

Forest Carbon Partnership Facility (FCPF) Carbon Fund

Terms of Reference (TOR) for Expert Members of an Ad Hoc Technical Advisory Panel (TAP) to Support the FCPF's Carbon Fund, and its Work on the Methodological Framework and Pricing Approach

March 18, 2012

This Note revises FMT Note FMT 2011-13, in which the FCPF Facility Management Team (FMT) provided draft Terms of Reference for an Ad Hoc Technical Advisory Panel (TAP) to support the FCPF Carbon Fund. This TAP would be established by the Carbon Fund Participant in the Carbon Fund's elaboration of the methodological framework and the pricing approach for the Carbon Fund. Topics for potential work by TAP experts are identified, and procedures for hiring and managing the experts are described.

The FMT is hereby requesting the Carbon Fund Participants' agreement to set up such TAP.

Background

1. The Forest Carbon Partnership Facility (FCPF) is a partnership of 36 tropical country REDD+ Country Participants and 18 financial contributors, plus Observers. It is comprised of a Readiness Fund that supports capability for REDD+ Readiness, and a Carbon Fund to purchase about five large-scale Emissions Reduction Programs implementing REDD+ strategies.¹
2. The Charter establishing the FCPF provides in Section 13 (a) that one or more Ad Hoc Technical Advisory Panels (TAP) may be established by various bodies under the Facility, to provide technical advice and information to these bodies.
3. In October, 2011, the FCPF Participants Committee (PC) established a Working Group on the Methodological and Pricing Approach for the Carbon Fund "with the aim of making recommendations to the PC for consideration and adoption of policy guidance on a pricing approach and a methodological framework at its twelfth meeting (PC12)".² The CF, supported by the FMT, will build on the general principles and guidance from the WG and during 2012 develop a more detailed, operational Methodological Framework, a Pricing Approach, and other guidance or procedures necessary to implement ERPs in the CF.

¹ More information is available at www.forestcarbonpartnership.org.

² See Resolution PC/10/2011/5 at <http://www.forestcarbonpartnership.org/fcp/sites/forestcarbonpartnership.org/files/Documents/PDF/Oct2011/Final%20PC10%20Resolution%205%20-%20Carbon%20Fund.pdf>.

4. Also in October 2011 the Carbon Fund Participants established an Ad Hoc TAP to support work by the Carbon Fund Participants.³ The resolution creating this TAP asks it “to provide technical inputs to the Carbon Fund Participants on the selection of Emission Reductions Programs, including on the following aspects: (i) methodologies; (ii) pricing aspects; and/or (iii) other issues of interest to the Carbon Fund Participants”. This document is the terms of reference (ToR) for this TAP. The Facility Management Team (FMT), housed at the World Bank, has hired and managed Ad Hoc TAPs under the Readiness Fund to review Readiness Preparation Proposal (R-PPs) to support the PC’s assessment of R-PPs. These Ad Hoc TAPs have typically consisted of five to eight individual experts selected by the FMT and recruited as Short-Term Consultants for the World Bank from the continually evolving FCPF Roster of Experts (RoE).

TAP to Support the Work of the Carbon Fund

5. To support the development of a methodological framework, a pricing approach, and assessment of Emissions Reductions Program (ERP) proposals for the Carbon Fund (CF), the FMT will select and manage an ad hoc TAP comprised of about four independent experts offering cross-disciplinary expertise in methods, experience to date, and data. Candidates for this TAP can be suggested by CF Participants, Observers, and the FMT. TAP experts will be hired off of the FCPF RoE.

6. This TAP will provide analysis, data, and technical advice to the CF, via the FMT in its role supporting the CF and the PC’s Working Group on the Methodological and Pricing Approach for the Carbon Fund. This Working Group (WG) is currently: a) discussing the approaches proposed by the FMT for development of a methodological framework and pricing approach for the Carbon Fund, and b) drafting recommendations to the PC for adoption of principles for the methodological framework and policy guidance on a pricing approach by PC12 (in June 2012).

7. Note: A separate Ad Hoc TAP already is being established by the FMT on different but related topics, to support requests to the FMT by the CF, and the PC’s WG, for timely information collection, comparison of climate initiative approaches to key issues, and analysis. Since the FMT will manage both TOR, it will work to ensure there are no inefficiencies or duplication of effort.

TAP Expertise Required

8. Based on Carbon Fund and WG discussions to date, TAP expertise is needed in the two major areas described in detail in the Scope of Work below, including, for example:

- i. Comparative knowledge of existing climate policy or other initiatives’ use of carbon accounting and programmatic standards, indicators, and methods; and how various initiatives perform assessment of projects or activities proposed to them;
- ii. Safeguards and benefit sharing approaches used for REDD+ related activities and how these are promoted through the use of standards in such initiatives;
- iii. Comparative knowledge of data and methods on pricing and/or other approaches for assessing performance of for non-carbon benefits (e.g., biodiversity conservation, rural

³ See Resolution CFM/2/2011/1 at <http://www.forestcarbonpartnership.org/fcp/sites/forestcarbonpartnership.org/files/Documents/PDF/Oct2011/CFM2%20Resolution%201%20TAP.pdf>.

livelihoods, ecosystem services) in existing programs in other voluntary and regulatory regimes that include land use projects, and on measurement and monitoring systems for such benefits;

- iv. Other relevant climate policy, program implementation, institutional or regulatory or legal expertise related to the forest and land use sector that may be pertinent to CF work; and
- v. One TAP expert who has served on at least two TAP country R-PP review teams, and who is broadly knowledgeable about the R-PP process and experience, assessment of R-PPs, and lessons learned from the R-PP process, to provide continuity with the Readiness Fund TAP work and methods.

Scope of Work for This TAP

9. For each topic, TAP experts will be requested to assess experience to date in the use of a standards approach or other approaches to define the quality of ERs in existing climate policy regimes like the UNFCCC's Clean Development Mechanism (CDM), the Verified Carbon Standard (VCS), and the California Climate Action Reserve (CAR). This will help provide information and advice on a range of issues being contemplated by the Carbon Fund Participants (or being raised by the PC WG on CF methods and pricing) associated with designing an operational CF. Specific guidance and definition of products and timeline will be provided in separate individualized TOR or other guidance sent by the FMT to TAP members once they are hired.

10. Potential topics for TAP work include the following:

Topic 1: Carbon accounting

Review principles, standards, indicators used in existing or emerging climate initiatives and standards, and methodologies being used in or contemplated by the UNFCCC and other key climate regimes for accounting of emission reductions, in order to assess if such approaches could be adapted by the CF for its needs. Potential subtopics for special consideration include:

- i. What are the options for simpler approaches that could be used for larger-scale programs like those of the CF ERPs or national REDD+ (as opposed to the very detailed and complex CDM-like project methodologies)? For example jurisdictional approaches are under development by VCS, CAR and others that may offer some useful methods or procedures; and
- ii. What does it mean for programs or countries to have their reference levels and monitoring systems to be consistent with the emerging national reference level and monitoring system?

Topic 2: Safeguards and benefit-sharing approaches

Review how other initiatives and forest-related standards:

- i. Address safeguards for REDD+, including those listed in UNFCCC decisions, as amended; and
- ii. Provide for benefit-sharing arrangements for REDD+ or similar land-use programs.

Topic 3: Non-carbon values

Review the different approaches developed to date by other initiatives (e.g., CDM, VCS, Payment for Environmental Services programs, BioCarbon Fund, CCBA, REDD SES) to assess and set the price for including non-carbon values associated with land use projects or programs that would be pertinent to REDD+ activities. A potential subtopic for special consideration is to identify options for consideration by the Carbon Fund on how to build an assessment framework for quantifying non-carbon values that would allow such attributes to be reflected in the price of Emission Reductions Programs (ERPs), in a premium above that price (e.g., like a wildlife premium), or addressed in some other way.

Topic 4: Pricing of carbon assets

Review data and experiences of various major climate or forestry initiatives and private sector investments regarding the pricing of carbon assets, including if and how price differentiation is applied within an initiative. A potential subtopic for consideration is the potential feasibility of using opportunity costs of potential REDD+ lands in their current land uses or alternative uses (like agriculture, timber production or cattle production) to contribute to setting CF ERP prices.

Topic 5: Assessment of Emission Reductions Program proposals

Support the development of an assessment framework for Emission Reductions Program Idea Notes (ER-PINs) and/or other CF documents submitted by FCPF REDD+ countries for large-scale emissions reduction activities (on the scale of roughly \$40 million each). Aspects of specific interest are likely to include providing technical review of the relationship of proposed ER Programs to a country's Readiness Package submitted to the FCPF summarizing the status of progress towards REDD+ readiness.

11. The table below summarizes the two illustrative sets of topics that could be assigned to each of the two Ad Hoc TAPs:

Topic	Carbon Fund Participants' TAP	FMT's TAP
Carbon accounting in other key climate regimes	<ul style="list-style-type: none"> • What are the options for simpler approaches? • What does it mean for programs to have their reference level be consistent with the national reference level? 	<ul style="list-style-type: none"> • Review standards and methods • How do other initiatives perform measurement and monitoring of carbon benefits, and address uncertainty associated with measurement? • How do initiatives set reference levels or baselines for carbon benefits, including how they handle the nesting of subnational projects or programs within the national reference level

Topic	Carbon Fund Participants' TAP	FMT's TAP
Tracking and reporting in how other key climate regimes	<ul style="list-style-type: none"> - 	and monitoring frameworks? <ul style="list-style-type: none"> Do they use a registry, transaction log or other approaches? What variables do such systems track and report? What are the data, cost and capacity requirements?
Safeguards and benefit-sharing approaches	<ul style="list-style-type: none"> Review how other key climate regimes address the UNFCCC safeguards on REDD+ and provide for benefit-sharing arrangements 	<ul style="list-style-type: none"> -
Non-carbon values	<ul style="list-style-type: none"> Review if and how price differentiation is applied within other initiatives. Assess the feasibility of using opportunity costs to contribute to setting CF ERP prices. 	<ul style="list-style-type: none"> Do other initiatives pay premia for additional benefits, and how do they quantify these benefits?
Pricing of carbon assets	<ul style="list-style-type: none"> Inclusion of transaction or implementation costs in price setting 	<ul style="list-style-type: none"> What are the approaches and sources of data are used to set prices in other initiatives?
Assessment of Emission Reductions Programs	<ul style="list-style-type: none"> Providing technical review of the relationship of proposed ER-PINs or other documents to a country's Readiness Package submitted to the FCPF, summarizing the status of progress towards REDD+ readiness 	<ul style="list-style-type: none"> Providing technical review of ER-PINs and/or other documents submitted to the Carbon Fund

Selection of TAP Experts for this Panel, and TAP Methods of Work

12. TAP members will be selected from the FCPF Roster of Experts (RoE), as amended by the FMT to include areas of expertise required by this TOR. No work is guaranteed to any TAP expert on the RoE. Experts will be selected on an as-needed basis by the FMT, for a body of work or period of time determined by the FMT.

13. Work methods: TAP work usually will be performed via desk reviews or studies, conference calls with the FMT or Carbon Fund or others, and potentially one or more face-to-face meetings; occasional travel to present TAP findings or a country site visit is less likely but possible. At the direction of the FMT, each expert will produce individual or collective work, usually focusing on their own area of expertise. Some experts may serve as lead author TAP experts and may be asked to synthesize and/or present TAP work to a TAP, CF, or PC meeting. TAP experts may be asked by the FMT to participate in conference calls with the FMT, other TAP experts, the CF, or others, and frequent email exchanges, and/or occasional meetings at the Bank offices in Washington, DC, or elsewhere are likely.

14. Task time estimate: A provisional estimate is that about four TAP experts in methods and pricing could be needed for an estimated total of five to twelve days apiece during the period of April 15, 2012

to June 30, 2012; and/or during July 1, 2012 to June 31, 2013. TAP lead authors may spend more time than this estimated average.

15. Budget estimate: \$24,200. Assumptions: Four TAP experts working an average of 8 days at an average rate of \$600 net per day at standard World Bank STC rates (\$19,200 subtotal); plus potential travel of 2 experts to WB offices in Washington, DC, or to the CF meeting tentatively scheduled for late June 2012, in Colombia, at \$1,500 each economic class airfare plus 4 days hotel and per diem each at about \$250 per day (\$5,000 subtotal).

Management of the TAP

16. The FMT will receive or anticipate requests for TAP support from the Carbon Fund Participants, and provide technical direction or TOR for specific activities as they arise. The FMT will manage the contracting, work load, and quality of products of individual TAP experts; the synthesis of individual expertise and products into documents; presentations or data useful to the WG; encourage consistency across products; and facilitate sharing of products and knowledge management from TAP products.

17. Products produced under this TAP will be the property of the World Bank, and not of the TAP expert.

18. The names of TAP experts shall be made public, unless for reasons of confidentiality of pricing or other data, or some other compelling reason, one or more experts request not to be named.

19. The FMT will consult with the FCPF CF on any major decisions or commitments of resources required in the management of the TAP.

20. All TAP work is confidential until it is made public by the FMT, to respect the interests of the countries and individuals involved in the FCPF, and cannot be shared with others, unless agreed in writing beforehand by the FMT. TAP experts or the FMT may contact other experts or institutions for technical information, data, or expertise as needed, if communicated beforehand to the FMT. TAP members individually and collectively shall be committed to providing independent, fair and balanced professional services to the FMT.

21. Conflict of Interest: TAP members shall be responsible for identifying to the FMT, prior to performing work on any given task, any potential conflicts of interest between the work they are asked to perform and their financial or other substantive relations with a country, any organizations involved in a task or assessed by a task, the World Bank, or any financial interests. The FMT shall be responsible for reviewing potential conflicts of interest, and resolving them via determining the conflict does not exist or is minor and unlikely to affect the performance of TAP duties; or by mitigating the conflict by reassigning the TAP member or otherwise.

Remuneration for Services of TAP Members

22. The Bank will remunerate, out of the Readiness Fund proceeds, TAP members as individuals on the basis of the Bank's standard Short Term Consultancy (STC) daily rate, B series, at the net or gross rate (i.e., net of tax considerations for non-US citizens; or the gross rate including the estimated tax implications, for US and some other nationality citizens), based on standard World Bank Human Resource considerations (i.e., education level, years of relevant professional experience). The Bank will set the remuneration rate, which the STC TAP member will need to agree to when signing the contract for services. Payment shall occur via standard Bank practices, generally upon timely receipt of the

required products from the member, receipt and FMT approval of an invoice from the TAP member for work performed and other allowed expenses previously approved by the FMT.

23. Note: Please note that acceptance of an STC individual consultancy contract may have implications for a TAP expert's ability to accept a firm-level contract with the World Bank or FCPF FMT, if the expert is a director of your firm, due to World Bank "cooling-off period" regulations. See Annex 1 for details.

24. The Bank will reimburse those TAP members invited by the FMT to the Carbon Fund, PC, TAP or other technical meetings, for their allowable travel and subsistence costs for these meetings, in accordance with World Bank travel policies.

Contract Period and Delivery of Products

25. TAP experts will be eligible for selection to and contracting for any TAP activity by the FMT from about April 15, 2012, to June 30, 2012, with an extension possible by the FMT and World Bank for additional time as needed, up to June 30, 2013 (following the Bank's fiscal year).

26. Individual and synthesis draft or final products or drafts shall be sent electronically to the FMT and other TAP members, as and if directed by the FMT, in a timely manner.

Annex 1: Summary of World Bank “Cooling-off Period” Regulations

World Bank STC contracts include the following statement, or one similar to it:

Current and former Bank Group staff, regardless of appointment type held [including but not limited to Regular, Local Staff Regular, Open-ended, Term, Executive Director's Assistant, Special Assignment, Short Term Consultant (STC), Short Term Temporary (STT), Extended Term Consultant (ETC), Extended Term Temporary (ETT), and Junior Professional Associate (JPA)], are ineligible to be Bank Group vendors or subcontractors to Bank Group vendors, whether as sole proprietors or independent contractors, during their appointment and for a period of twelve months ("Cooling Off Period") from the termination date of their Bank Group appointment. This Cooling Off Period also applies to companies in which a current or former Bank Group staff member is an owner, principal, director or officer, or holds a financial interest. The Cooling Off Period also applies to companies with which close relatives (spouses, parents, full and half siblings, children, aunts, uncles, nieces, nephews and domestic partners) of current or former Bank Group staff are owners, principals, directors or officers, or hold a financial interest. In the context of the Cooling Off Period, "financial interest" does not include negligible stock holdings in entities listed on the S&P 1200. Additional information regarding these restrictions may be found at: <http://www.worldbank.org/corporateprocurement/vendorfaqs/>