

Forest Carbon Partnership Facility (FCPF)
Thirteenth Meeting of the Carbon Fund (CF13)
Brussels, Belgium, October 13-16, 2015
Chair's Summary

Dear Carbon Fund Participants and Observers,

I would like to thank Carbon Fund Participants (CFPs), delegations from REDD Country Participants, and Observers from REDD Country Participants, Indigenous Peoples' organizations, civil society organizations, and the private sector, who took part in the thirteenth meeting of the FCPF Carbon Fund (CF13) on October 13-16, 2015 in Brussels, Belgium. We wish to acknowledge the participation of the Honorable Minister Paul Oquist of Nicaragua, Honorable Minister Ralava Beboarimisa of Madagascar, and Ambassador Deo Saran of Fiji at CF13.

Please find below the main conclusions from the meeting. All background materials, presentations, resolutions and this summary are available on the FCPF website at <http://www.forestcarbonpartnership.org/CF13>.

Setting the stage for ER-PIN Reviews

CFPs previously selected [eleven ER-PINs](#) and considered the pipeline to be filled at CF11, given the funding available at that time. Following the [extension of the term of the Carbon Fund to 2025](#) at CF12, some CFPs indicated interest in increasing funding to the Carbon Fund subject to submission of quality Emission Reductions Program Idea Notes (ER-PINs), and therefore invited interested REDD Countries to submit ER-PINs for consideration, to potentially be added to the pipeline. At CF13, nine countries presented ER-PINs for potential selection into the Carbon Fund pipeline.

ER-PIN Presentation and Review

[Côte d'Ivoire](#), [Cameroon](#), [Dominican Republic](#), [Fiji](#), [Guyana](#), [Lao PDR](#), [Madagascar](#), [Mozambique](#), and [Nicaragua](#) presented their ER-PINs for potential selection into the Carbon Fund pipeline.

CFPs selected ER-PINs from [Côte d'Ivoire](#), [Dominican Republic](#), [Madagascar](#), and [Nicaragua](#) into the pipeline, allocated up to \$650,000 to each to develop an Emission Reductions Program Document (ER-PD), and authorized the Trustee to negotiate a Letter of Intent (LoI).

CFPs provisionally selected the ER-PINs from [Fiji](#), [Lao PDR](#) and [Mozambique](#) into the pipeline, and provisionally allocated up to \$650,000 for development of an ER-PD. The inclusion and allocation are subject to resubmission of a revised ER-PIN in accordance with the respective resolution.

CFPs identified key issues for the aforementioned countries to take into consideration during the development of their program ideas into full ER-PDs, which are captured below and will be attached to the LOI that is signed with each country.

CFPs appreciated the ER-PINs from Cameroon and Guyana, and a number of points were highlighted during the discussion for further ER-PIN improvement purposes, which are captured below. The ER-PINs from Cameroon and Guyana were not selected into the pipeline at this meeting; nevertheless, the two countries are invited to present revised ER-PINs to CFPs at or prior to the fifteenth meeting of the Carbon Fund (CF15, tentatively fall 2016) for CFP consideration, subject to availability of resources in the Carbon Fund at that time.

With seven ER-PINs selected (or provisionally selected) into the pipeline at CF13, the Carbon Fund pipeline now includes a total of 18 ER-PINs. CFPs strategically considered portfolio management and expansion of the pipeline taking into account the estimated volume of ERs that could be generated and offered by each ER Program within the lifetime of the Carbon Fund, available and prospective capital in the Carbon Fund, and portfolio risk.

CFPs agreed to remove the 14 calendar day review period for negotiated LOIs. The decision was made in an effort to streamline procedures, and based on the fact that CFPs did not have any objections to any of the previous LOIs submitted for their review. The Trustee may therefore enter into an LOI directly once negotiations are finalized.

Cameroon

CFPs noted the high relevance of the area selected for the Emission Reductions Program and appreciated how the program fits within the country's broader development strategy and intended nationally determined contributions (INDCs). In addition, CFPs appreciated the cross-sectoral coordination in the ER-PIN as well as the land use map and information on consultations undertaken.

In the further development of the [ER-PIN](#), CFPs stressed the importance for Cameroon to give further attention to the following:

- Provide updated information on the status of REDD+ readiness activities and prepare a work program, indicating by when key readiness deliverables, such as the national REDD+ strategy and associated analysis, will be developed.
- Elaborate on how institutional capacities, in particular those of government agencies involved in forest monitoring, will be built to implement the ER program.
- Provide detailed information on the inter-sectoral institutional arrangements and decision-making processes for REDD+ under high-level authority.
- Provide a robust analysis of the drivers of deforestation including industrial agricultural plantations, mining and infrastructure development (e.g., railroad, new port) and propose ER Program measures to address them.
- Include a description of the relevant legislation and policies, including specific measures to be taken at national and provincial level, to prevent illegal logging.
- Provide credible justification of the proposed upward adjustment above the average historical emission rate over the reference period, in line with the guidance from the Carbon Fund Methodological Framework.
- Present the approach and steps followed for the adjustment calculation.
- Explain how the gaps in the financing plan will be met, including synergies with any other relevant potential funding sources such as FIP and the Central African Forest Initiative (CAFI).
- Describe increased efforts to conduct more transparent and participatory consultations for the design and implementation of the program taking into consideration synergies with other relevant processes such as FLEGT.
- Include a description of the national legal and policy framework related to access to information and participation of stakeholders.
- Provide more accurate estimates of ERs to be generated and transferred from the program and adjust the volume of ERs offered to the Carbon Fund to reflect the closing date of the Fund.
- Clarify how activity data from multiple sources (Landsat, Planet Labs, SPOT, SENTINEL, etc.), and years, will be integrated to provide harmonized data.
- Explain how existing REDD+ projects will be nested in the ER program.

- Explain how the existing land tenure regime may impact the design and implementation of benefit sharing mechanism(s) for the program.

Côte d'Ivoire

CFPs appreciated the [ER-PIN](#) presented by Côte d'Ivoire, in particular the political commitment on zero-deforestation agriculture, the cross-sectoral character of the program, the combined protection-production approach and the high degree of private sector involvement. CFPs valued the fast progress made on REDD+ readiness and ER-PIN development and the inclusive approach taken, including synergies with the FLEGT process.

In the further development of the ER Program, CFPs stressed the importance for Côte d'Ivoire to give further attention to the following:

- Provide more detailed information about the cooperation with the private sector, including next steps regarding activities and financing arrangements between public and private sources.
- Elaborate on the strategy to address the expansion of agriculture.
- Add information about synergies with the Forest Investment Program (FIP) and other relevant funding sources in the program area.
- Specify how land tenure issues will be addressed in the program.
- Provide more information about the implementation of the land management strategy.
- Elaborate on how the program will address gold mining as a driver of deforestation.
- Improve the reference level and assess the significance of forest degradation.

Dominican Republic

Participants appreciated the [ER-PIN](#) presented by the Dominican Republic, and commended the country on progress made on REDD+ readiness over the last year. CFPs also valued the proposed program approach that is based on the existing government structures, the cross cutting nature of the proposal, the promising approach to the private sector engagement, and the strategic emphasis on activities in the shared border area with Haiti.

In the further development of the ER Program, CFPs stressed the importance for the Dominican Republic to give further attention to the following:

- Clarify the removals from degraded forests that are not expected to further degrade, and how these forests contribute to the Reference Emissions Level. Explain the reasoning for the 33% effectiveness in increasing the removals assumed in the ER-PIN, and how this is justified without any activities targeted to this type of forest.
- Explore ways to further expand existing relevant programs in the ER-Program accounting area. Describe actions for scaling up these programs if relevant, and whether it is possible to scale them up within the term of the potential Emission Reductions Payment Agreement (ERPA) under the Carbon Fund.
- Propose ways to address land tenure security issues relevant for the ER-Program implementation, if any.
- Better describe how barriers to reduce deforestation and degradation identified in the ER-PIN will be addressed.
- Describe how consultations will be undertaken during ER-Program development (i.e., how such consultations will be organized, who will be consulted and how inputs will be taken into account).

Fiji

CFPs appreciated the [ER-PIN](#) presented by Fiji, and noted the participatory land use planning process and legal forest definition already in place. It was recognized that Fiji's strong early engagement in REDD+ will help implement the ER Program and generate new lessons for forest programs with customary land tenure arrangements and active community engagement.

In the further development of the ER Program, CFPs stressed the importance for Fiji to give further attention to the following:

- Ensure consistency with the Carbon Fund Methodological Framework, including emissions from forest degradation if they constitute a significant share of overall emissions.
- Describe the role of the National iTaukei Resource Owners Committee in the development and implementation of the ER-Program.

Guyana

CFPs appreciated the [ER-PIN](#) presented by Guyana that proposes a program combining sustainable mining, sustainable forestry and community forestry at the national level. The ER-PIN aims to maintain a low rate of forest change in the country and at the same time, lower emissions where possible through improved practices and enhanced efficiencies in the extractives sector.

In the further development of the ER-PIN, CFPs stressed the importance for Guyana to give further attention to the following:

- Provide a credible justification of the proposed upward adjustment above the average historical emission rate over the reference period, in line with guidance from the Carbon Fund Methodological Framework. Present the approach and steps followed for the adjustment calculation. Also, explain whether and how the emissions from infrastructure projects and growth in activities that drive deforestation are taken into account in the adjustment based on a clear rationale.
- Further clarify Guyana's definition of deforestation in the ER-PIN and its implication for monitoring and measuring changes in deforestation, or further clarify the definition of deforestation for Guyana.
- Further elaborate on proposed program activities and how they will effectively address each key driver of deforestation and degradation. Include possible limitations to the effectiveness of these activities in the risk/benefit analysis of planned actions and interventions.
- Further elaborate on how mining innovation will be carried out under the ER-Program, and how stakeholders will participate in such developments. Also, given that small-scale mining and illegal mining are major drivers of deforestation, explain how the ER-Program will address them.
- Add information about synergies with the FIP and other relevant funding sources in the program area.
- Provide information on how the identified risks of reversals will be managed to reduce such risks.
- Provide additional details on how consultations on the ER-PIN have been carried out with key stakeholders and explain the outreach approach for such consultations with relevant stakeholders, including those in remote areas.
- Further elaborate on the risk that ongoing land/resource tenure issues may pose to the ER-PIN and provide details on measures to mitigate such risk.
- Adjust the potential volume of ERs to be offered to the Carbon Fund to be within the lifetime of the Carbon Fund.

- Include all sources of forest degradation in the Reference Emissions Level, if together they are significant (beyond forestry-related drivers). Ensure full consistency between REL and ER-Program activities.
- Provide additional information on progress in and the envisaged timeframe on the SESA, ESMF, FGRM design, and benefit sharing arrangements.

Lao PDR

CFPs appreciated the [ER-PIN](#) from Lao PDR and the good description of the drivers of deforestation, clear benefit sharing plan, and description of emission reductions in the proposal. Additionally, the ER program, spanning six Northern provinces that include 35% of national territory, will be an opportunity to learn if forest degradation from shifting cultivation could be effectively addressed through REDD+.

In the further development of the ER Program, CFPs stressed the importance for Lao PDR to give further attention to the following:

- Describe actions and policies that Lao PDR will put into place to reduce illegal activities that lead to deforestation and forest degradation, including improvements in law enforcement.
- Describe actions and policies that Lao PDR will put into place to help clarify any relevant land tenure issues in the program area, including customary tenure.
- Ensure relevant, full and effective stakeholder consultation and participation, including that of ethnic minorities, in the design and implementation of the program.
- Provide information on the role and capacities of national and provincial institutions that are involved in licensing, agricultural licensing/concessions, spatial planning and infrastructure development.
- Explain how potential forest Joint Crediting Mechanism projects or other existing REDD+ projects will be nested within the program's accounting approach.
- Add information about synergies with the FIP and other relevant funding sources in the program area.

Madagascar

CFPs were pleased to see the new momentum on REDD+ in Madagascar and the development-oriented programmatic approach of the [ER-PIN](#), combining a vision for watershed management at the landscape scale. Participants highlighted the strong cross-sectoral coordination and proposed plan for benefit distribution.

In the further development of the ER Program, CFPs stressed the importance for Madagascar to give further attention to the following:

- Elaborate on how the administrative units (Inter-Communal Public Entities, IPCE) are consistent with the jurisdictional approach required by the FCPF Carbon Fund Methodological Framework, and clarify that all municipalities are included in the accounting area.
- Provide more information about the implementation arrangements including responsibilities for the different activities and how human capacities will be built to implement the ambitious program.
- Elaborate on how the program will contribute to decoupling agricultural production and deforestation, including addressing commercial agriculture as a driver of deforestation.
- Clarify the consistency of the reference level with the Methodological Framework.
- Elaborate on how the program will address leakage risks.
- Elaborate on the financing plan for the program, in particular the proposed auto-financing scheme.

- Specify whether the ER program will contribute to operationalize the land tenure process in the entire accounting area.
- Specify the consultation plan and involvement of civil society in the development and implementation of the program.
- Add information about the role the private sector can play in the implementation of the program.
- Clarify how the program will nest existing REDD+ projects in the program.
- Clarify how the five REDD+ activities are included or excluded in the reference level.

Mozambique

CFPs welcomed Mozambique's [ER-PIN](#) and noted the high political commitment to and national ownership of the proposed program. CFPs also appreciated the strong involvement of private sector and civil society as well as the cross-sectoral integration of program design. Participants noted the relevance of the jurisdictional area selected, including for important co-benefits such as biodiversity and poverty reduction. CFPs further noted the significant REDD+ readiness progress that has been made.

In the further development of the ER Program, CFPs stressed the importance for Mozambique to give further attention to the following:

- Provide further information on the institutional arrangements at national, provincial and district levels for the ER Program design and implementation, including the roles, responsibilities and relationships among the institutions, with particular attention to the provincial institutions. Include information on guidance and practices for coordination between the different districts included in the ER Program accounting area.
- Provide an updated Reference Emissions Level and emissions estimates substituting the Hansen data set with more specific data in the ER-PD. Clarify the forest definition to be applied, accompanied by a description of the data for estimation of ERs, more accurate data on forest cover change, and an analysis of uncertainty in accordance with the Methodological Framework.
- Describe the timber moratorium and status of its implementation, and other relevant legislation and policies, including specific measures to be taken at national, provincial and district level to prevent illegal logging.
- Include information on how quantification and monitoring of forest degradation, if significant, will be included and implemented in the Reference Emissions Level and National Forest Monitoring System.
- Add information about synergies with the FIP and other relevant funding sources in the program area.

Nicaragua

CFPs appreciated the quality of the [ER-PIN](#) presented by Nicaragua, including the clear discussion of the holistic approach of the program addressing the direct and underlying drivers of deforestation and the land title achievements made. CFPs responded positively to the forest-based adaptation approach of the program.

In its ER-PIN, Nicaragua had expressed concern about supporting the carbon market with its ER-Program. However, the FMT clarified that most of the ERs would be retired (under Tranche B of the Carbon Fund), and with this clarification, Nicaragua confirmed their interest in entering the Carbon Fund pipeline.

In the further development of the ER Program, CFPs stressed the importance for Nicaragua to give further attention to the following:

- Clarify that the part of the accounting area that extends beyond the Northern Caribbean Coast Autonomous Region (RACCN) and the South Caribbean Coast Autonomous Region (RACCS) is comprised of the Bosawás Biosphere Reserve and is therefore consistent with the jurisdictional approach of the Carbon Fund Methodological Framework.
- Consider prioritizing ER-Program activities taking into account existing and potential investment funding and addressing main drivers of deforestation to maximize effective generation and delivery of emission reductions within the proposed ERPA period.
- Ensure consistency between the Reference Emission Level and ER Program activities by considering the inclusion of forest degradation and reforestation in the Reference Emission Level, as relevant.
- Explain how the ER-Program will strengthen institutional capacity in the ER Program accounting area and how relevant regulatory frameworks will be aligned to support effective program implementation.
- Explain how the ER Program proposes to expand community-based forestry management practices and explore opportunities to propose innovative ways to reduce emissions from agriculture and cattle ranching.
- Strengthen consultation on ER Program design and development with relevant stakeholders, including local communities, indigenous peoples and women living in remote areas within the ER-Program accounting area.

Update on ER-PIN development from Indonesia

At CF11 in October 2014, CFPs provisionally selected an ER-PIN from Indonesia into the pipeline through resolution [CFM/11/2014/2](#). Indonesia was expected to submit a revised ER-PIN preferably at or before CF13. Indonesia submitted two letters dated [September 28](#) and [October 9](#), 2015 to the FMT informing that the ER-PIN will not be available for presentation at CF13, due to ongoing institutional reform of key line ministries in the country and to allow for consultations with relevant stakeholders.

At CF13, Indonesia provided an [update](#) on how issues raised at CF11 are being addressed in the ongoing revision of the ER-PIN. Indonesia presented a geographic consolidation of the program and accounting area in the East Kalimantan province and elaborated how reference levels and MRV have been revised accordingly.

Indonesia provided a roadmap for submission of a revised ER-PIN to the Carbon Fund by December 17, 2015, including a timeline for public consultations in-country, and a timeline to ER-PD submission and implementation.

CFPs appreciated the clarifications provided on revision of the ER-PIN and the clear deadline for ER-PIN submission. It is expected that Indonesia will present its ER-PIN no later than CF14.

Update on developing guidelines on modalities and procedures for ER Program buffers

The [FCPF General Conditions applicable to ERPAs](#) refer to Buffer Guidelines that will lay out the guidelines and risk assessment tools for the buffers identified in the [Methodological Framework](#).

The FMT [presented](#) the [latest draft of the Buffer Guidelines](#), which is based on input and discussions in a related review group. The objective of applying ER buffer reserves is to manage the risks of uncertainty and reversal of ERs generated by ER Programs. However, it should be noted that reversal buffers are one

option to manage risks of reversal, but not mandatory if a REDD+ Country Participant applies other risk management mechanisms.

CFPs underscored that an ‘uncertainty buffer’ not only manages the risk that ERs were overestimated for prior reporting periods, but also creates an incentive for improving uncertainty associated with the estimation of ERs by means of improving the accuracy of measuring, reporting and verification (MRV) systems.

The meeting discussed the need to balance the need for clarity on buffer guidelines for those countries that are progressing to advanced draft ER-PDs and opportunities for discussions with countries on the Buffer Guidelines.

CFPs agreed on next steps for virtual adoption of the Buffer Guidelines through a resolution in accordance with [Resolution CFM/Electronic/2014/1 Action Without a Meeting](#) to ensure that countries can work on the basis of approved buffer guidelines as they prepare their ER-PDs for presentation at the Carbon Fund meetings in 2016.

Follow up action:

1. On October 20, 2015, the FMT will circulate the latest version of the draft Buffer Guidelines to all CFPs, CF Observers, and REDD Countries whose ER-PINs have been selected or provisionally selected into the Carbon Fund of the pipeline at or prior to CF13.
2. The CFPs, Observers and REDD Countries specified above have until November 9, 2015 to provide comments on the draft Buffer Guidelines to one of the Review Group members (for REDD Countries the members in the Review Group include Chile, Costa Rica, DRC and Nepal). Such Review Group members who receive the comments should consolidate and forward them to the FMT, who will then compile all comments received through the Review Group members.
3. The FMT will organize a teleconference with CFPs on November 13, 2015 to discuss the comments received:
 - a. If comments received require minor edits to the draft Buffer Guidelines, the FMT will make such minor edits and circulate the revised draft Buffer Guidelines to CFPs and Observers for a 21 calendar day no objection period (along with a draft resolution adopting the Buffer Guidelines) for CFPs’ adoption, in accordance with Section 12.5 of the Charter.
 - b. If comments received require substantive changes to the draft Buffer Guidelines, the FMT will: 1) revise the Buffer Guidelines accordingly and 2) convene a virtual (tele/videoconference) Review Group meeting to discuss the revised draft Buffer Guidelines. Once the revised draft Buffer Guidelines are endorsed by the Review Group, the FMT will circulate such revised draft Buffer Guidelines to CFPs and Observers for a 21 calendar day no objection period (along with a draft resolution adopting the Buffer Guidelines) for CFPs’ adoption, in accordance with Section 12.5 of the Charter.

Interim Milestones and deadlines for countries selected into the pipeline

As requested by CFPs at CF12, the FMT proposed [interim deadlines](#) to be met by REDD Country Participants whose ER-PINs have been selected into the pipeline of the Carbon Fund. The objective of these deadlines is to encourage REDD Country Participants to continue efforts to swiftly move through ER Program development. CFPs adopted [Resolution CFM/13/2015/8](#) which provides applicable interim

milestones and deadlines for countries selected into the pipeline of the FCPF Carbon Fund, and encouraged Countries to move faster than the deadlines given the limited finance available, and therefore competition, for eventual selection of ER Programs into the Carbon Fund portfolio. REDD Countries should take note of the following deadlines in particular:

- Indonesia to submit its revised ER-PIN no later than 14 days prior to CF14.
- Peru and Guatemala to sign LOIs by April 8, 2016.
- All other LOIs (including Indonesia) to be signed within 9 months after selection into the pipeline.
- The Trustee may terminate an LOI after consultation with CFPs, if the relevant Country does not submit an Emission Reductions Program Document (ER-PD) within the time period provided for in Section 7.2 of the LOI (usually 18 months after LOI signature).

REDD Country Participants emphasized that potential consequences for not meeting deadlines should take into account country circumstances, which may include changes in government and institutional arrangements, natural disasters, and other major events. Some CFPs reminded that some REDD Country Participants whose ER-PINs have been selected into the pipeline will not have ER Programs selected into the portfolio of the Carbon Fund, which in time will need due consideration.

Options for addressing financing gaps in Emission Reductions Programs

To advance the discussion initiated at previous Carbon Fund meetings on ER Program financing, the FMT presented two specific proposals on the possible use of [guarantees](#) and [bonds](#). Both financial instruments could provide means to leverage Carbon Fund resources to generate investment finance from other sources, including the private sector. Secure and sufficient resources to invest in ER programs is critical to manage delivery risk (supply of emission reductions), and results-based payments through the Carbon Fund may be combined with other financial instruments to provide enhanced incentives and resources for effective program implementation.

Follow up action:

The FMT will prepare concise notes on each of the guarantee and bond Instruments to be circulated by end-November. CFPs will be requested to provide feedback to the FMT on the Instruments by the end of December 2015 and provide recommendations as to whether the FMT should further explore their feasibility in Carbon Fund programs. To facilitate the feedback, the FMT could organize a phone or video conference or WebEx with CFPs or CFPs' respective finance colleagues, to discuss feedback.

Next meetings

The next Carbon Fund meeting will be in May or June 2016. The FMT will advise on further details as soon as possible.

In closing

CF13 was host to a record number of seven additional Emission Reductions programs added to the Carbon Fund pipeline, with potential for additional financial commitments by Participants. The large number of proposals presented over the last few days and the active participation by REDD Countries demonstrated the high-level of engagement and commitment in REDD Country governments to developing Emission Reductions Programs and to the power of REDD+ to think big.

After four years of being operational, the Carbon Fund is moving closer towards realizing REDD+ results in country. The next rounds of Carbon Fund meetings will see the submission of the first full-fledged ER Program Documents, the last step before negotiations on large scale carbon transactions between Participants and REDD+ Countries become reality, and we can start to demonstrate proof of concept of REDD+.

With all eyes on the Paris climate meetings next month, we are at a critical moment to show that our efforts to reduce emissions from deforestation and forest degradation are moving from concept to reality. The Carbon Fund's programs, and the collaborative spirit and engagement exhibited at CF13 by countries, CFPs and observers, are paving the way for this proof of concept and for countries to deliver on their commitments.

If you have any questions or concerns, please do not hesitate to contact me at Morten.Nordskag@kld.dep.no or the FCPF FMT at fcpfsecretariat@worldbank.org.

Sincerely,
Morten Nordskag
Norway
CF13 Chair