



Forest Carbon Partnership Facility

FMT's Update on Carbon Fund Progress made since CF14

Fifteenth Meeting of the Carbon Fund (CF15)

Washington, DC, December 12-15, 2016

Progress since CF14 in June 2016: Financial Contributions

Signed agreements on pledged funding:

- **Agreements were entered into with:**
 - **Germany for Euro 50 million (US\$ 53.5 million)**
 - **US for US\$ 4.5 million**
- **As such, all pledged funding has been committed.**
- **The Facility has a committed capital of \$1.1 billion:**
 - **Readiness Fund: \$366 million**
 - **Carbon Fund: \$736 million**

Progress since CF14 in June 2016: Pipeline and Portfolio

Signature of LOIs:

- **Lao PDR signed LOI.** Total of 15 signed LOIs.

Revised ER-PINs for countries conditionally selected into the pipeline:

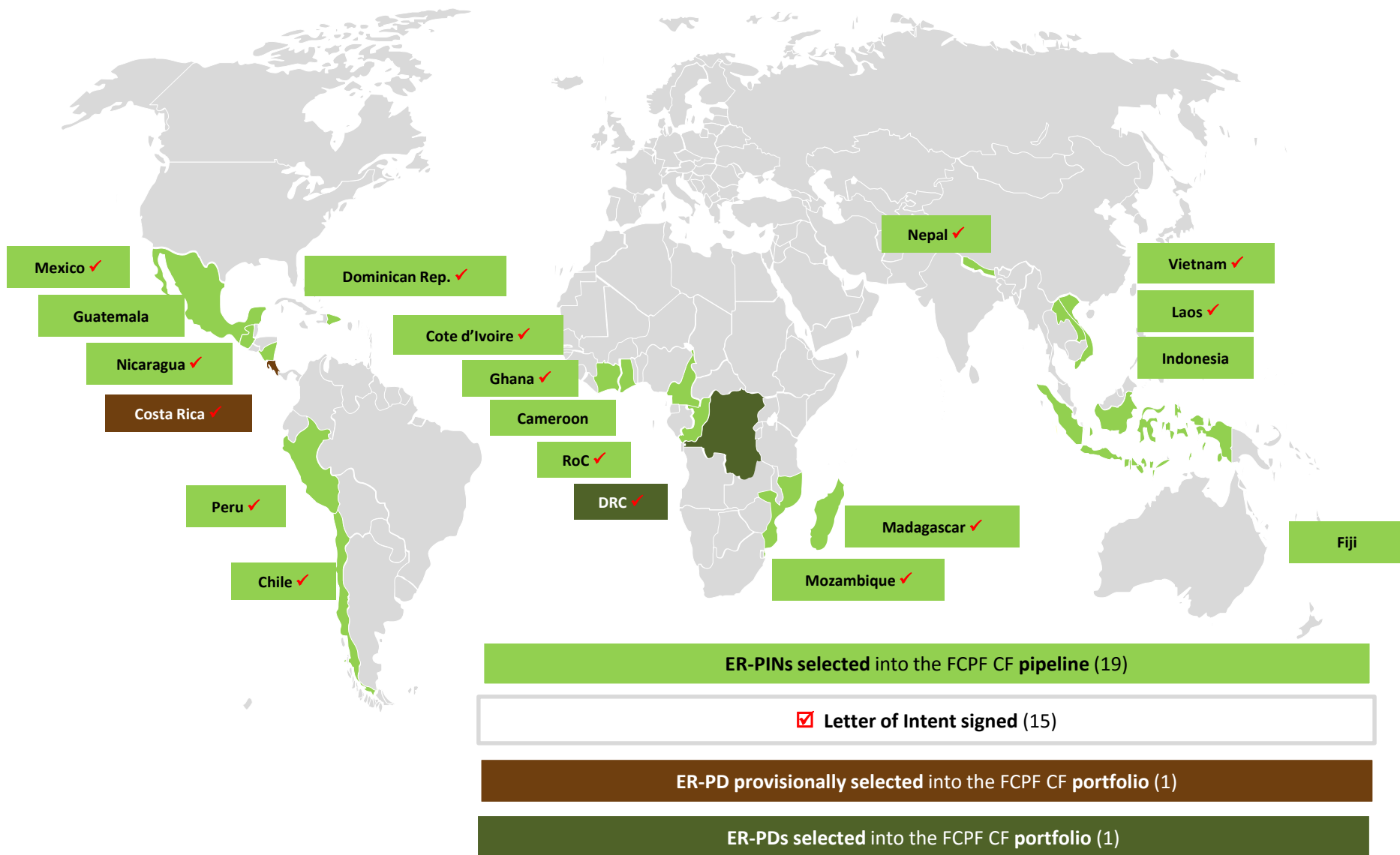
- **Cameroon submitted a revised ER-PIN** that addressed conditions as identified in the respective resolution. A double two thirds majority of CFPs in each tranche provided affirmative consent. Total of 19 ER-PINs in the pipeline.

Revised ER-PD for countries provisionally selected into the portfolio:

- **DRC submitted a revised ER-PD** that addressed conditions as identified in the respective resolution. Based on no objection from CFPs, DRC's ER-PD is now the first included in the portfolio. ³

FCPF Carbon Fund Pipeline and Portfolio

as of December 12, 2016



Interim milestones agreed at CF13

At CF13, CFPs adopted a [resolution](#) on milestones and deadlines for ER-PINs to encourage REDD countries to continue efforts to swiftly advance on ER Program development. The table below shows deadlines to be met.

Guyana	CF15	ER-PINs that were presented at CF13 were invited to come back with a revised ER-PIN for potential selection by CF15. Guyana decided to focus on readiness progress instead.
Deadlines for entering into an Lol:		
Selected prior to CF13, original deadline: April 8, 2016		
Guatemala	March 31, 2017	Deadline initially extended to Oct 5, 2016 due to changes in government following elections; deadline extended again based on request from the Ministry of Public Finance
Selected on or after CF13 (or provisionally selected) - Deadline: 9 months after ER-PIN selection		
Fiji	February 18, 2016	Provisionally selected at CF13; Revised ER-PIN included in pipeline on May 18, 2016
Indonesia	March, 22, 2017	Provisionally selected at CF11; Revised ER-PIN included in pipeline on June 22, 2016
Cameroon	August 21, 2017	Provisionally selected at CF14; Revised ER-PIN included in pipeline on November 21, 2016

Progress since CF14 in June 2016: Technical Assessments

Technical Assessments completed for 2nd batch of ER-PDs:

- **Chile, Mexico, and Vietnam:** Assessments of ER-PDs by the TAP and by CFPs completed for presentation and potential selection at CF15.

Technical Assessments underway for 3rd batch of ER-PDs:

- **Ghana and Republic of Congo:** Advanced draft ER-PDs and respective initial TAP assessment reports have been posted. ER-PD finalization underway for presentation and potential selection at CF16 (April 2017).

Expected 4th batch of ER-PDs:

- 3-4 additional ER-PDs are expected to be submitted early next year for presentation and potential selection at CF17 (December 2017).

Expected ER-PD review periods in 2017

ER-PD review periods:

CFPs requested early heads-up on periods with intensive work loads in terms of document review.

- **Mid March 2017:** review of final ER-PDs for Ghana and RoC for potential selection at CF16 in April 2017
- **July-early September 2017:** virtual review of 4th batch of 'advanced draft ER-PDs' (3-4 ER-PDs are expected)
- **Early November 2017:** review of final ER-PDs for potential selection at CF17 in December 2017

Progress since CF14 in June 2016: Portfolio risk management

ER Delivery Risk Assessment Tool:

Purpose: Tool will quantitatively estimate the portfolio's expected ERPA delivery over time and will inform ERPA contracting, business planning, and portfolio management.

Status:

- Tool is in final development stage and an initial rapid assessment of the portfolio was done.
- Tool will be fine-tuned and more thorough country-by-country assessments done to increase accuracy of portfolio risks.
- Final tool and results will be presented at CF16.

Progress since CF14 in June 2016: Technical Guidance and Training

Technical Guidance and Training:

- Comprehensive report on **“Emissions Trading Registries – Guidance on Regulation, Development and Administration”** was published.
- 2nd and 3rd **regional training workshops of series on forest monitoring** were held in Lima, Peru in July 2016 and in Addis Ababa, Ethiopia in September 2016.
- Global stakeholder meeting of IP and CSOs engaged in REDD+ specifically focusing on the proceedings of the Carbon Fund in Washington, DC, in October 2016



Progress since CF14 in June 2016: Independent Evaluation

Second Independent Evaluation:

- The second independent evaluation of the FCPF was completed in November 2016.
- The [report](#) is available on the FCPF website and includes a joint response from the PC, Delivery Partners and World Bank management to recommendations (see chapter 7).
- Several recommendation related specifically to the Carbon Fund (i.e., Methodological Framework, private sector engagement, consultation, Charter).
- An action plan for implementing relevant recommendations is currently under preparation under the guidance of the Oversight Committee and will be shared with all Participants for adoption no later than PC23 (March 2017). Inputs by requested by December 15.

Expected discussion topics in 2017

(aside from ER Programs)

Expected discussion topics in 2017:

- Virtual discussion of the action plan in response to the recommendation of the independent evaluation (action plan to be presented at PC23 in March 2017)
- Revisit financing arrangements to address financing gaps in ER Programs
- Discussion on options for “soft closure” of CF tranches
- Guidance on ERPA negotiations and concrete preparations for the first ERPA negotiations
- Market-based opportunities for REDD+: Stay engaged in discussion related to ICAO’s global market-based measure (GMBM) to control CO₂ emissions from international aviation

Focus of FMT for 2017

- Support to countries in **ER Program development**
- Complete **due diligence** for countries (provisionally) selected into the portfolio
- Leverage additional investment to finance/strengthen **financial viability of ER Programs**
- Support countries in **meeting remaining indicators of the Methodological Framework** (e.g., Benefit-Sharing-arrangements, ER title transfer ability, etc.)
- **Build country capacity for ERPA negotiations** (commercial terms, contract ERs vs option ERs, etc.)

Focus of FMT for 2017

(in broader WBG context)

In the broader World Bank context, in particular as per the WBG's Forest Action Plan and Climate Change Action Plan:

- Work closely with World Bank teams to develop/implement **large-scale, multi-sectoral programs promoting 'forest-smart development'** supporting implementation of countries' NDCs.
- Ensure better integration with WBG country portfolios through **'programmatic approach'**.
- Prepare **Country Forest Notes** for first priority countries to better understand land-use dynamics, cross-sector integration, and economic and poverty impact of forest interventions.

