



# Forest Carbon Partnership Facility

## Setting the Stage for ER-PIN Reviews

Tenth meeting of the Carbon Fund (CF10)

Bonn

June 16-19, 2014

# Building the portfolio: ER-PINs in the pipeline/under consideration

	In the pipeline	CF10	CF11
<b>Africa</b>	DRC Ghana	Republic of Congo*	Madagascar Mozambique**
<b>Asia</b>	Nepal	Vietnam	Cambodia Indonesia
<b>Latin America</b>	Costa Rica Mexico	Chile* Peru	Colombia Guatemala

\* Presented at CF9. Revised, and re-presenting at CF10.

\*\* Not presenting an early idea at CF10.

- CF10: 4 ER-PINs, 4 Early Ideas (some with near-complete ER-PINs).
- CFPs aim to finalize pipeline at CF11 →
  - Think critically about the vision for the pipeline/portfolio at CF10.
  - Give as much guidance as possible on Early Ideas now.

# How have these ER-PINs been developed?

- Countries made major effort to write ER-PINs.
- Facility Management Team (FMT) has provided close support: in-country missions, consultants, technical workshops.
- FMT checked completeness of each ER-PIN:
  - On quality: assessing ER-PINs at this stage. More detailed information required at ER-PD stage (many countries are at Readiness mid-term);
  - Not yet expected to meet every Methodological Framework standard;
  - Considered guidance to countries on what needs to be in an ER-PIN;
  - Considered 18 overarching questions;
  - Made judgment calls (e.g., work in progress on reference levels).
  - Objective: verify submissions were complete, consistent with Readiness information, and that proposed ER Program has potential to meet ER-PIN selection criteria **for selection into the pipeline.**

# Task at CF10

- Two decision points to select ER programs:

1. Selection into CF **pipeline** based on ER-PIN (**concept**-stage ideas)  
→ signing of Letter of Intent (LOI)

2. Selection into CF **portfolio** based on ER-Program Document (full proposal)  
→ signing of Emission Reductions Payment Agreement (ERPA).

- Per CF9: Target of 10-12 LOIs, to eventually sign 8-9 ERPAs.

- Indicative only; dependent on quality of programs.

- LOIs  $\geq$  expected ERPAs = manage risks

- Experience: Some ER-PINs may not become ER-PDs at all, or ER-PDs that meet requirements or Carbon Fund Participants' needs.

- If there is under-delivery or if more funds become available, there will be additional Programs under development to buy into.

- Competitive process on quality and progress.

- Countries may access other funding if not selected by the Carbon Fund.

- Signing an LOI does not automatically mean an ERPA will be signed.

# Options for Selection of ER-PINs

1. include ER-PIN in pipeline, allocate up to \$650,000 (subject to a signed Letter of Intent)
  - to support Country to develop ER-PIN into an ER Program Document
  - to support due diligence by World Bank
  - funds will be managed by World Bank and/or FMT
  - Gives green light to country to further develop concept. Not expected to answer all questions before signing an LOI.
  - ***LOI resolution requires setting a maximum volume (and possibly maximum value) to be contracted.***
2. allocate up to \$200,000 to support revisions to ER-PIN
  - ER-PIN to be considered for inclusion in pipeline at later stage.
  - funds will be managed by World Bank and/or FMT.
3. not include the ER-PIN
  - ER-PIN may be modified and presented again later.

# Criteria for selection of ER-PINs into pipeline

## 7 formal criteria:

1. Progress towards Readiness
2. Political commitment
3. Methodological Framework
4. Scale
5. Technical soundness
6. Non-carbon benefits
7. Diversity and learning value

## Other parameters raised by CFPs:

- Regional balance across portfolio
- Quality matters
- Goal of net emission reductions across portfolio
  - countries with high forest cover and low deforestation (HFLD) should not represent a disproportionately large share of the total ER volume or total financial value of the portfolio.

# Conflict of Interest

- Charter: CFPs disclose involvement in ER-PINs, FMT determines whether CFP should recuse from:
  - discussion = discussion during plenary
  - deliberation = formulation of resolution
  - decision = adoption of resolution

Notifications Received	Countries Involved in	FMT Determination
Canada	N/A	No conflict of interest
EC	Chile, ROC, Vietnam	No conflict of interest
Germany	Chile, Peru, ROC, Vietnam	No conflict of interest
TNC	Chile	Chile: Own/operate a reserve within the accounting area. Do not recuse from discussion; recuse from deliberation, decision.
US	Peru, ROC, Vietnam	No conflict of interest
Private Sector Observer	Cambodia, Chile, Peru	No conflict of interest

# PC10 Agenda

- More deliberation and discussion of decisions in plenary and small groups.



THANK YOU!

[www.forestcarbonpartnership.org](http://www.forestcarbonpartnership.org)