



Forest Carbon Partnership Facility (FCPF)
Sixteenth Meeting of the Carbon Fund (CF16)
June 19-22, 2017

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AGENDA

Monday, June 19, 2017

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| 8:30-9:00am | Registration |
| 1. Opening | |
| 9:00-9:30am | a. Welcome, objectives and review of agenda <ul style="list-style-type: none"> • Chair: Anthony Bennie, Australia |
| 9:30-10:00am | b. Overview of Emission Reductions Program Documents (ER-PDs) to be presented at CF16 <ul style="list-style-type: none"> • Overview of Ghana ER-PD (15 minutes) • Overview of Republic of Congo (ROC) ER-PD (15 minutes) |
| 10:00-10:30am | <i>Coffee break</i> |
| 2. Emission Reductions Program Documents (ER-PDs) | |

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| 10:30-11:00am | a. Setting the stage for ER-PD Reviews (selection criteria and guiding principles) <ul style="list-style-type: none"> • Simon Whitehouse, Fund Manager, Facility Management Team (FMT) |
| 11:00-12:00pm | b. Ghana ER-PD (<i>Resolution will be sought in session 5a</i>) <ul style="list-style-type: none"> • World Bank update (10 minutes) • TAP comments on ER-PD (10 minutes) • Country response to TAP, CFP and Observer comments received during the review process (20 minutes) • Clarifications and discussion on country response (20 minutes) |
| 12:00-1:00pm | c. Republic of Congo (ROC) ER-PD (<i>Resolution will be sought in session 5a</i>) <ul style="list-style-type: none"> • World Bank update (10 minutes) • TAP comments on ER-PD (10 minutes) • Country response to TAP, CFP and Observer comments received during the review process (20 minutes) • Clarifications and discussion on country response (20 minutes) |
| 1:00-2:00pm | Lunch |
| 3. Letters of Intent | |
| 2:00-3:30pm | a. Indonesia Letter of Intent <ul style="list-style-type: none"> • Dr. Nur Masripatin, Director General of Climate Change, Ministry of Environment and Forestry • Pak Henry Bastaman, Director General of Forestry and Environmental Research Development Innovation Agency |
| 3:30-4:00pm | Coffee break |
| 4:00-5:30pm | Facilitated discussion group on Ghana's ER-PD |
| 5:30-7:00pm | Facilitated discussion group on ROC's ER-PD |
| End of day <i>(Time for private group discussions (CFPs, Observers, REDD Countries) if desired)</i> | |

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| Tuesday, June 20, 2017 | |
| 4. Facility Issues | |
| 8:30 – 9:30am | a. Private Sector Engagement <ul style="list-style-type: none"> • Ellysar Baroudy, Program Coordinator, FMT • Tracy Johns, World Bank |
| 9:30-10:30am | b. Update on progress made since CF15 <ul style="list-style-type: none"> • Ellysar Baroudy, Program Coordinator, FMT |

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| 10:30-11:00am | Coffee break |
| 5. Portfolio Management and Decisions on ER-PDs | |
| 11:00am-12:00pm | a. Portfolio Management and Decisions on ER-PDs – Resolutions sought on Ghana and ROC ER-PDs <ul style="list-style-type: none"> • Simon Whitehouse, Fund Manager, FMT • Alex Lotsch, World Bank |
| 5. Facility issues (continued) | |
| 12:00-1:00pm | c. Verification process <ul style="list-style-type: none"> • Andres Espejo, FMT |
| 1:00-2:00pm | Lunch |
| 2:00-3:30pm | d. Transfer of title <ul style="list-style-type: none"> • Markus Pohlmann, Legal Department, World Bank • Sachiko Morita, Legal Department, World Bank |
| 3:30-4:00pm | Coffee break |
| 4:00-5:00pm | Facilitated discussion group on ROC's ER-PD |
| 5:00-6:00pm | Facilitated discussion group on Ghana's ER-PD |
| End of day <i>(Time for private group discussions (CFPs, Observers, REDD Countries) if desired)</i> | |

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| Wednesday, June 21, 2017 | |
| 9:00-9:30am | Feedback from facilitated discussion groups and any private discussions |
| 4. Facility issues (continued) | |
| 9:30-10:45pm | e. ICAO <ul style="list-style-type: none"> • Markus Pohlmann, Legal Department, World Bank • Simon Whitehouse, Fund Manager, FMT |
| 10:45-11:00am | Coffee break |
| 11:00am-12:00pm | f. Practical application of the Methodological Framework: Carbon accounting and TAP process issues <ul style="list-style-type: none"> • Andres Espejo, FMT |
| 12:00-1:30pm | g. Emerging questions on ER-PD development |

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| | <ul style="list-style-type: none"> Andres Espejo, FMT |
| 1:30-2:30pm | Lunch |
| 2:30-3:45pm | h. Registries <ul style="list-style-type: none"> Pierre Guigon, World Bank Andres Espejo, FMT, Alex Lotsch, World Bank |
| 3:45-4:00pm | Coffee break |
| 4:00-5:00pm | Facilitated discussion group on Ghana's ER-PD |
| 5:00-6:00pm | Facilitated discussion group on ROC's ER-PD |
| End of day <i>(Time for private group discussions (CFPs, Observers, REDD Countries) if desired)</i> | |

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| Thursday, June 22, 2017 | |
| 9:30-10:00am | Feedback from facilitated discussion groups and any private discussions |
| 4. Facility issues (continued) | |
| 10:00-11:00am | i. Update on options for upfront financing of ER Programs <ul style="list-style-type: none"> Rama Reddy, FMT |
| 11:00-11:30am | Coffee break |
| 11:30am-12:30pm | j. Evaluation <ul style="list-style-type: none"> Neeta Hooda, World Bank |
| 12:30-1:30pm | Lunch |
| 6. Closing | |
| 1:30-2:00pm | a. Next meetings <ul style="list-style-type: none"> Breen Byrnes, FMT |
| 2:00-3:00pm | b. Adoption of Resolutions <ul style="list-style-type: none"> Chair: Anthony Bennie, Australia Markus Pohlmann, Legal Department, World Bank |
| 3:00-3:30pm | c. Conclusions <ul style="list-style-type: none"> Chair: Anthony Bennie, Australia |

ANNOTATIONS

All background documents are available on the CF16 page of the FCPF website at: [this link](#)

Session 1b. Overview of Emission Reductions Program Documents (ER-PDs) to be presented at CF16

Background: Ghana and ROC have each submitted an ER-PD for consideration by CFPs and potential selection into the Carbon Fund portfolio.

Background documentation: The ER-PDs and Technical Advisory Panel (TAP) reviews of the ER-PDs are available on the individual country pages and the CF16 page.

Expected CFP action: No CFP action is expected during this session. The selection of which ER-PDs will be invited into the Carbon Fund portfolio will take place in Session 3 (Portfolio Management and Decisions on ER-PDs). See annotations for Session 3.

Session 2a. Setting the stage for ER-PD Reviews (selection criteria and guiding principles)

Background: There are two decision points related to selection of ER programs into the Carbon Fund:

- i. Selection into the **pipeline** of the Carbon Fund based on an Emission Reductions Program Idea Note (ER-PIN). At CF4 in June 2012, CFPs agreed on seven criteria for review and selection of ER-PINs into the pipeline:
 1. Country progress towards Readiness
 2. Political commitment
 3. Consistency with the Methodological Framework
 4. Scale
 5. Technical soundness
 6. Non-carbon benefits
 7. Diversity and learning value

- ii. Decision to proceed to the Carbon Fund based on an Emission Reductions Program Document (ER-PD). As per the Process Guidelines for the Carbon Fund:

“Based on the information available to date, which may include the FCPF Participants Committee’s endorsement of the country’s Readiness Package, the final ER Program Document, the TAP assessment of the final ER Program Document, the World Bank’s due diligence, and technical, financial and legal information (e.g., business model, progress made in assigning a national authority with the responsibility to approve ER Programs by issuing final Letters of Approval (LoAs), etc.), the CFPs of the respective Tranche(s) decide whether to proceed to negotiating an ERPA for the proposed ER Program.”

At CF16, CFPs will be reviewing two ER-PDs (decision point ii above). The FMT will provide background information on the process for reviewing these ER-PDs, as an introduction to the presentations of the ER-PDs themselves (sessions 2b-c).

Background documentation: The draft presentation will be available on the CF16 page of the website. The Process Guidelines for the Carbon Fund are available at <https://www.forestcarbonpartnership.org/sites/fcp/files/2015/April/CF12%202c.%20TAP%20option%201%20CF%20Process%20guidelines%20-%20clean.pdf>.

Expected CFP action: No action is expected during this session. The selection of which ER-PDs will proceed to the Carbon Fund pipeline and portfolio will take place in Session 3 (Portfolio Management and Decisions on ER-PDs). See annotations for Session 3 below.

Sessions 2b-c. ER-PDs

Background: Ghana and ROC have each submitted an ER-PD for consideration by CFPs and potential selection into the Carbon Fund portfolio.

Background documentation: The ER-PDs and Technical Advisory Panel (TAP) reviews of the ER-PDs are available on the individual country pages and the CF16 page.

Expected CFP action: No action is expected during these sessions. The selection of which ER-PDs will proceed to the Carbon Fund portfolio will take place in Session 3 (Portfolio Management and Decisions on ER-PDs). See annotations for Session 3.

Session 3a. Indonesia Letter of Intent

Background: The deadline for signing the Letter of Intent (LOI) with Indonesia was 22 March, 2017. The LOI has not been signed to date. Indonesia wishes to make some significant revisions to the standard LOI template attached to the original Costa Rica ER-PIN resolution (Resolution CFM/6/2013/1). The revisions involve references to Articles 5 and 6 of the Paris Agreement and include an additional paragraph indicating that Indonesia will be allowed to use the ERs under the Tranche B ERPA for their Nationally Determined Contributions (NDC). Indonesia will present the proposed revisions and the rationale for them to the Carbon Fund meeting for consideration by Carbon Fund Participants.

Background documentation: A presentation will be available on the CF16 page.

Session 4a. Private sector engagement

Background: Following up on the recommendation in the second evaluation regarding improving private sector engagement, the FMT agreed to prepare a discussion paper for this Carbon Fund meeting. The discussion paper includes some concrete proposals for improving private sector engagement in the FCPF.

Background documentation: A discussion paper and presentation will be available on the CF16 page.

Expected action: Endorsement of the activities outlined in the FMT Note and approval of the budget for additional activities of approximately \$600k for FY18, specifically designed to enhance private sector engagement in the FCPF.

Session 4b. Update on progress made since CF15

Background: The FMT will present progress made since CF15 in December 2016.

Background documentation: Presentation.

Expected action: None

Session 4c. Verification process

Background: The FMT will present different options on the reporting and verification process of ER programs: a) Scope of reporting and verification (what?); b) Verification arrangements (Who?); c) Verification approach for ERs (How?).

Background documentation: Presentation.

Expected action: CFPs to provide guidance and preferences on the different options. If there is clear support/agreement for a particular option this will be recorded in the Chair's Summary.

Session 4d. Transfer of Title

Background: The FMT will present on the transfer of title requirement under the Methodological Framework and the ERPA General Conditions. The presentation will provide background information, the anticipated level of due diligence applied by the Bank regarding the Program Entity's demonstration of its ability to transfer title prior to ERPA signature/ER transfer and the risk management tools provided in the ERPA General Conditions in case of subsequent contests.

Background documentation: Presentation.

Expected action: No resolution. It is hoped that CFPs will support the presented anticipated level of due diligence to be applied by the Bank regarding the Program Entity's demonstration of its ability to transfer title. This support by CFPs will then be recorded in the Chair's Summary.

Session 4e. ICAO

Background: Under the Carbon Offsetting Scheme for International Aviation (CORSIA), aircraft operators will be required to purchase offsets, or "emission units", for the growth in CO2 emissions covered by the scheme. The FCPF understands that the Interim Programme Assessment Group (IPAG) is currently working on relevant eligibility criteria and a possible application process. FCPF wishes to be in a position to apply for eligibility. It was agreed at PC23 that a more detailed discussion on linkages and opportunities related to CORSIA as well as potential follow up action is planned for the upcoming Carbon Fund meeting (CF16).

Background documentation: Presentation.

Expected action: Decision by the CFPs on whether and under what conditions, if any, the FCPF Carbon Fund, through the FMT, could apply for eligibility of FCPF 'units'. Decision to be recorded in the Chair's Summary.

Session 4f. Practical application of the Methodological Framework: Carbon accounting and TAP process issues

Background: The FMT will present a summary of the workshop and a summary of some of the issues that came from the workshop on lessons learned held in Rome in 5-6 April. The FMT will also propose CFP options for addressing some of these issues.

Background documentation: Presentation.

Expected action: CFPs to provide guidance and preferences on the different options. If there is clear support/agreement for a particular option this will be recorded in the Chair's Summary.

Session 4g. Emerging questions on ER-PD development

Background: At CF13, CFPs agreed on a process to address emerging Issues in ERPDs. At CF14, guidance on possible updates to reference levels after ERPA signature was presented but was not adopted by the CFP. The FMT, in their interactions with REDD Countries, has identified that there is a need to allow countries to improve the accuracy and uncertainty of the data used for establishing the RL. In accordance with the agreed process, this issue was discussed with CFPs during a web-based discussion June 6, 2017. This session will continue the discussions with the aim of providing guidance where applicable.

Background documentation: Presentation

Expected action: CFPs are requested to provide guidance, or take other agreed action where considered appropriate, on the issues identified in the presentation.

Session 4h. Registries

Background: An update on the registry work will be presented, in particular in regards to considerations and approaches to developing country-specific and centralized transaction registries.

Background documentation: Presentation.

Expected action: No decision expected. It is hoped that CFPs will indicate their willingness to support research by the FMT into the costs and timeframe for the development of a centralized generic transaction registry for possible use by REDD Countries.

Session 4i. Update on options for upfront financing of ER Programs

Background: Achieving results of ER programs significantly depends on the financing available to meet the costs of implementation of the programs. A recent review of financing plans of 10 ERPDs shows that a gap exists in the amount of financing available and cost of implementation of several ER programs. An update on the options for upfront financing to address the financing gap of ER programs will be presented.

Background documentation: Note on the review of financing plans of ER programs; presentation on the note and on the update of the options to address the financing gap of ER programs.

Expected action: No decision expected. CFPs and REDD Countries to consider different financing options and interest in supporting or utilizing those options.

Session 4j. Evaluation

Background: A second FCPF evaluation of the FCPF was completed in September 2016. An FMT Note (2017-2) on the Draft Action Plan was prepared to address the recommendations of the evaluation and the FMT presented a number of proposals responding to the evaluation's recommendations at PC23. The PC generally welcomed and supported the proposals presented and offered some feedback which was recorded in the PC23 Co-Chair's Summary. This session is designed to provide information and an update on recommendations and actions specifically related to the Carbon Fund.

Background documentation: Presentation

Expected action: None

Session 5a. Portfolio Management and Decisions on ER-PDs – Resolutions sought on ER-PDs

Background: See Sessions 2a-c above regarding ER-PDs being presented for selection into the portfolio at this meeting. This session will present an overview of the programs in the FCPF portfolio and pipeline and the financial status of the Carbon Fund, as a basis for discussions on whether to invite the ER-PDs into the portfolio.

This session will also address strategic portfolio management, including estimates of delivery under both the Monte Carlo method and the new ER delivery risk assessment model introduced at CF15.

Background documentation: See Sessions 2b-c above; a presentation will be available on the CF16 page.

Expected CFP Action: For Ghana and ROC's ER-PDs, decide whether to proceed to negotiating an ERPA for the proposed ER Program.

A facilitated discussion group will be formed on each ER-PD selected, in order to further discuss issues in the respective ER-PD and agree on the text of the resolution to be adopted for each ER-PD where relevant. Facilitated discussion groups will be organized as per the facilitated discussion group table at the end of the annotated agenda (page 9).

Facilitated discussion groups

All groups will meet in the main meeting room

| Resolution # and Topic | FMT Co-facilitators | Jun 19 4:30pm | Jun 19 5:30pm | Jun 20 4:00pm | Jun 20 5:00pm | Jun 21 4:00pm | Jun 21 5:00pm |
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| 1. Ghana ER-PD | Neeta Hooda / Marco van der Linden | | | | | | |
| 2. ROC ER-PD | Daniela Goehler / Andres Espejo | | | | | | |
| 3. FY18 Budget (if needed) | Simon Whitehouse | | | | | | |