Forest Carbon Partnership Facility

ER-PD Assessment process and Terms of Reference for the TAP

Twelfth meeting of the Carbon Fund (CF12)
Paris, France
April 28-30, 2015

ER-PD assessment: process so far

- **CF4:** Carbon Fund process guidelines discussed
- **CF8:** Suggestion to include a step for the submission of a draft ER-PD
- **CF10:** Review of final draft of the ER-PD template and discussion on issues to be considered in ER-PD assessment.
- **CF11:** Building on feedback received from CFPs and REDD+ countries over the summer, the FMT presented suggestions for the process for reviewing ER -PDs, focusing on the technical assessment of proposed ER Programs
- **Web-conference February 19:** building on the feedback of CF11, the FMT presented 2 options for the ER-PD assessment process and the role of the TAP

CF11 outcome

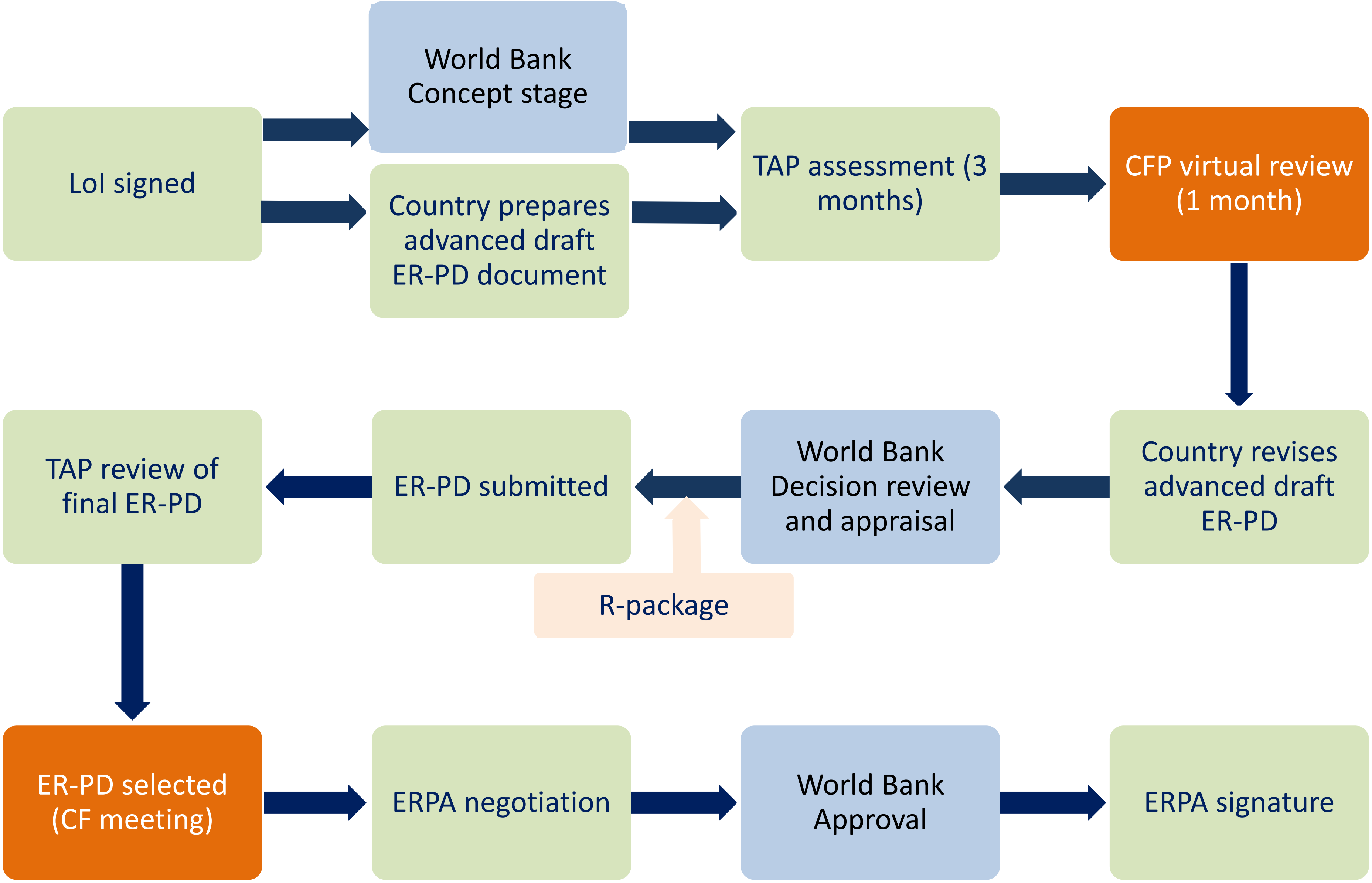
- CFPs converged on the following:
  - Technical Advisory Panel (TAP) reviews should go beyond indicating strength and weakness and provide judgment on the ER Program's consistency with the Methodological Framework.
  - Results of TAP reviews should preferably be available to CFPs prior to their review and comments on ER PDs.
  - Virtual reviews should be considered as an option as long as transparency of the review process is ensured.
  - A TAP calibration workshop would be useful to ensure consistency across ER Program reviews and boost CFPs' confidence in the TAP review.
  - TAP review teams should include experts with in - depth country and technical expertise to ensure assessment against national context and circumstances.

Summary of web-conference

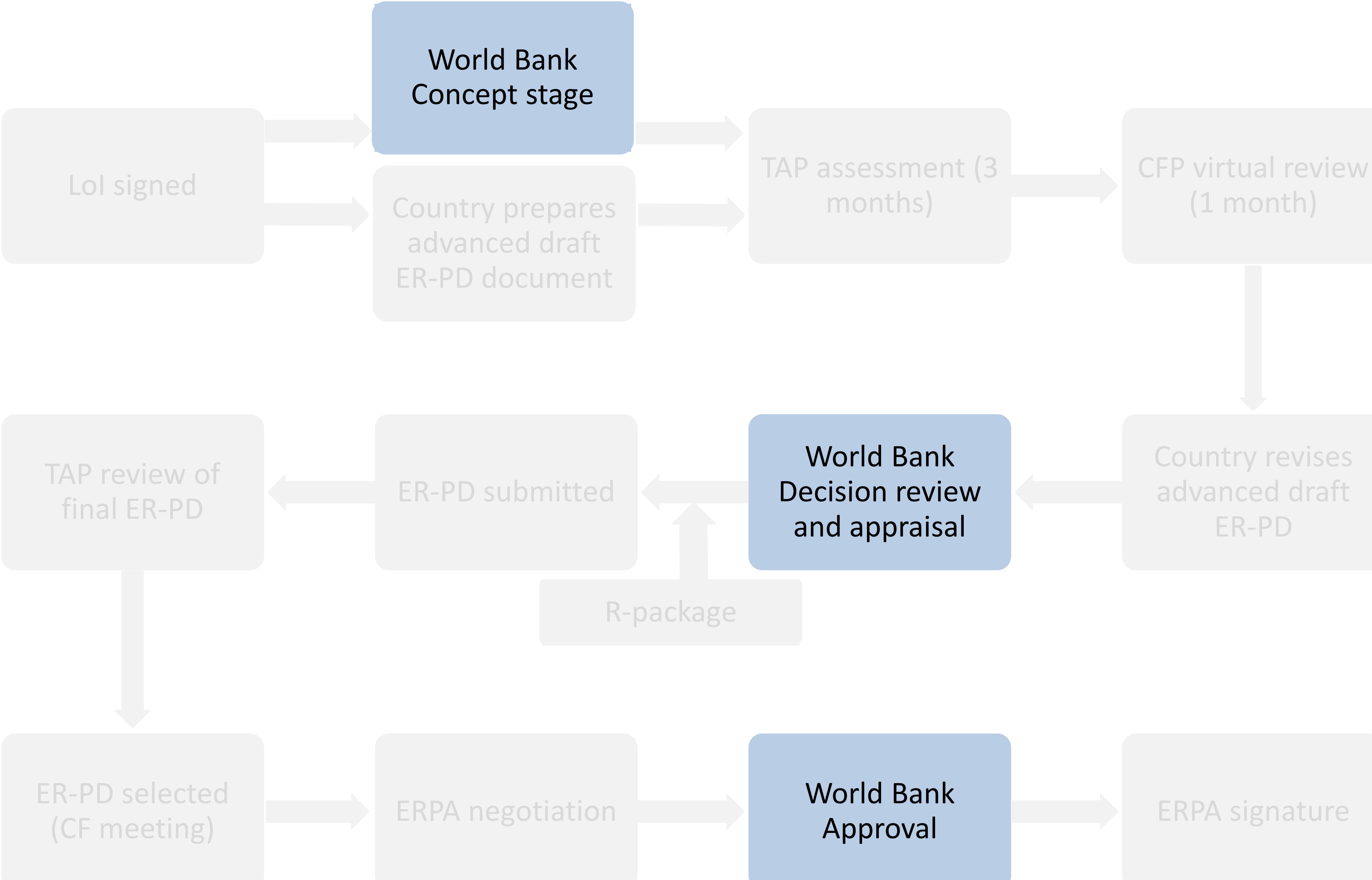
- The FMT considered the timeline implications of the CF11 outcome and at the web-conference presented two options:
  - ‘option 1’ where the TAP has the role of independent reviewer /auditor and a slightly longer timeline
  - ‘option 2’ where the TAP would more play the role of advisor to the ER-Programs during the development of the ER-PD.

- CFPs and Observers indicated a strong preference for ‘option 1
  - However, CFPs also liked the idea from ‘option 2’ to provide increased support to the REDD countries in the development of the ER-PD and requested the FMT to ensure there was capacity to provide this support

ER-PD assessment process



What is World Bank due diligence?



What is World Bank due diligence?

World Bank
Concept stage

LoI signe

virtual review
month)

- Due diligence refers to the care a person/organization should take before entering into an agreement or a transaction with another party.
- It is ongoing.
- In this context, it specifically involves assessing:

  i) the feasibility of the program,
  ii) economic and financial sustainability of the program,
  iii) whether there is sufficient capacity,
  iv) safeguards risks,
  v) fraud and corruption risks,
  vi) accountability measures,
  vii) other issues that may arise.

TAP revie
final ER-

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nced draft
ER-PD

ER-PD selected
(CF meeting)

ERPA negotiation

World Bank
Approval

ERPA signature

What is World Bank due diligence?

LoI signed

World Bank Concept stage

After ER-PIN is selected into CF pipeline, WB operational staff meet with WB Country Director to:

- review the ER Program idea
- flag early issues, e.g., potential safeguards implications,
- get green light to support program development.

Review is based on:

- ER-PIN, initial safeguards assessment

Country prepares advanced draft ER-PD document

When Country has advanced draft ER-PD, WB operational staff meet with WB Country Director to:

- decide whether WB can support the program,
- what adjustments are needed for WB to support, if any (e.g., outstanding safeguards, capacity issues, etc.).

Decision is based on:

- Advanced draft ER-PD, draft Safeguards + Benefit Sharing plans, (draft) Readiness Package, Carbon Finance Assessment Memorandum (WB document)

World Bank Decision review and appraisal

Country revises advanced draft ER-PD

When final ER-PD selected into CF portfolio, WB Country Director:

- gives final approval on whether WB will support the program.

Approval is based on:

- final ER-PD, any revised draft Safeguards and Benefit Sharing plans, (draft) Readiness Package, revised CFAM if needed.

World Bank Approval

ERPA signature

ER-PD assessment process: Timeline implications

Milestones	Sample Country A	Sample Country B		
Country prepares, submits advanced draft ER-PD	June 2015	Jan 2016		**Concept Stage**
TAP assessment *(approx. 3 months)*	July-Sep 2015	Mar-Apr 2016		
CFP virtual review *(1 month)*	Oct 2015	May 2016		
Country revises advanced draft ER-PD, submits final ER-PD to FMT	Nov-Dec 2015	June-July 2016	**World Bank due diligence**	**Decision Stage and Appraisal**
TAP assesses final ER-PD	Jan 2016	Aug 2016		
FMT submits final ER-PD and TAP assessment to CFPs *(approx. 1 month for CFPs to review before making decision)*	Feb 2016	Sep 2016		
ER-PD selected at CF meeting	Mar 2016	Oct 2016		
ERPA negotiated and signed *(approx. 3-6 month process)*	Apr-June 2016	Nov 2016-Jan 2017		**Approval**

- Current process results in 9 month period between advanced draft ER-PD and ER-PD selection by CFPs. Is this acceptable? Can this be condensed?

Terms of Reference for TAP

- Terms of Reference contains the following sections:
  - Background
  - Objective and scope of work
  - Methodology
  - Application process
  - Contracting arrangements and remuneration
  - Qualifications
  - Conflict of interests
  - Annex 1: Expert Qualification form

Terms of Reference for TAP

- Objective and scope of work
  - Review the advanced draft ER-PD and assess it against the criteria and indicators listed in the Methodological Framework of the FCPF Carbon Fund
  - Review the final ER-PD to determine how the issues that were raised during the assessment of the advanced draft ER-PD have been considered in the final ER-PD
  - TAP will be organized around the different sections of the ER-PD
  - Experts are expected to review a number of ER-PDs focusing on the sections that deal with their recognized field of expertise.
  - Around five individual experts shall be selected from Roster of Experts to constitute a TAP review team for a specific ER-PD.
  - Knowledge exchanges and calibration workshops

Terms of Reference for TAP (cont')

- Methodology
  - Primarily through desk reviews and conference calls
  - Where deemed necessary, one or more of the TAP experts might perform country visits.
  - Experts contribute to a written assessment of the advanced draft ER-PD, focusing on the subject(s) they are invited to review.
  - General conference calls and/or 'calibration' workshops
  - The FMT will provide technical direction and manage the work
  - TAP work is in principle confidential (but final report will be public)

- Application process
  - submit a CV and the completed Application form (Annex 1)

Finalizing the ToR

- Please provide feedback so the ToR to be finalized at this meeting
- If necessary a small drafting group can be established to work on the text

THANK YOU!

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[Alternative slide to explain WB due diligence; would go after current slide 7]

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World Bank due diligence

Concept Stage

Decision Stage and Appraisal

Approval