



Forest Carbon Partnership Facility

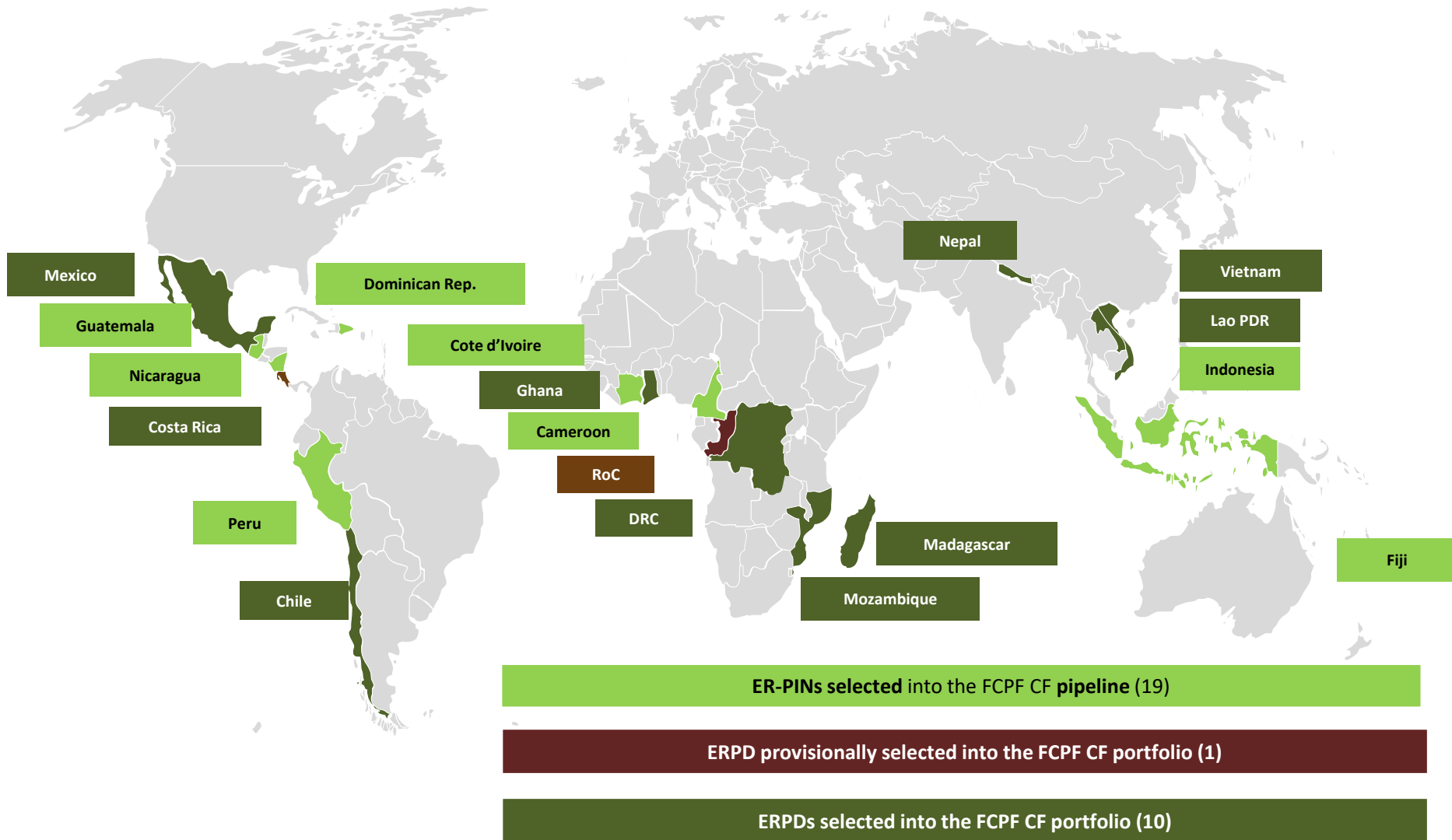
Setting the Stage for ER-PD Reviews

Nineteenth meeting of the Carbon Fund (CF19)

Washington, DC

February 5-7, 2019

Carbon Fund Pipeline and Portfolio



Task at CF19

Two decision points to select ER programs:

1. Selection into Carbon Fund **pipeline** based on ER-PIN (**concept-stage ideas**)
→ Negotiate and sign Letter of Intent (LOI).
2. Selection into Carbon Fund **portfolio** based on ER Program Document (full proposal)
→ Negotiate and sign ERPA.

Cote d'Ivoire
Indonesia

Basis for selection into Carbon Fund portfolio

- Letter of Intent (LOI) is good faith agreement to move forward
- Portfolio selection is on a first come first served basis, while taking into account:
 - quality
 - selection criteria as per ER-PIN criteria
 - consistency with the Methodological Framework
- CF19 decision to select ER program would authorize Trustee to start negotiating an Emission Reductions Payment Agreement, subject to World Bank due diligence and approval

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:

- 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.

ER-PDs have undergone extensive review/revision

- WB supported ERPD development since ER-PIN selection into the pipeline
 - Technical assistance on program design, technical issues
 - Safeguards support
 - Policy dialogue with REDD Country
- REDD Countries submitted **Draft ERPD**
- TAP performed desk review and provided comments
- REDD Countries produced **Advanced Draft ERPD**
 - Formal TAP Assessment
 - Virtual review by CFPs and Observers
 - Calls among CFPs, Observers, and the respective Countries to discuss feedback/comments

REDD Countries produced **Final ERPD** based on TAP Assessment and feedback/comments from CFPs and Observers

ER-PD Reviews at CF19

Country presentations

- focus on responses to comments received

Clarification & discussion time

- focus on identifying outstanding issues
- narrow down to key sticking points for decision making

Facilitated discussion groups

- focus on key sticking points for decision-making
- propose decision and, if relevant, draft resolution for CFP adoption

Options for Decisions by Carbon Fund Participants (1)

- i. Decide to **select** an ER Program into its portfolio and proceed to negotiating an ERPA subject to completion of World Bank due diligence and final World Bank approval of the program
- ii. Decide to **provisionally select** an ER Program into its portfolio and proceed to negotiating an ERPA subject to: fulfillment of the conditions specified in the resolution; and completion of World Bank due diligence and final World Bank approval of the program
- iii. Request the REDD Country to **submit a revised ERPD**, incorporating key issues identified during the CF meeting
- iv. Decide **not to select** an ER Program into its portfolio and, therefore, not to proceed to negotiating an ERPA and do not request the country to submit a revised ERPD (i.e. rejection)

Options for Decisions by Carbon Fund Participants (2)

- Option iv (**not to select program**) should only be valid if proposed ER Program is substantially different from the selected ER-PIN or the selection has portfolio management implications e.g., in relation to net emission reductions across the portfolio
- Other issues, such as non-compliance with the Methodological Framework, could be addressed through options ii (**provisional selection**) or iii (**request revised ERP**)

Conflict of Interest

- Charter (Section 8.3): CFPs disclose potential conflict of interest in ER-PDs, FMT determines whether CFP should recuse from:
 - discussion = discussion during plenary
 - deliberation = formulation of resolution
 - decision = adoption of resolution
- Under the Charter, CFPs should disclose the following:
 - 1) direct involvement in preparing or implementing the ER Program (including preparation of the ERPD)
 - 2) engagement in a separate transaction for ERs from same ER Program
- If circumstances have changed, please inform the FMT

Conflicts of Interest (1/2)

Notifications Received	Countries Involved in	Details and FMT Determination
Australia	Cote d'Ivoire Indonesia	<p>Cote d'Ivoire No involvement FMT Determination: No Conflict of Interest</p> <p>Indonesia Australia has not been involved in the development of Indonesia's ER-PD. Australia has worked with the Government of Indonesia on MRV and REDD+ for a number of years. Our current bilateral agreement is focussed on improvements to Indonesia's land sector MRV System. The outputs/improvements are not yet complete, so they have not been adopted by the Government of Indonesia and therefore have not contributed to the ER Program. FMT Determination: No Conflict of Interest</p>
Canada	Cote d'Ivoire Indonesia	<p>No involvement FMT Determination: No Conflict of Interest</p>
Germany	Cote d'Ivoire Indonesia	<p>Cote d'Ivoire Direct Contribution to the ERP development – mainly through the design of programs presented as part of the ERP. Contribution to the development of some activities identified within the ERP (work with cocoa sector, environmental governance), with independent funds, not as beneficiary or implementing agency of the ERP. FMT Determination: Do not recuse from discussion; recuse from deliberation, decision</p> <p>Indonesia Direct contribution to the development of the ERPD in several components – mainly Reducing GHG action plan, land use change analysis/FREL/MRV, draft benefit sharing mechanism, Safeguard information system Contribution to the development of some activities identified within the ERP (such as social forestry, FMU development, Mainstreaming ERP to regional planning, Low-Emissions Oil Palm Development), with independent funds, not as beneficiary or implementing agency of the ERP. FMT Determination: Do not recuse from discussion; recuse from deliberation, decision</p>

Conflicts of Interest (2/2)

Notifications Received	Countries Involved in	Details and FMT Determination
Norway	Cote d'Ivoire Indonesia	No involvement FMT Determination: No Conflict of Interest
The Nature Conservancy	Cote d'Ivoire Indonesia	<p>Cote d'Ivoire No involvement FMT Determination: No Conflict of Interest</p> <p>Indonesia TNC Indonesia contributed to the ERPD development by attending multiple stakeholder engagement workshops from October 2015 – October 2018 and providing technical support. Specifically, TNC was involved in the FREL development, MRV arrangement, safeguards, benefit sharing mechanism (BSM) and Feedback and Grievance Redress Mechanism (FGRM). FMT Determination: Do not recuse from discussion; recuse from deliberation, decision</p>
United Kingdom	Cote d'Ivoire Indonesia	No involvement FMT Determination: No Conflict of Interest



THANK YOU!

www.forestcarbonpartnership.org