Forest Carbon Partnership Facility

4d. Update on Registries

Twenty-fifth Meeting of the Participants Committee (PC25)
Washington DC, USA
March 26 - 28, 2019

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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.

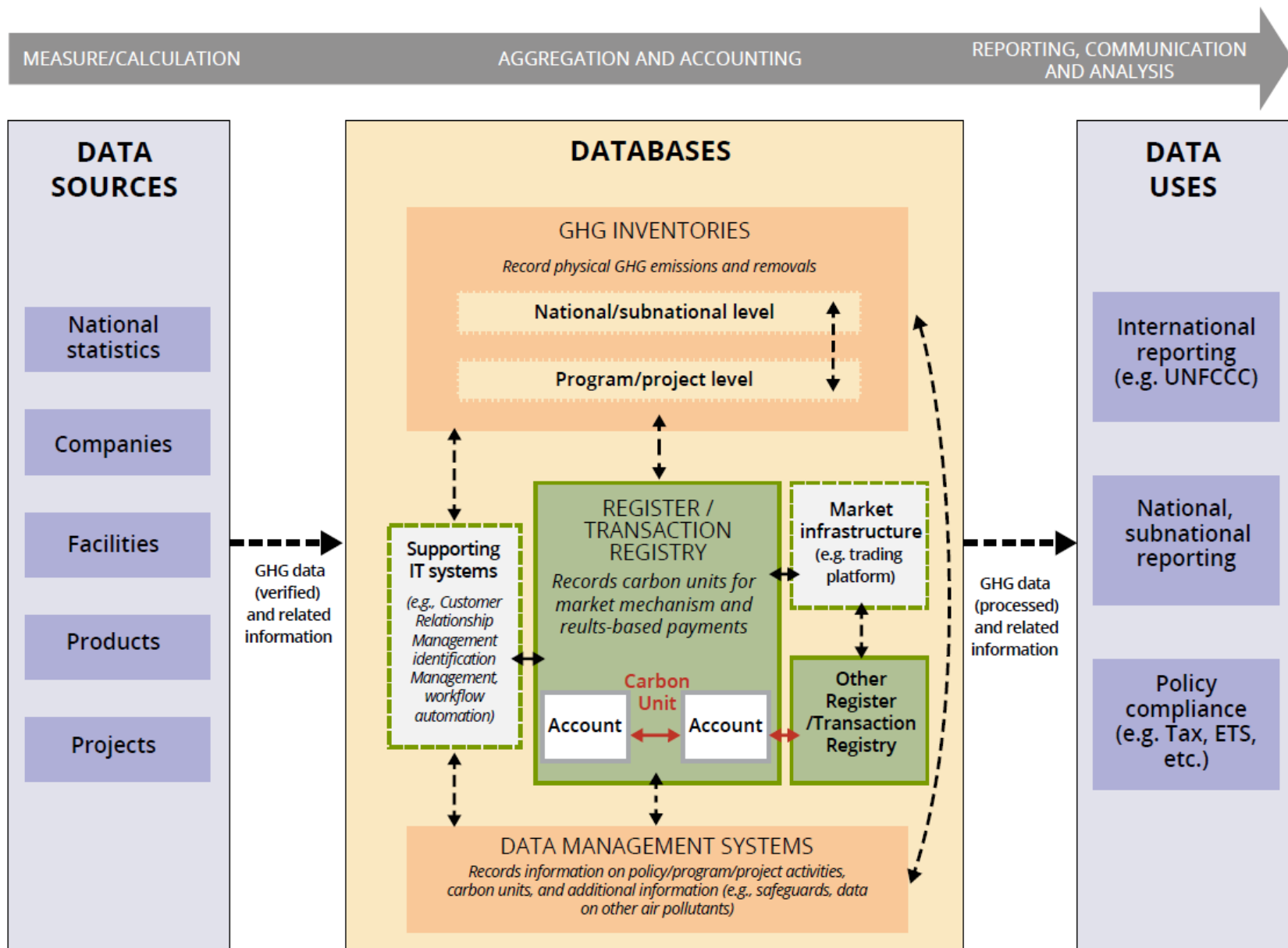System to provide **assurance against double accounting and double payments.**

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

MEASURE/CALCULATION — AGGREGATION AND ACCOUNTING — REPORTING, COMMUNICATION AND ANALYSIS

DATA SOURCES
- National statistics
- Companies
- Facilities
- Products
- Projects

GHG data (verified) and related information

DATABASES

GHG INVENTORIES
Record physical GHG emissions and removals
- National/subnational level
- Program/project level

Supporting IT systems
(e.g., Customer Relationship Management, identification Management, workflow automation)

REGISTER / TRANSACTION REGISTRY
Records carbon units for market mechanism and reults-based payments

Carbon Unit
Account ↔ Account

Market infrastructure
(e.g. trading platform)

Other Register /Transaction Registry

DATA MANAGEMENT SYSTEMS
Records information on policy/program/project activities, carbon units, and additional information (e.g., safeguards, data on other air pollutants)

GHG data (processed) and related information

DATA USES
- International reporting (e.g. UNFCCC)
- National, subnational reporting
- Policy compliance (e.g. Tax, ETS, etc.)

'Emissions Trading Registries: Guidance on Regulation, Development and Administration', 2016, PMR/FCPF

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3 proposals of architecture of a Centralized Registry and Key Functions

1. Proposal based on a FCPF Centralized Registry Model

- Issuance, transfer, cancelation/retirement of ERs

- Linkages to third-party registries (e.g. VCS)

- Administration 'Pooled Reversal Buffer": Buffer Registry

- Tracking/reporting of ERs (portfolio level)

FCPF Centralized Registry

- Tracking/reporting of ERs (country level)

Country Registries

3 proposals of architecture of a Centralized Registry and Key Functions

2. Proposal based on a Country Registries Model

- Issuance, transfer, cancelation/retirement of ERs

- Linkages to third-party registries (e.g. VCS)

- Administration 'Pooled Reversal Buffer": Buffer Registry

- Tracking/reporting of ERs (country level)

Country Registries

- Tracking/reporting of ERs (portfolio level)

FCPF Centralized Registry

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3 proposals of architecture of a Centralized Registry and Key Functions

3. 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 requirements

- Complete functionality at country level

Country Registries

- FCPF Centralized Registry holds country accounts of those CF Countries that prefer not to develop their own registries

- Country and third-party registries communicate with the FCPF Centralized Registry for tracking/reporting purposes (portfolio level) and coordinate operations of the Pooled Reversal Buffer

FCPF Centralized Registry

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1.	QUICK REVIEW

2.	SURVEY

3.	STEPS

Objectives

1) To conduct a survey on transaction registries, collect the results from country focal points, analyze the results and produce an analytical note, including a summary note of REDD+ Countries' decisions and needs, lay out options, and pros and cons of each option.

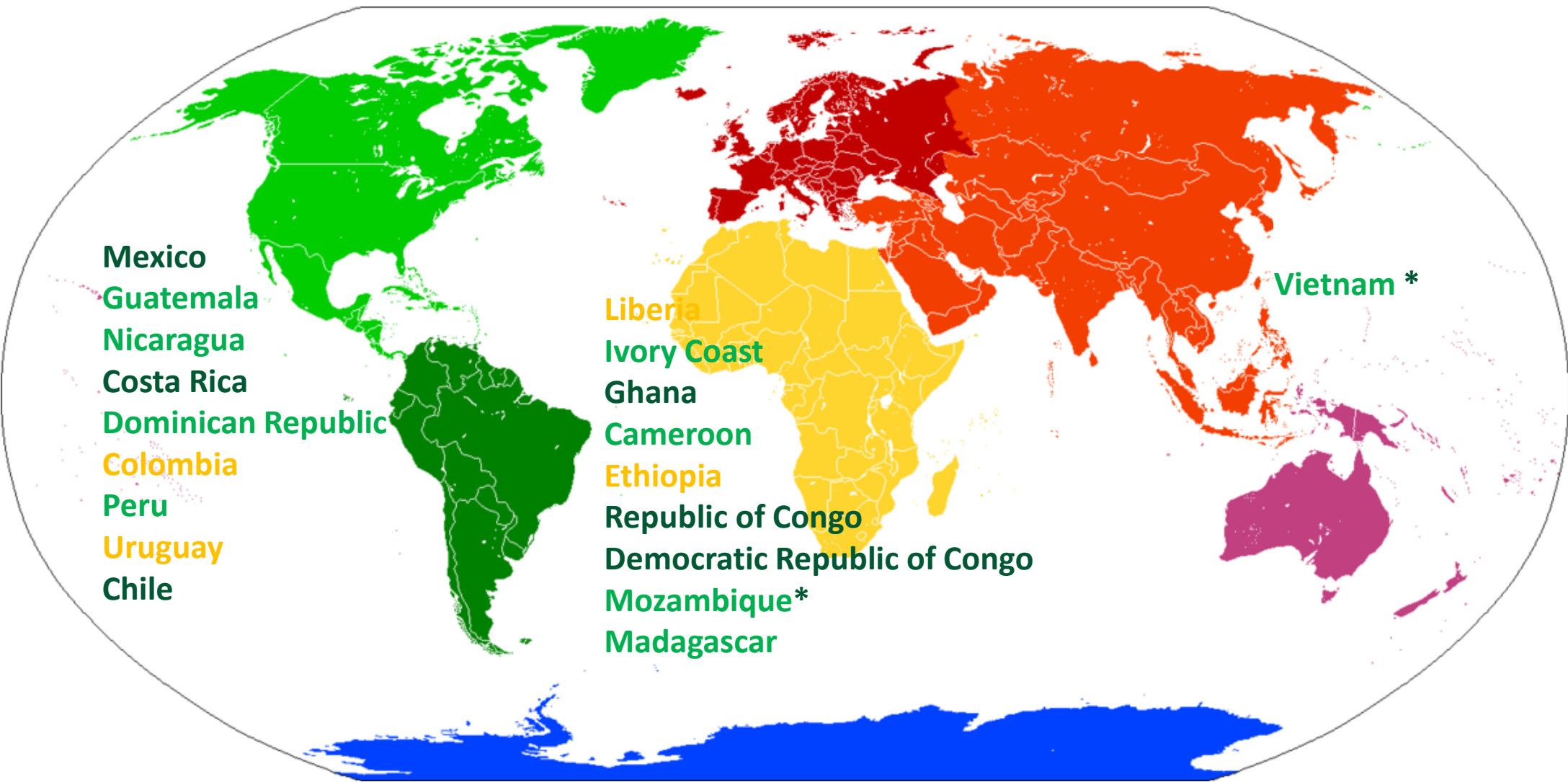2) To disseminate the survey results and findings to REDD+ Countries at CF17 and PC25.

Survey Forms

- Programmatic and legal related aspects *(to understand first the degree of maturity on the path of REDD+)*

- The role of the carbon markets in REDD+ implementation *(to help to design a conceptual note about the complexity and the options within the carbon system in the country and to identify the implications for the registries)*

- The scale of implementation of REDD+ *(to conceptualize the REDD+ scheme in the country)*

- REDD+ and land use-related risks *(to know how the risks related to the project or program implementation and accounting system will be managed)*

Registry design decision based on the scenarios

SURVEY RESPONSES

Countries (9 LATAM, 9 Africa, 1 ASIA)

Mexico
Guatemala
Nicaragua
Costa Rica
Dominican Republic
Colombia
Peru
Uruguay
Chile

Liberia
Ivory Coast
Ghana
Cameroon
Ethiopia
Republic of Congo
Democratic Republic of Congo
Mozambique*
Madagascar

Vietnam *

SURVEY – FINDINGS (1/2)

- Information collected from **19 countries** (FCPF: Readiness, CF, BioCF) from Latin America (9), Africa (9) and Asia (1).

- Regarding the last section of the survey on registry design decisions based on the scenarios:

  - **47%** of the countries **still have not made a decision**

  - **53% have decided to build their own registry in-house**, operating it in-house (also to buy an off-the-shelf registry, operating it in-house could be an option for most of them; 60%)

- **Overall, 11% of the countries have expressed potential interest in using a FCPF centralized registry** (this number could increase considering that 47% still have not made a decision if an operative solution is found).

- The most advanced countries in the preparation of the emission reductions programs (ERPD selected in the portfolio) **have decided to build their own registry in-house, operating it in-house** (but would also consider to buy an off-the-shelf registry, operating it in-house).

- For that 47% that still has not made a decision, **a FCPF centralized registry** could be an interesting option (**Hybrid Model proposal**).

- Transaction registries information at the country level should be **strengthened to support decision making**; calls and presentations will be offered to explain to the national teams fundamentals about transaction registries.

- Given the variation in country suggestions, it looks likely that **both an FCPF centralized registry and in-country registries will evolve**

- The FMT proposes that a centralized registry, even in minimalist form, be available in **case a back-up option is needed in ERPA delivery terms (for uncertainty, reversal and pooled buffers)** and present a 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.**

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1.	QUICK REVIEW

2.	SURVEY

3.	STEPS

- Presentation at the CF17, Jan 30 - Feb 1, 2018

- CFPs welcomed the results of the survey of REDD+ Country participants and suggest the survey be extended to a broader group of countries and stakeholders, such as private sector actors that have experience in operating registries.

- CFPs support the FMT's approach to pursue a simple, low cost, and flexible approach while encouraging the FMT to explore ways to decrease the proposed timeline for operationalization.

- CFPs support the development of a FCPF centralized registry (CF16) considering the economies of scale and attractiveness to the private sector.

- CFPs asked for the FMT to share ongoing work in developing a prototype of a national transaction registry in the DRC.

STEPS - SUPPORTING THE FCPF TO DESIGN ERs TRANSACTION REGISTRIES

Nº	Consultancy	Modality	Timeline
1	**Study on the architecture of an FCPF Centralized Registry System: key functions, operational processes and rules. Analysis of alternatives (operational, technical and cost)**	STC	April 1 - June 30 2018
2	**Supporting analysis on risks and legal issues related to the operations of the FCPF centralized registry system**	STC	April 1 - June 30 2018
3	**Develop a System Blue Print for Country Registries**	STC Ongoing consultancy	Dec. 31 2018
4	**Procurement/development and implementation of the registry system**	Vendor Short-list of qualified firms	July 1 2018 - June 30 2019

STEPS - ACTIVITY #1

Study on the architecture of an FCPF Centralized Registry System and its key functions and supporting operational processes and rules

- Lead: Registry System Analyst - STC
- Tasks: ToR preparation (done), procurement, review, presentation, endorsement
- WBG Team: FCPF Secretariat, ITS, LEGEN, WBG Blockchain Lab, CC Unit

Timeline: April 1 - June 30, 2018 (according to the FCPF M&E Framework)

STEPS - ACTIVITY #1 (CONT.)

Study on the architecture of an FCPF Centralized Registry System and its key functions and supporting operational processes and rules

- To support the FCPF to design an operative solution for the ERs Transaction Registries for their ERs programs (CF and BioCarbon Fund ISFL), through a FCPF centralized registry system that communicates to National or jurisdictional ETSs and allows in turn operate in to participant countries.

- FCPF REDD+ Framework for the FCPF Transaction Registry

- Potential scenarios for the National Transaction Registries and the FCPF transaction Registry

- Risk and volume assessment to be managed by the FCPF Centralized Transaction Registry

STEPS - ACTIVITY #1 (CONT.)

Study on the architecture of an FCPF Centralized Registry System and its key functions and supporting operational processes and rules

- Scope and nature of the service
- RFI (request for interest) to improve knowledge of existing offers and potential providers, but also to assess which solutions are available in practice.
- Registry Functional Requirements
- Registry Technical Requirements (scale/processing capacity and IT environment for IT architecture and security)

Study on the architecture of an FCPF Centralized Registry System and its key functions and supporting operational processes and rules

- RFP (request for proposal) to seek potential registry providers proposals to implement the FCPF Centralized Registry based on the volumes of data expected to be managed by the registry, the security measures required services, the nature of the services expected to be delivered by vendors based on basic registry needs, and the functional and technical requirements for the registry and its associated services, and the technical and financial assessed alternative/s.

STEPS - ACTIVITY #2

Supporting analysis on risks and legal issues related to the operations of the FCPF centralized registry system

- Modality: Legal expert - STC
- Tasks: ToR preparation (done), procurement, review, presentation, endorsement
- WBG Team: LEGEN, FCPF Secretariat, CC Unit

Timeline: April 1 - June 30, 2018 (according to the FCPF M&E Framework)

Supporting Analysis on Risks and Legal Issues Related to the Operations of the FCPF Centralized Registry System

- Alignment with multiple frameworks (international, national, FCPF's ERPAs)

- May consider laws, rules, procedures which:

  - Mandate the creation of the registry system and/or broader MRV platform

  - Mandate creation (registration) or issuance (serialization) of ERs

  - Facilitate the consequences of a unit's surrender, cancellation and retirement

Supporting Analysis on Risks and Legal Issues Related to the Operations of the FCPF Centralized Registry System

- Describe the authority of the registry administrator and transferability of the underlying unit (including tracking) in transaction accounts
- Describe the authority of the registry administrator, as manager of the buffer accounts, to determine the amount of units to be set aside in buffer accounts and to receive/surrender/ cancel/retire related units
- Address the tax consequences of a transfer of a unit
- Describe consequences of non-compliance and access to units
- Determine the insolvency treatment of registry account holders

Develop a System Blue Print for Country Registries

- Lead: Registry System Analyst - STC
- Tasks: ongoing activity for DRC. Analyze if it is required to complete this activity with the development of a prototype (in that case: ToR preparation, procurement, review, presentation, endorsement.
- WBG Team: FCPF Secretariat, ITS, LEGEN, WBG Blockchain Lab

Timeline: By December 31, 2018 (according to the FCPF M&E Framework)

STEPS - ACTIVITY #4

Procurement/development and implementation of the registry system

- Lead: Vendor(s)
- Tasks: Call for EOI and RFP, selection of vendor (short-list), development, testing, implementation
- WBG Team: FCPF Secretariat, ITS, LEGEN, WBG Blockchain Lab

Request budgetary approval as part of the Carbon Fund budget to be approved by the next Carbon Fund meeting in June 2018

Timeline: July 1, 2018 - June 30, 2019 (according to the FCPF M&E Framework)

Options tested for FCPF Centralized Registry (by Dec. 2018)

FCPF Centralized Registry Implementation (by Jun. 2019)

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QUESTIONS