



Forest Carbon Partnership Facility

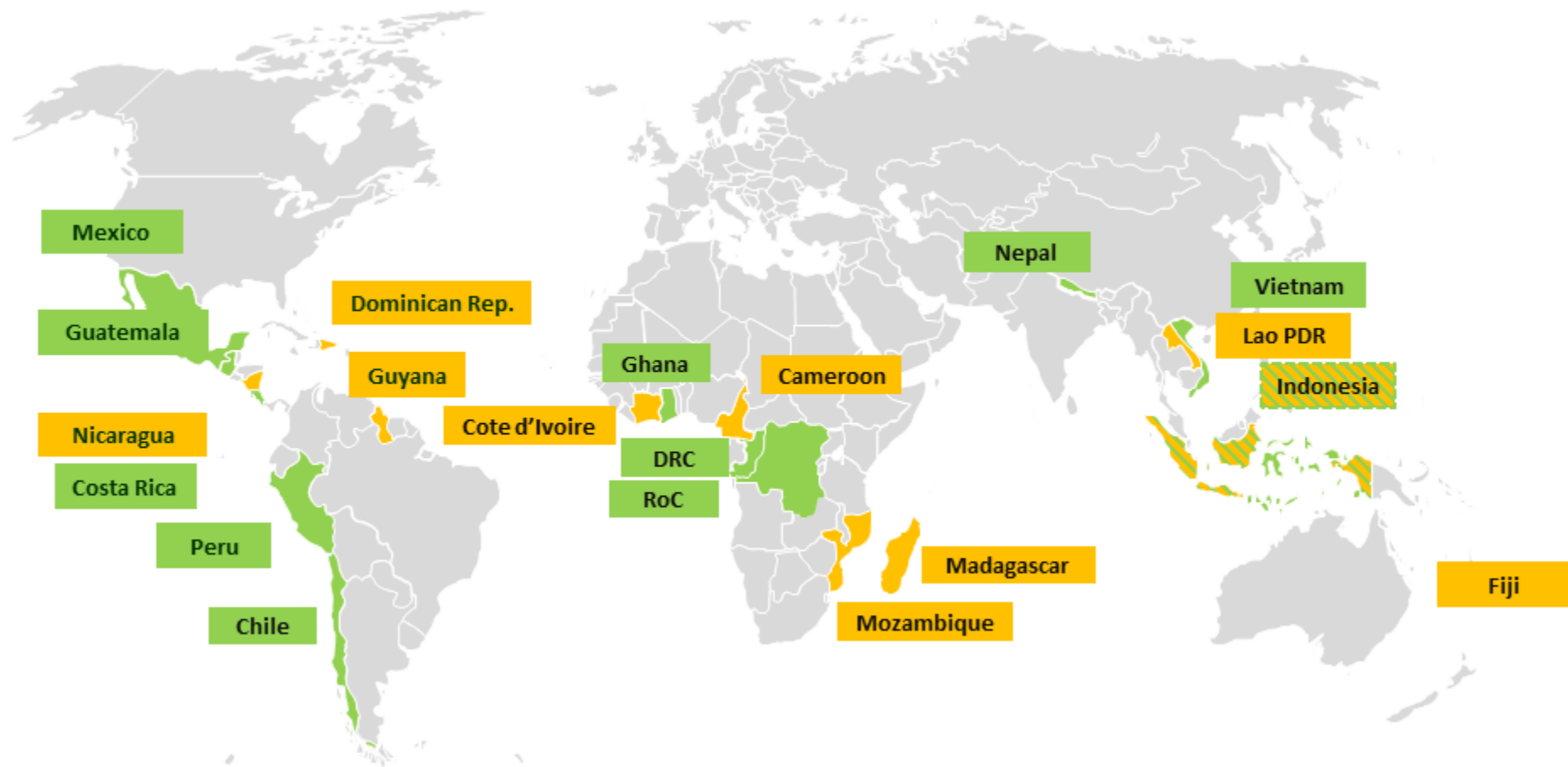
Setting the Stage for ER-PIN Reviews

Thirteenth meeting of the Carbon Fund (CF13)

Brussels, Belgium

October 13-16, 2015

Building the pipeline



**10 Countries
selected into the pipeline**

**1 Country provisionally
selected into the pipeline**

**9 Countries
presenting ER-PINs at CF13**

Reopening the pipeline

- 11 ER-PINs in pipeline so far → 8-9 ERPAs in eventual portfolio.
- Pipeline was closed at CF11. Some CFPs since indicated interest in increasing funding to the Carbon Fund and reopening the pipeline, subject to quality ER-PINs being submitted.
- 9 interested, eligible REDD Countries have submitted ER-PINs.
- Any new Countries selected would enter the same pipeline as existing Countries upon LOI signature.

Task at CF13

Two decision points to select ER programs:

1. Selection into Carbon Fund **pipeline** based on ER-PIN (**concept**-stage ideas)
→ Signing of Letter of Intent (LOI). This does not guarantee a Country will make it to Emission Reductions Payment Agreement (ERPA).
2. Selection into Carbon Fund **portfolio** based on ER-Program Document (full proposal)
→ Signing of ERPA.

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 in early Readiness stages);
- 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 CF13

- With original funding envelope, CFPs targeted 10-12 LOIs to eventually sign 8-9 ERPAs (estimated 20-25% droppage rate from LOI to ERPA).
- Number of ER-PINs selected at CF13 will depend on:
 - Outlook for potential new funding
 - The quality of programs presented
 - CFPs' appetite for risk. Do CFPs want to over-program by the same amount?
 - Experience: Some ER-PINs may not become ER-PDs at all, or ER-PDs that meet requirements or Carbon Fund Participants' needs. BioCF T1/T2: 32% droppage rate from LOI to ERPA.
 - 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.
- Think critically about the vision for the pipeline/portfolio.
 - Aim to re-close pipeline at CF13? Or invite Countries to re-submit at a later time?
 - Give clear guidance now, to manage expectations.

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 if window is open

FMT recommends option 1 or 3, as has been done in the past

Options for Selection of ER-PINs

- Reopening to new ER-PINs is the result of potential new funding; however, new funding has not yet been secured.
- FMT recommends that new ER-PINs be subject to new funds received. Options at CF13 include:

1. Select X ER-PINs in a single batch, subject to new funds	2. Select X ER-PINs in tiers, subject to new funds	3. Select and rank X ER-PINs, subject to new funds
All new funds must be received to allow all X selected countries to sign LOIs.	Sufficient new funds must be received to allow the first tier of selected countries to sign LOIs; Additional new funds must be received to allow the second tier, and so on.	Sufficient new funds must be received to allow the first selected country to sign an LOI; Additional new funds must be received to allow the second country, and so on.

FMT recommends option 2

- Any new Countries would enter the same pipeline as existing Countries upon LOI signature.

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.

Timeline for Readiness and ER Programs

	R-PP approved by PC	Grant Agreement signed	Estimated R- Package submission	Estimated final ER-PD submission
ER-PINs ALREADY SELECTED				
Chile	Oct 2012	Jan 2014	Fall 2016	Fall 2016
Costa Rica	June 2010	June 2012	Fall 2015	Spring 2016
DRC	Mar 2010	Mar 2011	Spring 2015	Spring 2016
Ghana	Mar 2010	Dec 2011	Spring 2016	Fall 2016
Guatemala	Mar 2012	Apr 2014	Fall 2016	Spring 2018
Indonesia	June 2009	June 2011	Fall 2016	Spring 2017
Mexico	Mar 2010	Mar 2014	Spring 2016	Fall 2016
Nepal	June 2010	Mar 2011	Spring 2016	Spring 2017
Peru	Mar 2011	May 2014	Spring 2016	Spring 2018
ROC	June 2010	Jan 2012	Spring 2016	Spring 2016
Vietnam	Mar 2011	Nov 2012	Spring 2016	Fall 2016
ER-PINs AT CF13				
Cameroon	Oct 2012	Dec 2013	Spring 2017	Fall 2017
Cote d'Ivoire	Dec 2013	Sep 2014	Fall 2016	Fall 2016
Dominican Republic	Dec 2013	Oct 2015	Spring 2018	Spring 2018
Fiji	Dec 2013	May 2015	Spring 2018	Spring 2018
Guyana	June 2009	Feb 2014	Spring 2018	Fall 2018
Lao PDR	Nov 2010	Aug 2014	Spring 2017	Fall 2017
Madagascar	July 2014	May 2015	Spring 2017	By 2019
Mozambique	Mar 2012	July 2013	Fall 2017	Fall 2017
Nicaragua	June 2012	Dec 2013	Fall 2017	Fall 2018

**Most presenting
Countries are in the
early stages of
Readiness**

Based on Country documents where available, and FMT estimates otherwise.

Key characteristics of new ER-PINs

Countries/ Characteristics	Cameroon	Cote d'Ivoire	Dominican Republic	Fiji	Guyana	Lao PDR	Mada- gascar	Mozam- bique	Nica- ragua
Program Name/Scope	Eco-region in south, includes Congo Basin	Eco-region covering 3 juris- dictions	National	Two largest islands	National	6 northern contiguous provinces	North- South eco- region in the East	7 districts of Zambezia province	N-S Caribbean Coastal in the west
Key drivers	Agriculture, logging, energy, infra- structure, mining	Agriculture ; firewood; logging; mining; infra- structure	Agriculture, livestock, urbaniza- tion, fire, storms	Agri- culture, Logging	Infra- structure, Agri- culture, mining, fire	Infra- structure; logging; Agriculture	Agriculture , logging, mining, livestock	Agriculture firewood; logging; infrastruct- ure	Agriculture, cattle, logging, fire, settle- ments
Accounting Area <i>[mIn ha, % of country]</i>	9.3 [19%]	4.2 [13%]	4.8 [100%]	1.6 [90%]	21.4 [100%]	8.1 [35%]	4.7 [8%]	3.8 [5%]	7 [54%]
Forest Area in Accounting Area <i>[mIn ha, % of Accounting Area]</i>	9.2 [99%]	1.1 [28%]	1.9 [39 %]	1 [62%]	18.5 [85%]	4.2 [52%]	4.0 [85%]	2.3 [59%]	2.9 [42%]
Average Annual Emissions during Reference Period <i>[mIn tCO2e/yr]</i>	6 6.8 (with adjustment)	18.4	2.8 (emissions) 5 (removals)	0.3	11.7 31 (with adjustment)	6.9 (emissions) 7.2 (removals)	12.1	3.9	21.5
Estimated Program ERs* <i>[mIn tCO2e]</i>	10.4 (incl. HFLD adjustment)	15	15.6	3.6	22.8 (incl. HFLD adjustment of 0.1%)	7.0	16.4	10.8	19.7
Total ERs offered to Carbon Fund <i>[mIn tCO2e]</i>	10.4	12	7.5	3.6	22.8	7.0	16.4	8.7	11

* Values normalized to correspond to 5-year ERPA

Financial Situation:

Sources and Uses Summary

Carbon Fund Sources and Uses Summary (\$m)					
	Current Situation	Scenario 1a	Scenario 1b	Scenario 2a	Scenario 2b
Sources (\$m)	456	700	800	700	800
Number of ER Programs (#)	7	11	11	14	14
Number of Lols (#)	11	16	16	21	21
Uses					
Costs over Fund Lifetime	\$m	\$m	\$m	\$m	\$m
Fixed Costs (FY10 to FY26)	22.7	22.7	22.7	22.7	22.7
ER Program Costs	13.7	21.2	21.2	27.2	27.2
Total Costs	36.4	43.9	43.9	49.9	49.9
Available for Purchase of ERs	419.6	656.1	756.1	650.1	750.1

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

Notifications Received	Countries Involved in	Details and FMT Determination
Australia	N/A	<ul style="list-style-type: none">• No conflict of interest.
BP	N/A	<ul style="list-style-type: none">• No conflict of interest.
Canada	N/A	<ul style="list-style-type: none">• No conflict of interest.
EC	Cameroon, Cote d'Ivoire, Guyana, Lao PDR	<ul style="list-style-type: none">• Supporting national FLEGT/REDD+ processes, with EFI's EU REDD/FLEGT Facilities.• No conflict of interest.
France	Cote d'Ivoire, Mozambique	<ul style="list-style-type: none">• Cote d'Ivoire: AFD supports REDD+ Readiness Process and a pilot REDD+ Project. No direct funding or technical assistance to ER-PIN development.• Mozambique: FFEM supports a pilot project focused on the Gilé National Reserve and its surrounding, which is part of the ER Program area. No direct funding or technical assistance to ER-PIN development.• No conflict of interest.

Conflict of Interest (continued)

Notifications Received	Countries Involved in	FMT Determination
Germany	<p>Cote d'Ivoire, Dominican Republic, Nicaragua</p> <p>Cameroon, Fiji, Lao PDR, Madagascar,</p>	<ul style="list-style-type: none"> Cote d'Ivoire: GIZ and KfW support conservation of Tai National Park, which is part of the program area. Dominican Republic, Nicaragua: GIZ REDD/CCAD program provides support to the countries. No conflict of interest for the above. Cameroon: REDD+ Secretariat receives advisory support through GIZ, and financial support through a basket fund. Fiji, Lao PDR, Madagascar: Directly or indirectly supported ER-PIN preparation. Do not recuse from discussion, deliberation; recuse from decision if by vote.
Norway	<p>Guyana</p> <p>Cameroon, Cote d'Ivoire, Dom. Rep., Fiji, Lao PDR, Madagascar, Mozambique, Nicaragua</p>	<ul style="list-style-type: none"> Guyana: Through <i>Norway-Guyana climate and forest partnership</i>, Norway provides financial contributions for maintaining extremely low levels of deforestation. This involves payments for achieved, independently verified ERs, and financial support to Conservation International who has assisted the Guyana Forestry Commission, including ER-PIN development. Do not recuse from discussion; recuse from deliberation, decision. All others: No direct funding or technical assistance. Norway is a financial contributor to UN-REDD and FIP, where funding may have contributed to ER-PIN development. No conflict of interest.

Conflict of Interest (continued)

Notifications Received	Countries Involved in	FMT Determination
US	Cameroon, Dominican Republic, Lao PDR, Nicaragua	<ul style="list-style-type: none"> Cameroon: US Forest Service provides technical support, largely focused on MRV and R-PP implementation, and capacity building. No direct support to the ER-PIN. No conflict of interest. Dominican Republic: US Regional Climate Change Program (RCCP) provides limited technical support to REDD+ Readiness through its partners CATIE, IUCN and TERRA Global Capital. RCCP partners assisted in drafting ER-PIN. Do not recuse from discussion, deliberation; recuse from decision if by vote. Lao PDR: USAID implements projects on forest and land management, reducing carbon emissions, and capacity building. No direct support to ER-PIN. No conflict of interest. Nicaragua: USAID supports development of National Landscape Restoration Strategy. No direct support to ER-PIN. No conflict of interest.
IP Observer	N/A	<ul style="list-style-type: none"> No conflict of interest.

PC13 Agenda

- Deliberation and discussion of decisions in plenary and small groups built-in.

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THANK YOU!

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