



Forest Carbon Partnership Facility

Update on Registry

Nineteenth meeting of the Carbon Fund (CF19)

Washington, DC

February 5-7, 2019

OBJECTIVE OF THIS SESSION

- FMT to present the results from the two consultancies on the **Architecture** of the Centralized Transaction Registry System and the **Analysis on Risks and Legal Issues**.
- FMT to present the advances on the preparation of the **Business Requirements Document** of the Centralized Transaction Registry System and an **Implementation road map to have the registry fully operational in time**.

CONTENTS

1. QUICK REVIEW

2. CONSULTANCIES ON TRANSACTION REGISTRIES

3. RESULTS



QUICK REVIEW

A **Transaction Registry** is a (online) database that **issues, records** (+ other relevant info), **transfers** (between multiple account holders on the system - internal transfer - or to another transaction registries - external transfer) and **tracks the serialized carbon units** that are financed through Results-Based Climate Finance (RBCF) and / or exchanged within market mechanisms.

System to provide **assurance against double accounting and double payments.**

FCPF CF MF (Criterion 38)

Reversal (Criteria 19 and 20) and Uncertainty buffers (Criterion 22) – ERP Buffer Guidelines

ISFL ERs Program Requirements (3.7 ISFL ER Program transactions)

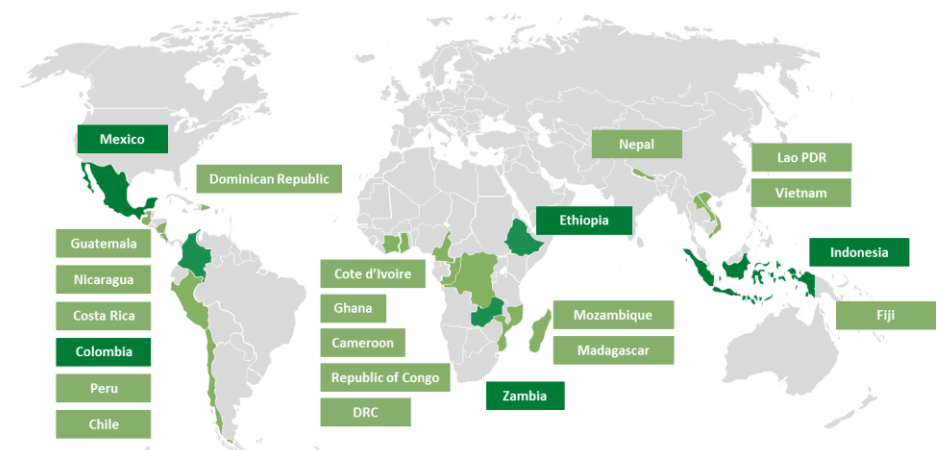
Reversal (ISFL ER Program Requirements 4.7) and Uncertainty buffers (ISFL ER Program Requirements 4.6.4) - ISFL Buffer Requirements

QUICK REVIEW

After conducting a **global survey on transaction registries**, collecting information on (i) programmatic and legal related aspects, (ii) the role of the carbon markets in REDD+ implementation, (iii) the scale of implementation of REDD+, (iv) REDD+ and land use-related risks, and (v) the registry design decision based on the scenarios,

After disseminating the survey results and findings to CF participants and REDD+ countries at **CF17** and **PC25**, the FMT proposed that:

- Given the variation in country suggestions, it looked likely that both a centralized registry and in-country registries would evolve
- A centralized registry should be available in case a back-up option is needed in ERPA delivery terms (for uncertainty, reversal and pooled buffers)



QUICK REVIEW

Proposal of a Hybrid Model

- Potentially designed as **transaction modules** added to existing or planned **REDD+ Projects & Programs management systems** should be adapted to integrate FCPF CF / BioCF ISFL requirements
- **Complete functionality** at country level

Country Registries

- Centralized Registry holds **country accounts** of those CF/ISFL Countries that prefer not to develop their own registries
- **Country** and **third-party registries communicate** with the Centralized Registry for tracking/reporting purposes (portfolio level) and coordinate operations of the Pooled Reversal Buffer

Centralized Registry

step-wise approach process to pursue a simple, low cost, and flexible approach given the uncertainty on what will be required from registries in terms of functionality and compatibility under the Paris Agreement

CONTENTS

1. QUICK REVIEW

2. CONSULTANCIES ON TRANSACTION REGISTRIES

3. RESULTS so far



CONSULTANCIES ON TRANSACTION REGISTRIES

Nº	Consultancy	Modality	Timeline
1	Study on the architecture of an WB Centralized Registry System: key functions, operational processes and rules. Analysis of alternatives (operational, technical and cost)	STC	May 12 - November 9 2018
2	Supporting analysis on risks and legal issues related to the operations of the WB Centralized Registry System	STC	May 12 – November 9 2018
3	Business Requirements Document preparation and Program Plan (Feb. 12, 2019)	(2) STC	Dec. 1 – Feb. 12 2019
4	Develop a System Blue Print for Country Registries (DRC and ROC)	STC	Dec. 31 2018
5	CATS program: Pre-trade Registry (Aug 31 2019 delivery and Go live, change management, and training Sept. 30 2019) and Trade (TBD) (starts in June, 2019)	STC -WB -Vendor	Aug. 31 2019 Sept. 30 2019

CONTENTS

1. QUICK REVIEW

2. CONSULTANCIES ON TRANSACTION REGISTRIES

3. RESULTS



CONSULTANCIES ON TRANSACTION REGISTRIES

STUDY ON THE ARCHITECTURE OF AN WB CENTRALIZED REGISTRY SYSTEM: KEY FUNCTIONS, OPERATIONAL PROCESSES AND RULES. ANALYSIS OF ALTERNATIVES (OPERATIONAL, TECHNICAL AND COST)

N	DELIVERABLES
1	Inception report
2	ER Transactions Registry Core Design and CARS first analysis
3	Operational Design and Elements for the Central Transaction Registry under REDD+ Emission Reduction Scenarios
4	Business & Functional Requirements
5	Risk Analysis & Mitigation Design Measures
6	Business Requirements Document
7	Final report as a comprehensive compilation of the elaborated chapters

3 Workshops: May 15th-16th, 2018 / August 3rd-6th, 2018 / September 20th-21st

CONSULTANCIES ON TRANSACTION REGISTRIES

SUPPORTING ANALYSIS ON RISKS AND LEGAL ISSUES RELATED TO THE OPERATIONS OF THE WB CENTRALIZED REGISTRY SYSTEM

N	DELIVERABLES
	Inception report
1	Market mechanism laws
2	Immediate legal framework
3	Legal framework necessary to support the functions and transactions of the centralized transaction registry
4,6	Authority and functions of the registry administrator and security, responsibility and confidence legal related issues
5,7	Extended legal framework necessary to support the functions and transactions of the centralized transaction registry - country specific legal framework

3 Workshops: May 15th-16th, 2018 / August 3rd-6th, 2018 / September 20th-21st

BUSINESS REQUIREMENTS DOCUMENT FOR A CENTRALIZED TRANSACTION REGISTRY

Objective: Translate into a Business Requirements Document the outputs from the former consultancies.

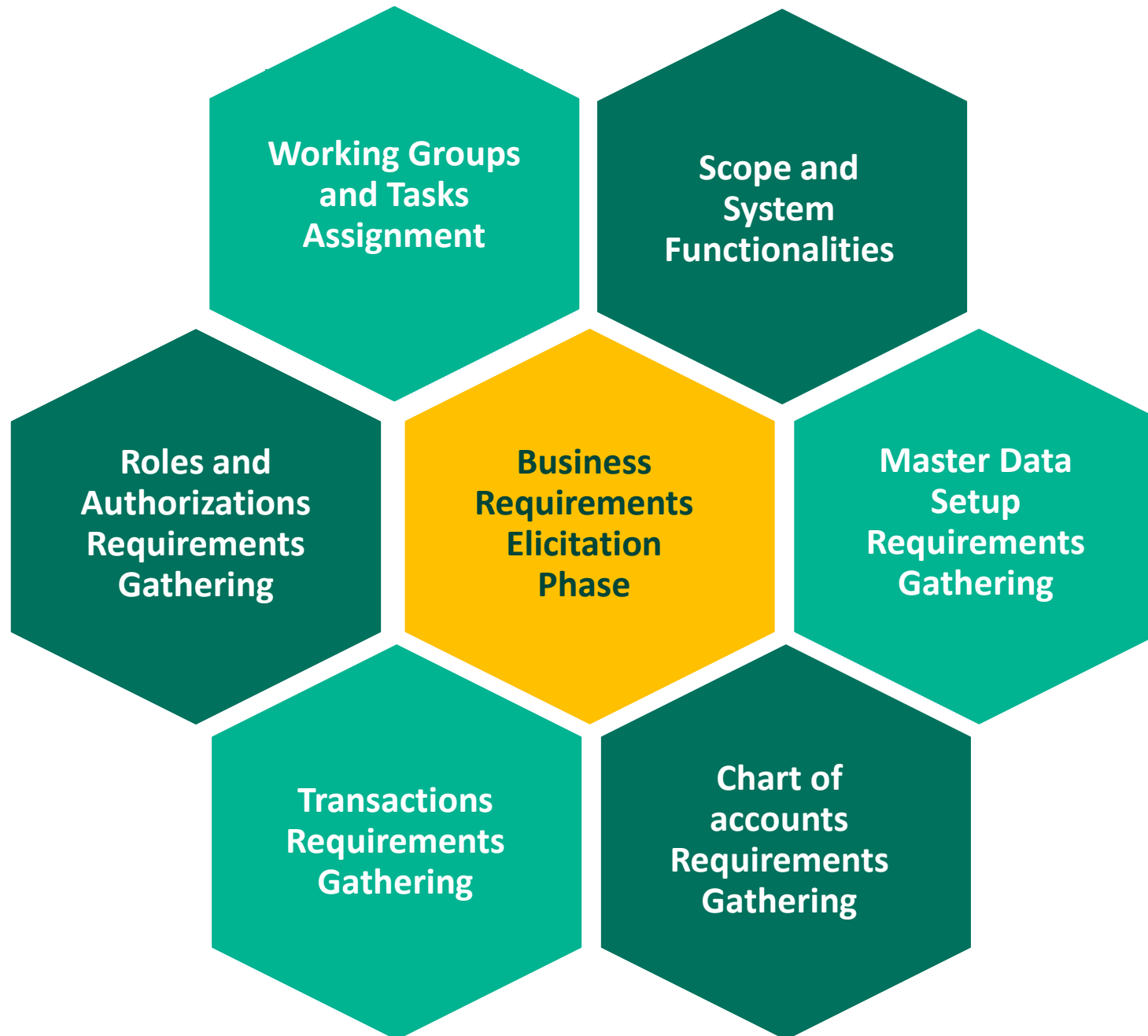
Project kick-off workshop held on Nov 29-30, 2018 to establish the working group (multidisciplinary; FMT, ITS), schedule, deliverables and milestones to prepare a complete Business Requirement Document by Feb 2019.

Starting point; deliverables from the Consultancies on transaction registries;
Study on the architecture of an WB Centralized Registry System: key functions, operational processes and rules. Analysis of alternatives (operational, technical and cost) and Supporting analysis on risks and legal issues related to the operations of the WB Centralized Registry System

2 Business analysts onboarded to develop the technical implementation requirements in collaboration with the working group

15+ group and individual discussions with project team on business rules and functionalities, two workshops (Jan 17 and Jan 23, 2019), consultations, etc.

BUSINESS REQUIREMENTS DOCUMENT FOR A CENTRALIZED TRANSACTION REGISTRY



CARBON ASSETS TRADING SYSTEM (CATS) PROGRAM

A STRATEGIC PRIORITY DRIVEN MULTI-PHASE PROGRAM SPONSORED BY FCPF AND BIOISFL FUND

Multi-phase program sponsored by FCPF CF and BioCF ISFL to Implement FinTech solution for Registry and Trading Assets

Business Goals

- Register ER Units (ERU) generated under the FCPF CF and Bio Carbon Fund ISFL
- Issue and manage all transactions of ERUs under Paris Agreement methodology (NDC)
- Manage risks with uncertainty, reversal and pooled buffers
- Mitigate double counting, double claiming & double selling risks
- Maintain auditability, compliance and ER reporting to all stakeholders
- **Support National or jurisdictional program's ERU of REDD+ participating countries.**
- Establish data governance and security framework
- Integration and facilitation of ERU trade external national/third party registry (e.g. CORSIA)
- Trade, retire or cancel or transfer (internally or externally) of ERU

CARBON ASSETS TRADING SYSTEM (CATS) PROGRAM

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Phase 1 Pre-Trade

Core Components

- Central Registry for FCPF & BioISFL Fund
- ERUs Issuance and Serialization
- Buffer Management
- Fund, Participants, Program, Country, Third party buyers
- ER Transactions

Timeline

Kick-off Date: March-April 2019
Delivery Date: Sept 2019

Estimated Budget
TBD



Phase 2 Trade Phase

Core Components

- Connectivity with country registries
- Audit and Reporting
- Multi-lingual
- New/Emerging Fund support
- ERU trading

Timeline

Kick-off Date: TBD
Delivery: TBD

Estimated Budget
TBD

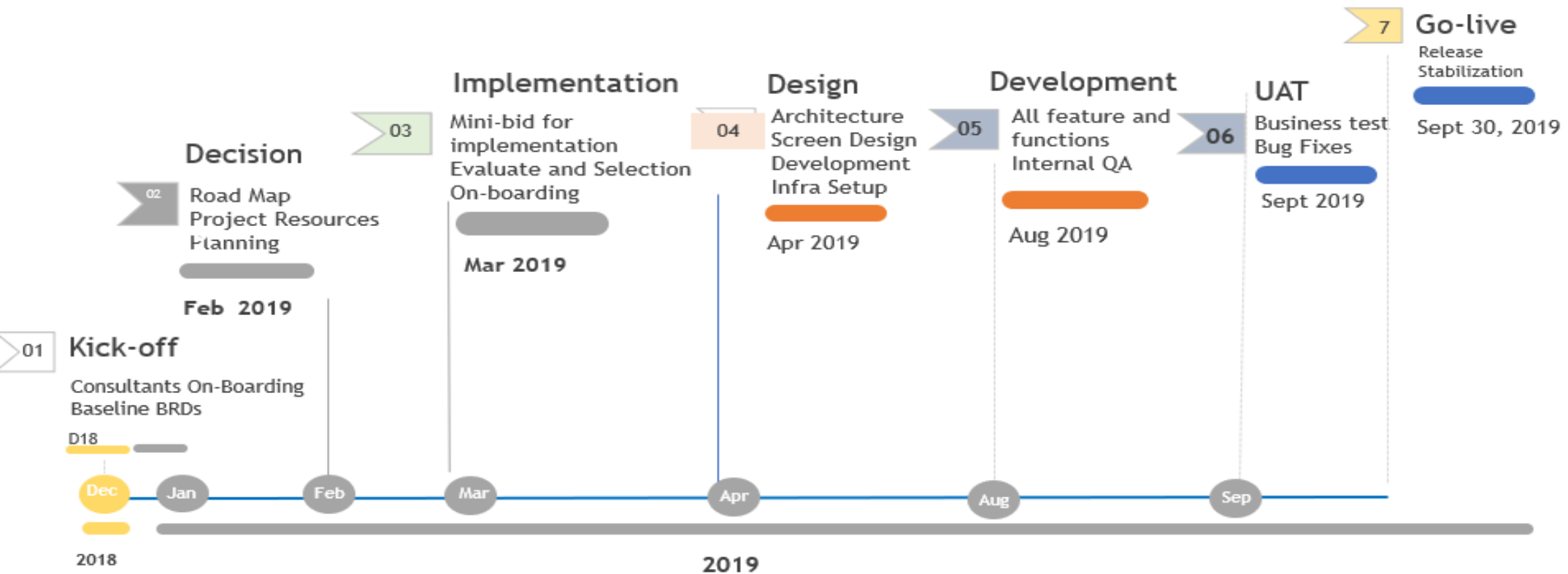
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N	ACTIVITIES	START	FINISH
1	PHASE 1. BRD	Dec, 2018	Feb, 2019
2	Mini BID and Implementation Team on-boarding	Feb, 2019	March, 30
3	Design and Architecture	March, 2019	April, 2019
4	Development and QA	May, 2019	August, 2019
5	UAT – User Acceptance Testing	Sept, 2019	Sept, 2019
6	PHASE 1. Go live, roll-out and stabilization	Sept, 2019	Oct, 2019
7	PHASE 2. CATS Requirements (parallel BA Track)	June, 2019	Oct, 2019

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THANK YOU!

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