Forest Carbon Partnership Facility

Setting the Stage for ER-PIN Reviews

Ninth meeting of the Carbon Fund (CF9)
Brussels
April 9-11, 2014
Building the portfolio:
What ER-PINs were received (and are expected)

<table>
<thead>
<tr>
<th></th>
<th>Existing</th>
<th>CF9</th>
<th>CF10 (expressions of interest)</th>
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</thead>
<tbody>
<tr>
<td><strong>Africa</strong></td>
<td></td>
<td>DRC</td>
<td>Madagascar</td>
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<td></td>
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<td>Ghana</td>
<td>Mozambique</td>
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<td>Republic of Congo</td>
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<td><strong>Asia</strong></td>
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<td>Nepal</td>
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<td>Vietnam</td>
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<td><strong>Latin America</strong></td>
<td>Costa Rica (LOI)</td>
<td>Chile</td>
<td>Argentina</td>
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<td></td>
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<td>Mexico</td>
<td>Colombia</td>
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<td>Guatemala</td>
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<td>Peru</td>
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How have these ER-PINs been developed?

- Countries made major, largely unfunded, effort to write ER-PINs.
- FMT has provided close support: in-country missions, consultants, technical workshops.
- FMT checked completeness of each ER-PIN:
  - Regarding quality: assessing ER-PINs at this stage. More detailed information required at ER-PD stage (most countries are at Readiness mid-term);
  - Took into account guidance to countries on what needs to be in an ER-PIN;
  - Not yet expected to meet every Methodological Framework standard. Considered 18 overarching questions;
  - Objective: verify submissions were complete, consistent with Readiness information, and that the proposed ER Program has potential to meet ER-PIN selection criteria for selection into the pipeline.
- No TAP review at this stage.
Two decision points to select ER programs:

1. Selection into CF pipeline based on ER-PIN (concept-stage ideas)
   \[\rightarrow\text{signing of Letter of Intent (LOI)}\]
2. Selection into CF portfolio based on ER-PD (full proposal)
   \[\rightarrow\text{signing of Emission Reductions Payment Agreement (ERPA)}\]

CFP discussions: Target of 8-9 +/- LOIs, to eventually sign 5-6 ERPAs.

- Indicative only; dependent on quality of programs.
- LOIs ≥ expected ERPAs = manage risks
  - Experience: Some ER-PINs may not become ER-PDs at all, or ER-PDs that meet requirements or CFPs’ needs.
  - If there is under-delivery or if more CF funds become available, there will be additional Programs under development to buy into.
  - Competitive process on quality and progress.
  - Countries may access other funding if not selected by the CF.
- Signing an LOI does not automatically mean an ERPA will be signed.
1. **include ER-PIN in pipeline, allocate up to $650,000 (subject to a signed Letter of Intent)**
   - to develop ER-PIN into an ER Program Document
   - to support due diligence by World Bank and/or FMT
   - funds will be managed by World Bank and/or FMT
   - *LOI resolution requires setting a maximum value and maximum volume to be contracted.*

2. **allocate up to $200,000 to support revisions to ER-PIN**
   - ER-PIN to be considered for inclusion in pipeline at later stage.
   - funds will be managed by World Bank and/or FMT.

3. **not include the ER-PIN**
   - ER-PIN may be modified and presented again later.
CFPs agreed on 7 criteria for selection of ER-PINs into pipeline

1. **Progress towards Readiness:** The ER Program must be located in a REDD Country Participant that has signed a Readiness Preparation grant agreement (or the equivalent) with a Delivery Partner under the Readiness Fund, and that has prepared a reasonable and credible timeline to submit a Readiness Package to the Participants Committee.

2. **Political commitment:** The REDD Country Participant demonstrates a high-level and cross-sectoral political commitment to the ER Program, and to implementing REDD+.

3. **Methodological Framework:** The ER Program must be consistent with the emerging Methodological Framework, including the PC’s guiding principles on the methodological framework.

4. **Scale:** The ER Program will be implemented either at the national level or at a significant sub-national scale, and generate a large volume of Emission Reductions.

5. **Technical soundness:** All the sections of the ER-PIN template are adequately addressed.

6. **Non-carbon benefits:** The ER Program will generate substantial non-carbon benefits.

7. **Diversity and learning value:** The ER Program contains innovative features, such that its inclusion in the portfolio would add diversity and generate learning value for the Carbon Fund.
Charter: CFPs disclose involvement in ER-PINs, FMT determines whether CFP should recuse from:

- discussion = discussion during plenary
- deliberation = formulation of resolution
- decision = adoption of resolution

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<tr>
<th>Notifications Received</th>
<th>Countries Involved in</th>
<th>FMT Determination</th>
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<tbody>
<tr>
<td>Canada</td>
<td>Mexico</td>
<td>No conflict of interest</td>
</tr>
<tr>
<td>EC</td>
<td>Chile, DRC, Ghana, Mexico, ROC</td>
<td>DRC: Technical support to ER-PIN. Do not recuse from discussion, deliberation; recuse from decision if by vote.</td>
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<td>No conflict of interest</td>
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<td>Norway</td>
<td>DRC, Mexico</td>
<td>No conflict of interest</td>
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<tr>
<td>TNC</td>
<td>Chile, Mexico</td>
<td>Chile: Own/operate a reserve within the accounting area. Do not recuse from discussion; recuse from deliberation, decision.</td>
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<tr>
<td>US</td>
<td>Chile, DRC, Ghana, Mexico, Nepal, ROC</td>
<td>No conflict of interest</td>
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THANK YOU!

www.forestcarbonpartnership.org