Forest Carbon Partnership Facility

Setting the Stage for ER-PIN Reviews

Eleventh meeting of the Carbon Fund (CF11)
Washington, DC
October 6-8, 2014
## Building the portfolio: ER-PINs in the pipeline/under consideration

<table>
<thead>
<tr>
<th></th>
<th>In the pipeline</th>
<th>CF11</th>
<th>Early ideas that did not become ER-PINs</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Africa</strong></td>
<td>DRC</td>
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<td>Madagascar</td>
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<td></td>
<td>Ghana</td>
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<td></td>
<td>Republic of Congo</td>
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<td><strong>Asia</strong></td>
<td>Nepal</td>
<td>Indonesia</td>
<td>Cambodia</td>
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<td>Vietnam</td>
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<td><strong>Latin America</strong></td>
<td>Chile</td>
<td>Guatemala</td>
<td>Colombia</td>
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<td></td>
<td>Costa Rica</td>
<td>Peru*</td>
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<td></td>
<td>Mexico</td>
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* Presented at CF10. Revised, and re-presenting at CF11.

- CFPs aim to finalize pipeline at CF11 ➔ Any ER-PIN not selected at CF11 would not be able to re-present unless the pipeline is reopened.
How have these ER-PINs been developed?

- Countries made major effort to write ER-PINs.
- Facility Management Team (FMT) has provided close support: in-country missions, consultants, technical workshops.
- FMT checked completeness of each ER-PIN:
  - On quality: assessing ER-PINs at this stage. More detailed information required at ER-PD stage (many countries are at Readiness mid-term);
  - Not yet expected to meet every Methodological Framework standard;
  - Considered guidance to countries on what needs to be in an ER-PIN;
  - Considered 18 overarching questions;
  - Made judgment calls (e.g., work in progress on reference levels).
- Objective: verify submissions were complete, consistent with Readiness information, and that proposed ER Program has potential to meet ER-PIN selection criteria **for selection into the pipeline.**
Task at CF11

• Two decision points to select ER programs:

1. Selection into CF pipeline based on ER-PIN (concept-stage ideas) → signing of Letter of Intent (LOI)


• Per CF9: Target of 10-12 LOIs, to eventually sign 8-9 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 Carbon Fund Participants’ needs.
    → If there is under-delivery or if more 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 Carbon Fund.
  – Signing an LOI does not automatically mean an ERPA will be signed.
Options for Selection of ER-PINs

1. include ER-PIN in pipeline, allocate up to $650,000 (subject to a signed Letter of Intent)
   - to support Country to develop ER-PIN into an ER Program Document
   - to support due diligence by World Bank
   - funds will be managed by World Bank and/or FMT
   - Gives green light to country to further develop concept. Not expected to answer all questions before signing an LOI.
   - *LOI resolution requires setting a maximum volume (and possibly maximum value) 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.
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

Other parameters raised by CFPs:
• Regional balance across portfolio
• Quality matters
• Goal of net emission reductions across portfolio
  – countries with high forest cover and low deforestation (HFLD) should not represent a disproportionately large share of the total ER volume or total financial value of the portfolio.
**Conflict of Interest**

- 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

<table>
<thead>
<tr>
<th>Notifications Received</th>
<th>Countries Involved in</th>
<th>FMT Determination</th>
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<tbody>
<tr>
<td>Canada</td>
<td>N/A</td>
<td>No conflict of interest</td>
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<tr>
<td>Germany</td>
<td>Guatemala, Indonesia, Peru</td>
<td>No conflict of interest</td>
</tr>
<tr>
<td>Norway</td>
<td>Indonesia, Peru</td>
<td>No conflict of interest (Note: Making (or intends to make) results-based payments in Indonesia, Peru)</td>
</tr>
<tr>
<td>TNC</td>
<td>Guatemala, Indonesia, Peru</td>
<td>No conflict of interest</td>
</tr>
<tr>
<td>US</td>
<td>Guatemala, Indonesia, Peru</td>
<td>Guatemala: technical support to ER-PIN. Do not recuse from discussion, deliberation; recuse from decision if by vote.</td>
</tr>
<tr>
<td>Private Sector Observer</td>
<td>Peru</td>
<td>No conflict of interest</td>
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</tbody>
</table>
• Deliberation and discussion of decisions in plenary and small groups built-in.
THANK YOU!

www.forestcarbonpartnership.org