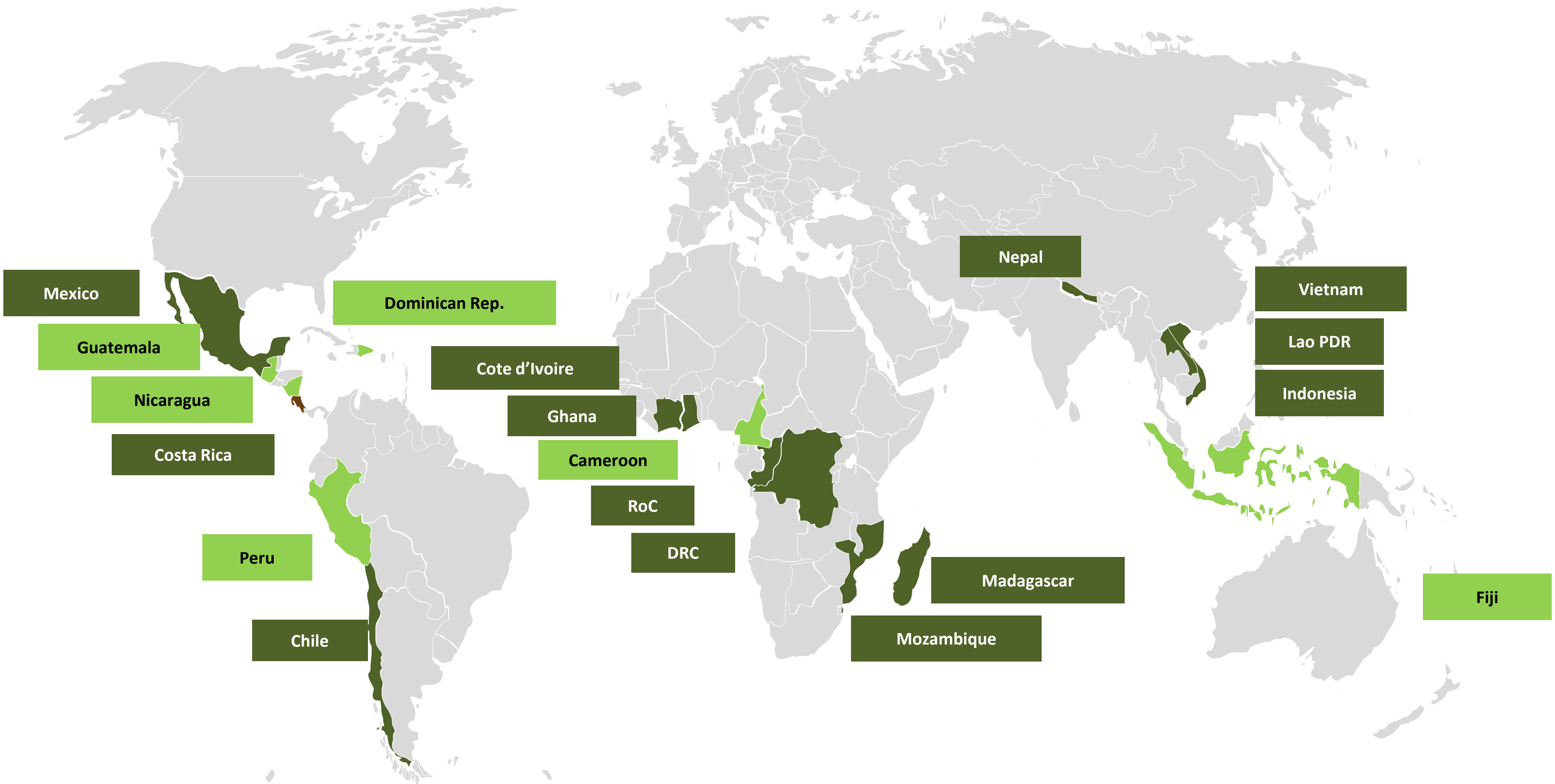
Forest Carbon Partnership Facility

Setting the Stage for ER-PD Reviews

Twentieth meeting of the Carbon Fund (CF20)
Washington, DC
July 8-11, 2019

Carbon Fund Pipeline and Portfolio



ER-PINs selected into the FCPF CF **pipeline** (19)

ERPDs selected into the FCPF CF portfolio (13)

Task at CF20

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.

Dominican Republic

Fiji

Guatemala

Nicaragua

Peru

Basis for selection into Carbon Fund portfolio

- Letter of Intent (LOI) is signed (good faith agreement to move forward)
- Portfolio selection is on a first come first served basis
- CF20 decision to select ER program would authorize Trustee to start negotiating an Emission Reductions Payment Agreement (ERPA), 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

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 CF20

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 ERPD)**

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 (1/4)

Notifications Received	Countries Involved in	Details and FMT Determination
Australia	Dominican Republic Fiji Guatemala Nicaragua Peru	**Dominican Republic, Guatemala, Nicaragua, and Peru** No involvement **FMT Determination: No Conflict of Interest** **Fiji** The Australian Government has had no direct involvement in the development of the Fiji ERPD. However, the World Bank did contract the Commonwealth Scientific and Industrial Research Organisation (CSIRO), a research and development focused corporate Commonwealth entity, to assist with training the Fiji team generate activity data. **FMT Determination: No Conflict of Interest**
BP Technology Ventures, Inc.		No response
Canada	Dominican Republic Fiji Guatemala Nicaragua Peru	No involvement **FMT Determination: No Conflict of Interest**
European Commission		No response
France		No response

Conflicts of Interest (2/4)

Notifications Received	Countries Involved in	Details and FMT Determination
Germany	Dominican Republic Fiji Guatemala Nicaragua Peru	**Dominican Republic** Indirect contribution to the development of parts of the ERPD (within the general support of the Readiness Process: Activity Data, NFMS, Safeguards, financial mechanism, FREL in ER PIN), but no direct contribution in the development of the document. No ER transaction focus **FMT Determination: No Conflict of Interest** **Fiji** Direct Contribution to the development of parts of the ERPD – mainly within the support of the overall Readiness process of the country. No ER transaction focus. **FMT Determination: Do not recuse from discussion; recuse from deliberation, decision** **Guatemala** Indirect contribution to the development of parts of the ERPD (within the general support of the Readiness Process), but no direct contribution in the development of the document. No ER transaction focus **FMT Determination: No Conflict of Interest** **Nicaragua** Indirect contribution to parts of the ERP - e.g. support with activity data – but no direct contribution in the development of the document. No ER transaction focus **FMT Determination: No Conflict of Interest** **Peru** No direct contribution in the development of the ERPD or ER Pin. No ER transaction focus **FMT Determination: No Conflict of Interest**

Conflicts of Interest (3/4)

Notifications Received	Countries Involved in	Details and FMT Determination
Norway	Dominican Republic Fiji Guatemala Nicaragua Peru	No involvement **FMT Determination: No Conflict of Interest**
The Nature Conservancy	Dominican Republic Fiji Guatemala Nicaragua Peru	**Fiji, Nicaragua, and Peru** No involvement **FMT Determination: No Conflict of Interest** **Dominican Republic** TNC DR participated in a couple of initial stakeholder engagement meetings for the development of the ER Program, but have not been active throughout the process. **FMT Determination: No Conflict of Interest** **Guatemala** TNC Guatemala participated in some initial stakeholder engagement meetings for the development of the ER Program. **FMT Determination: No Conflict of Interest**
Switzerland		No response
United Kingdom	Dominican Republic Fiji Guatemala Nicaragua Peru	No involvement **FMT Determination: No Conflict of Interest**

Conflicts of Interest (4/4)

Notifications Received	Countries Involved in	Details and FMT Determination
United States	Dominican Republic Guatemala Peru	**Dominican Republic** US Forest Service assisted the DR in learning how to use a Tier 1/2 mix to estimate emissions from fires several years ago **FMT Determination: No Conflict of Interest** **Guatemala** Since 2009, USAID has been supporting Guatemala's REDD+ Readiness Preparation Proposal and National Program for Reduction and Removal of Emissions. Silvacarbon through the US Forest Service assisted Guatemala with uncertainty calculations several years ago and those methods are still used. **FMT Determination: No Conflict of Interest** **Peru** The maps Peru uses to calculate forest loss result from a multi-year capacity building program along with the University of Maryland where MINAM technicians learned how to implement the mapping system, and adapt it to Peru and they produce change maps on their own. **FMT Determination: No Conflict of Interest**

THANK YOU!

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