



Forest Carbon Partnership Facility

Setting the Stage for ER-PD Reviews

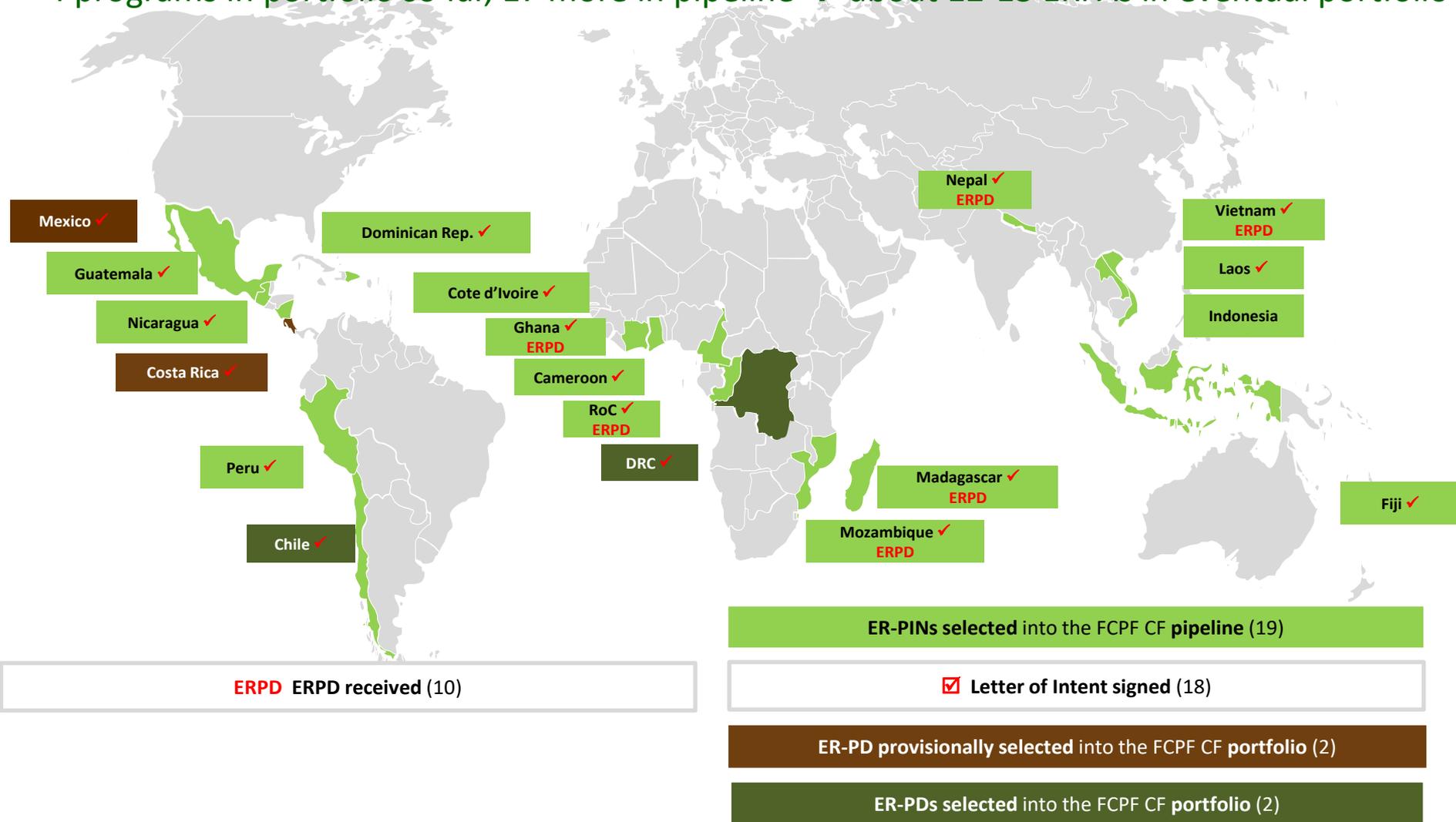
Sixteenth meeting of the Carbon Fund (CF16)

Paris, France

June 19-22, 2017

Building the Carbon Fund Pipeline and Portfolio

- 4 programs in portfolio so far, 17 more in pipeline → about 12-13 ERPAs in eventual portfolio



Task at CF16

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.

Ghana
ROC

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
- CF16 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** (Nov/Dec)
- TAP performed desk review and provided comments
- REDD Countries produced **Advanced Draft ER-PD** (Feb)
 - 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 CF16

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 (Section 8.3): CFPs disclose involvement in ER-PDs, FMT determines whether CFP should recuse from:
 - discussion = discussion during plenary
 - deliberation = formulation of resolution
 - decision = adoption of resolution
- Under the Charter CFPs should disclose the following:
 - 1) direct involvement in preparing or implementing the ER Program (including preparation of the ERPD)
 - 2) engagement in a separate transaction for ERs from same ER Program
- Based on previous notifications from ER-PIN submission (April 2014)
- If circumstances have changed, please inform FCPF lawyers

Conflict of Interest

Notifications Received	Countries Involved in	FMT Determination
EC	Ghana and ROC	No conflict of interest
Germany	Ghana and ROC	No conflict of interest
US	Ghana and ROC	No conflict of interest



THANK YOU!

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