



Forest Carbon Partnership Facility

Setting the Stage for ER-PD Reviews

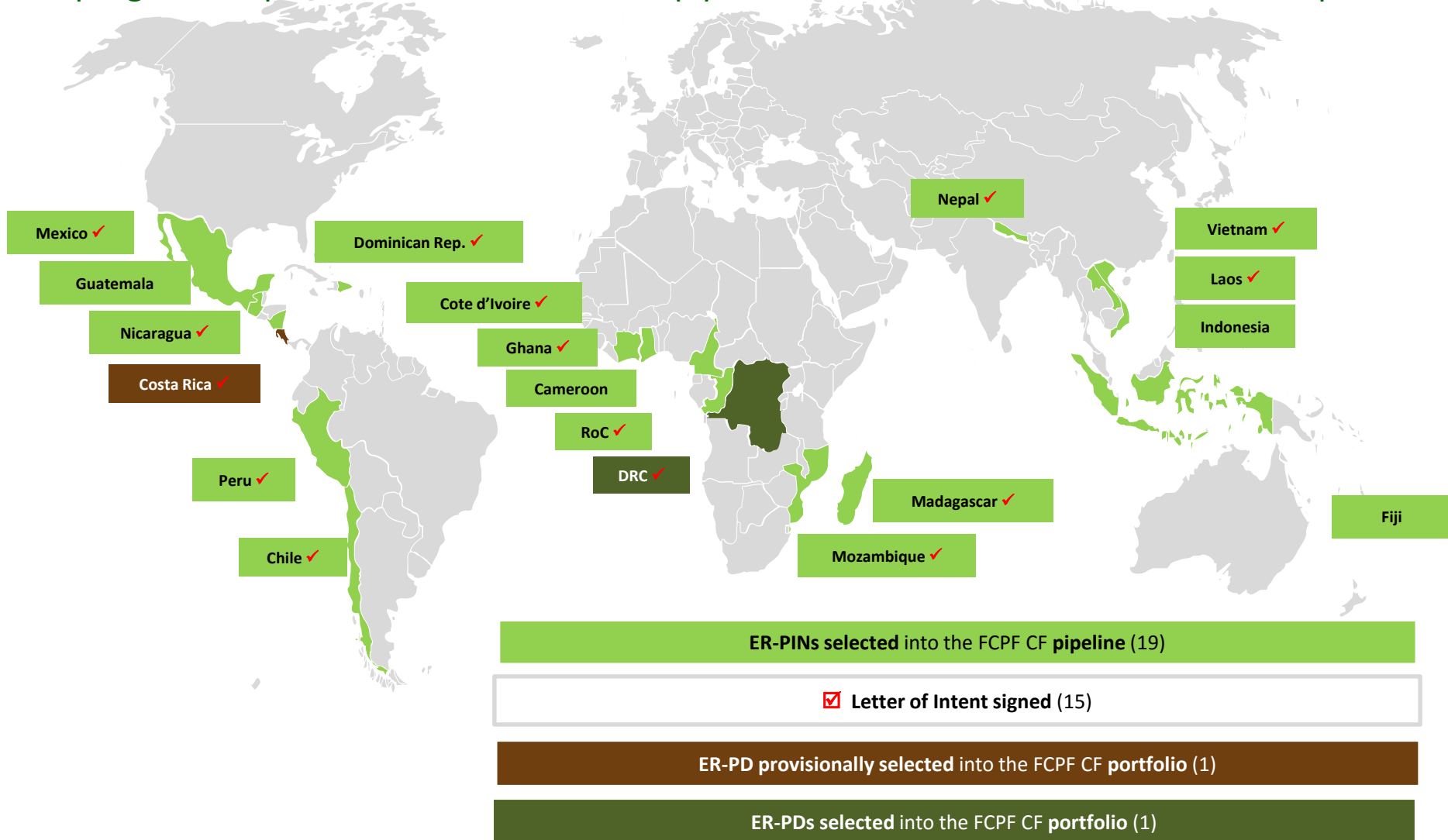
Fifteenth meeting of the Carbon Fund (CF15)

Washington, DC

December 12-15, 2016

Building the Carbon Fund Pipeline and Portfolio

- 2 programs in portfolio so far, 17 more in pipeline → about 12-13 ERPA's in eventual portfolio



Task at CF15

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.

Chile
Mexico
Vietnam

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.

Basis for selection into Carbon Fund portfolio

- Letter of Intent (LOI) was good faith agreement to move forward
- Portfolio selection is on a first come first served basis, while taking into account:
 - quality
 - selection criteria as per ER-PIN criteria, and
 - consistency with the Methodological Framework
- CF15 decision to select ER program would authorize Trustee to start negotiating an Emission Reductions Payment Agreement, subject to World Bank due diligence and approval

ER-PDs have undergone extensive review/revision

- WB supported ER-PD 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 ER-PD** (May/June)
 - TAP performed desk review and provided comments
- REDD Countries produced **Advanced Draft ER-PD** (Aug.)
 - Formal TAP Assessment
 - Virtual review by CFPs and Observers
 - Calls between CFPs, Observers and the Countries to identify key issues

REDD Countries produced **Final ER-PD** based on TAP Assessment and feedback/comments from CFPs and Observers

ER-PD Reviews at CF15

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: completion of World Bank due diligence and final World Bank approval of the program and other requirements, such as a **list of key issues** to be addressed, have been fulfilled to the satisfaction of the World Bank
- iii. Request the REDD Country to **resubmit a revised ER-PD** with specific revisions or attention to certain areas
- 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 resubmit (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 ER-PD**)

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

Country	Notification	Details and FMT Determination
Chile	Australia	<ul style="list-style-type: none"> • No involvement • FMT determination: No conflict of interest
	Canada	<ul style="list-style-type: none"> • Assisting CONAF in design and implementation of wildland fire management systems, . • FMT determination: No conflict of interest
	The Nature Conservancy	<ul style="list-style-type: none"> • TNC staff provided oral views and technical information in consultation workshops on the ER-PD. We have also been involved in certain REDD+ activities related to content described in the ER-PIN and ER-PD: • In March 2013, TNC completed a third-party "validation" process under VCS for Chile's first REDD forest carbon project. The project is located at the TNC-owned and operated Valdivian Coastal Reserve in Chile's temperate rain forest, and is within the five-Region program area proposed by Chile in their ER-PIN. The project is 1,273 ha (86 ha of Avoiding Planned Deforestation from avoided highway construction and 1,187 ha of Avoiding Planned Degradation from avoided conversion to eucalyptus). In November 2013, more than 400,000 credits from the project were also third-party "verified", and will be registered under VCS subject to a final review, currently in process, by VCS. • In addition, TNC has successfully certified the Valdivian project under the Climate, Community and Biodiversity Standards. It is our understanding that the methodology and baseline developed for the Valdivian Coastal Reserve project will be incorporated into the Chilean government's policy plan. • TNC provided the government with the biomass inventory data and analysis that we funded and used in development of the VCR carbon project. This data informed their regional biomass baseline studies. • TNC participated in Experts Workshops that contributed to development of Chilean government's climate change policy and supported events for the government to present this initiative to businesses in Chile and at COP19. • FMT determination: Do not recuse from discussion; recuse from deliberation, decision.

Conflict of Interest

Country	Notifications	Details and FMT Determination
Mexico	Australia	<ul style="list-style-type: none"> No involvement FMT determination: No conflict of interest
	Canada	<p>Since 2008, the Canadian Forest Service (CFS) has conducted technical and scientific exchanges with Mexico in order to support Mexican efforts to develop a monitoring, reporting and verification (MRV) system for REDD+, pursuant to the provisions of the General Climate Change Law, which will contribute to national efforts in:</p> <ul style="list-style-type: none"> quantifying the dynamics and levels of forestry sector greenhouse gas emissions, including the role of harvested wood products; supporting decision-making to develop policy and program options that encourage mitigation actions in the forest sector; and continued implementation of the Carbon Budget Model CBM-CFS3 as an approach to further efforts in meeting international reporting commitments and in support of the analysis of REDD+ scenarios and projections of future greenhouse gas emissions in the forest sector. <p>Over the past year, the CFS in collaboration with CONAFOR, CONABIO and Mexico's National Meteorological Service have also made significant progress on the software design for the Mexico Fire Danger Rating System (FDRS) which is based on Canada's FDRS. This new software is ready for testing in Mexico. During a forthcoming workshop in Guadalajara (early 2017) a team of CFS staff is scheduled to provide instruction, initial installation and testing of the new system.</p> <p>FMT determination: No conflict of interest</p>
	European Commission	<p>Conservation and sustainable dry land management in Mesoamerica: Contribution to combating desertification, adaptation to climate change and reducing emissions from deforestation and degradation / financed by the Environment thematic programme / 0.72 million EUR of EU contribution / 2010-2013.</p> <ul style="list-style-type: none"> Linking REDD+ mechanism with local implementation, the forest component of the Special Climate Change Programme of Mexico / financed by the Latin America Investment Fund (LAIF) / 2 million EUR of EU contribution / started in 2010. Combating Climate Change in Agriculture Programme - Support FIRA's strategy for mitigation and adaptation to climate change in the agricultural sector in Mexico (NB: FIRA is a Mexican financial institution supporting the agricultural sector) / financed by LAIF / 5 million EUR of EU contribution FMT determination: No conflict of interest

Conflict of Interest

Country	Notifications	Details and FMT Determination	
Mexico	Germany	<p style="text-align: center;"><i>Financial Cooperation</i></p> <ul style="list-style-type: none"> • No REDD engagement; Indirect support to Forest and Biodiversity projects; Indirect support to an afforestation program • FMT determination: No conflict of interest 	<p style="text-align: center;"><i>Technical Cooperation</i></p> <ul style="list-style-type: none"> • No REDD engagement; Indirect support to Forest & Biodiversity Program • Two ICI projects with IUCN: (1) REDD+ benefits: designing REDD+ benefit sharing systems that reduce poverty (12/2012 till 11/2015) https://www.international-climate-initiative.com/en/projects/projects/details/redd-benefits-designing-redd-benefitsharing-systems-that-reduce-poverty-324/; (2) Carbon sequestration in forests through landscape restoration and conservation of biodiversity (04/2011 till 06/2013) https://www.international-climate-initiative.com/en/projects/projects/details/65/ • FMT determination: No conflict of interest
	Norway	<p>Norway, through UNDP, funds the project “Reinforcing REDD+ Readiness in Mexico and enabling South-South cooperation” with a total of 15 million USD for the period 2011-2015. Implemented by Mexico’s national forestry commission, CONAFOR, with support from FAO; this project has three goals:</p> <ol style="list-style-type: none"> 1) To stimulate and support a multiscale MRV system to support national REDD+ reporting and improves monitoring of forest resources beyond carbon. 2) To position Mexico as a centre of regional MRV excellence. 3) To share experiences and case studies in defining local incentives for reduced deforestation and degradation. <p>FMT determination: No conflict of interest</p>	

Conflict of Interest

Country	Notifications	Details and FMT Determination
Mexico	The Nature Conservancy	<p>The Nature Conservancy reviewed, commented, and contributed to portions of the ER-PD.</p> <p>Additionally, TNC staff have been involved in shaping key elements of Mexico’s REDD+ system, as described in the ERPD:</p> <ul style="list-style-type: none"> TNC leads a consortium of organizations, the Mexico REDD+ (“MREDD”) Alliance funded largely by USAID, which is working closely with CONAFOR, several State Governments, and other stakeholders in supporting the development of Mexico’s REDD+ program. MREDD is supporting work on policy, capacity building, finance and MRV at national, State and local levels. One of the state-level initiatives where MREDD and TNC are providing technical and strategic advisory support on REDD+ program development is the three States of the Yucatan, which is one of the program areas proposed in the Mexico ER-PIN. <p>FMT determination: Do not recuse from discussion; recuse from deliberation, decision.</p>
	United States	<ul style="list-style-type: none"> USAID/Mexico's MREDD program supports the Government of Mexico in the formulation and implementation of the National REDD+ strategy. The program has been working particularly on the social and environmental safeguards, MRV mechanisms, financial architecture, and technical and institutional capacities for REDD+. As part of this effort, the program is also providing support to the national Consultative Technical Council for REDD (CTC-REDD), a participatory body including representatives from the GoM, academia, civil society and forest communities, to better accomplish its goal of serving as an inclusive platform for the broad participation in and consultation on the development of the country's REDD strategy; as well as to similar bodies operating at the state level. Many of the REDD-related initiatives that the GoM is undertaking (such as projects funded by the World Bank, IADB, other bilateral donors, etc.) are discussed in or informed to the CTC-REDD. However, the MREDD program has not been involved in the formulation of the ER-PIN itself. The U.S. is a donor to the Forest Investment Programme, which funds activities in Mexico. FMT determination: No conflict of interest

Conflict of Interest

Country	Notifications	Details and FMT Determination
Vietnam	Australia	<ul style="list-style-type: none"> No involvement FMT determination: No conflict of interest
	Canada	<ul style="list-style-type: none"> No involvement FMT determination: No conflict of interest
	European Commission	<ul style="list-style-type: none"> The EU delegation is supporting the national FLEGT/REDD+ processes, with EFI's EU REDD/FLEGT Facilities. The country participates in the ReCaREDD to help the development of methodologies and capacities to benchmark and monitor degradation FMT determination: No conflict of interest
	Germany	<ul style="list-style-type: none"> Germany was involved in the ERPD preparation to a limited extent: GIZ Forest-Biodiversity project provided short background papers for integration into the ERPD on specific topics: Land Use Planning and Land Allocation, and Sustainable Forest Management Germany has been involved in projects related to the content of the ERPD, of which lessons-learnt and experiences have been partially integrated into the ERPD: GIZ Phong Nha Ke Bang Project: MRV, RL, Safeguards, Benefit Sharing GIZ Forest Project: Sustainable Forest Management GIZ Biodiversity Project: Effective Management of Protected Areas KFW project in Northern Vietnam: Sustainable Forest Management (Inventory data) KFW: IKI/BMUB Project on REDD regarding leakage from Vietnam to Laos. FMT determination: Do not recuse from discussion; recuse from deliberation, decision.

Conflict of Interest

Country	Notifications	Details and FMT Determination
Vietnam	Norway	<ul style="list-style-type: none"> In 2012, Norway and Vietnam signed a climate and forest agreement. The agreement included support for capacity building and institutional development in Vietnam. The funding is channelled through the UN-REDD Programme. In addition, Norway provides financial support to civil society organizations working on forest issues in Vietnam. The government of Norway has had no involvement in drafting of the ER-PIN or ER-PD. FMT determination: No conflict of interest
	The Nature Conservancy	<ul style="list-style-type: none"> No involvement FMT determination: No conflict of interest
	United States	<ul style="list-style-type: none"> USAID’s Vietnam Forests and Deltas Program is enhancing climate change resilience planning and action from community to national level. The program will put into practice the national policies and strategies on response to climate change and low emissions development with a focus on reducing emissions from forestry and agriculture sectors and strengthening climate-smart livelihoods and settlements, particularly in rural areas. Addressing long-term climate change risks and gender vulnerabilities in both forest and delta landscapes are key program objectives. USAID’s Lowering Emissions in Asia’s Forests provides support to Vietnam on the development of Lam Dong Provincial REDD+ Action Plan (PRAP), the first provincial plan to be received approval in Vietnam. The PRAP will outline the Provincial Reference level, policies and measures to reduce GHG emissions, a forest measuring and monitoring system, financial investment, and incentive and benefit sharing models. The program, in collaboration with UN-REDD, also provides technical support to the development of Vietnam National REDD+ Fund for the country to be able to apply financial incentives for activities that reduce emissions in the agriculture, forestry and land use sector. The program has actively shared its experience and tools developed in Vietnam with ASEAN countries through various regional platforms. FMT determination: No conflict of interest



THANK YOU!

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