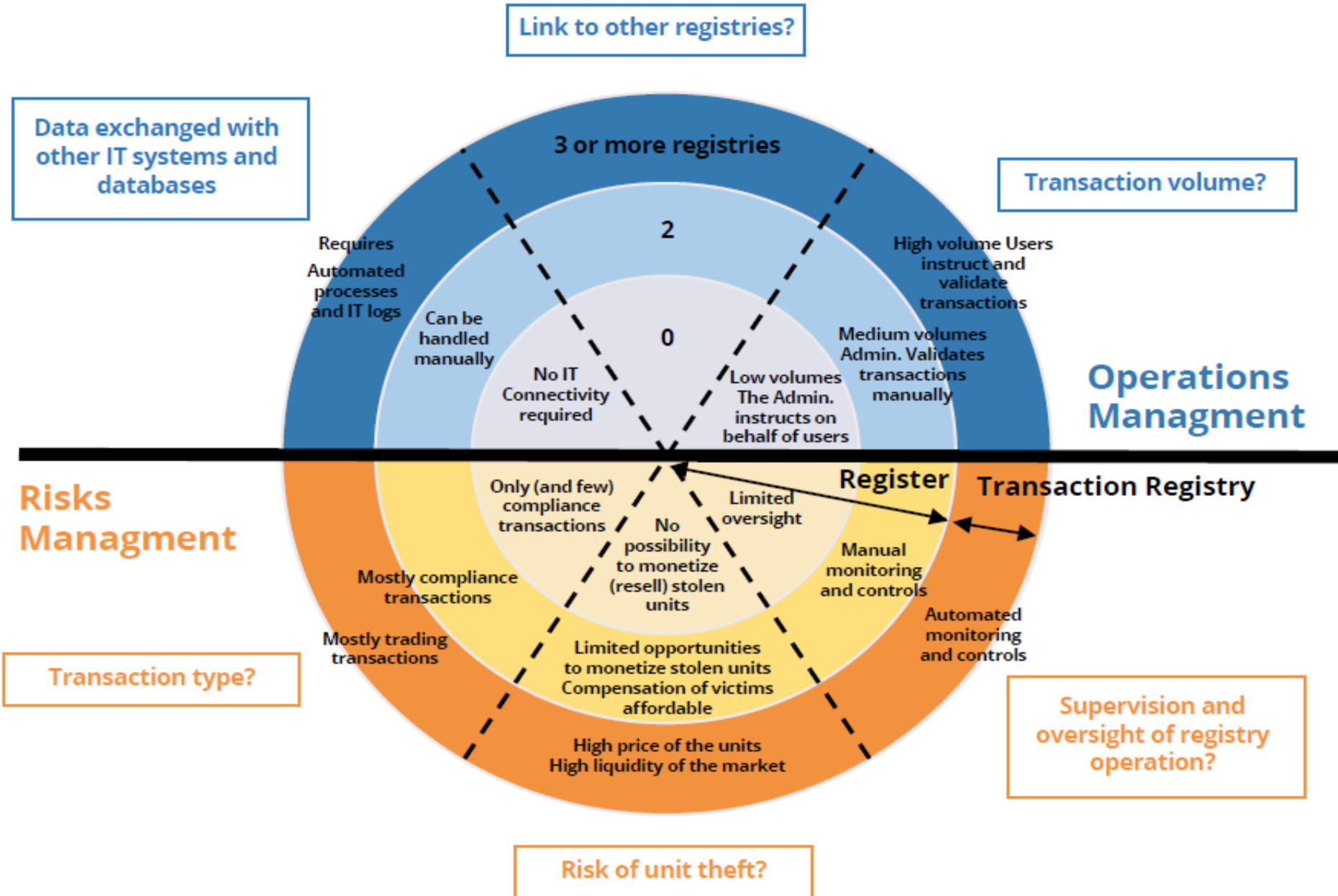
PMR/FCPF Guidance Report on Registries

Report structure:

- I. Registries: Introduction and Design Options
- II. The Legal Framework
- III. The Institutional Framework And Registry Administration
- IV. IT System Procurement and Development
- V. Registry Requirements for Emerging Market Mechanisms: The Example of REDD+



Which level of complexity is needed?



Operational and Administrative Considerations

MANAGEMENT PROCESSES

OPERATIONAL MANAGEMENT

- Managing teams
- Defining, analyzing and reporting activity indicators
- Developing and updating operational procedures

BUSINESS MANAGEMENT

- Managing budget and financial planning
- Implementing regulation
- Communicating with authorities and regulators

Registry Operation and Client Relations

SUPPORTING PROCESSES

IT

- System maintenance, operations, and hosting
- Hardware management (servers, etc.)

Business

- Information enquiries
- Policy developments (international, domestic)
 - Training and capacity building

Legal

- Contracts (accounts agreements, suppliers etc.)
- Litigation
- Regulatory affairs

Finance

- Invoicing
- Staff payroll
- Registry fee scheduling
- Budget and financial planning

REDD+ Implementation Choices that can impact Registry Features

- Role of Markets in REDD+ Implementation Strategy
 - Must ensure no double counting occurs
 - All REDD+ countries will require a DMS but only some will require a transaction registry
- Scale of Implementation of REDD+
 - If REDD+ is accounted for on various levels, it must be reflected and DMS needed to apply the program rules and communicate the number of units to be issued and canceled to the registry
- Risk Management Strategies
 - Risk management strategies with implications on registry design: buffer accounts, discounting, and temporary credits

REDD+ case study: Key findings

- **TRANSACTION REGISTRIES ARE SIMPLY A TOOL TO MANAGE DATA**
- **TRANSACTION REGISTRIES NEED ONLY BE AS SOPHISTICATED AS THE RELATIONSHIPS AND EXCHANGES MANDATED BY A POLICY**

Scenario 1. *A country receives results-based finance for national REDD+ with no issuance and transfer of carbon units, no project or regional level programs, a simple metric for risk management*

- ✓ DMS with limited functionality suffices and raises few legal, administrative or technical challenges
- ✓ Transitioning from DMS to transaction registry allowing for international transfer of carbon units represents limited additional challenges

Scenario 2. *A country wishes to transfer carbon units internationally, allows forest carbon units to be traded within a domestic emissions trading system and to be held by intermediaries, with units generated at the project and jurisdictional level*

- ✓ More complicated registry required, with significant administrative capacity to establish and maintain

Next Steps on Registry Work: Focus on Implementation

Carbon Fund Methodological Framework (criteria 18)

Survey

Oct 2017

Centralized Registry

- Design Infrastructure
- Perform technical, legal and financial analyses
- Develop or procure centralized registry

Dec 2018

Discuss issues around international accounting (adjustments, tracking, reporting etc.) and REDD+ frameworks (FCPF, Paris Agreement, others) and find practical solutions for registries to deal with them

Country Registry

- Develop a Systems Prototype
 - ✓ Needs Analysis
 - ✓ Functional Specifications
 - ✓ Technical Specifications
- Test prototype with a few countries

Jun 2018

Guidance from Carbon Fund Participants @ CF16

- Survey REDD+ Countries on their preferences regarding having a centralized generic vs. a national transaction registry
- Explore options and costs associated with developing a centralized registry
- Present a way forward at the next Participants Committee meeting.
- *While CFPs and Observers recognized that the decision to use a centralized or national registry rests with the individual REDD+ Countries, they support the development of a centralized generic registry (economies of scale and attractiveness to the private sector)*

DEVELOPMENT OF A PROTOTYPE TRANSACTION REGISTRY FOR REDD+ COUNTRIES: DRC

PHASES	DELIVERABLES	TIMELINE
1 – Needs Assessment	Guideline / roadmap for needs assessment including gap analysis (with DRC case study)	Sep 2017
2 – Functional Specifications	Guideline / roadmap for functional specifications and registry architecture (with DRC case study)	Nov 2017
3 – Technical Specifications and Registry Manuals	Guideline / roadmap for technical architecture design and IT requirements (with DRC case study) Operations manuals for with generic descriptions for prototype	Feb 2017
4 – System Development, Integration and Deployment	Functional registry in place, which is the prototype and transaction registry for DRC at the same time Training report	May 2018

Key messages for policy makers

Striking the balance between creating a registry that is both nationally appropriate and internationally compatible is the registry's biggest design challenges – especially in developing countries.

- A lot of countries are just starting registry design and development work
- Still a lot of uncertainty about what will be required from registries (functionality and compatibility) under the Paris Agreement

Key messages for policy makers (cont')

- Registry functionality should follow needs: needs assessment must be conducted to find the right functional balance (e.g. analysis of risks, scalability requirements) -> consider to start simple and expand as (inter)national requirements become clearer
- Building on existing legal and institutional systems can be useful and efficient, but impacts must be assessed

Resources

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<https://openknowledge.worldbank.org/handle/10986/25142>