

***Supporting the Forest Carbon Partnership Facility (FCPF) to Design
Emissions Trading Registries***

**REDD+ Countries and Carbon Fund Participants survey
COUNTRY QUESTIONNAIRE**

December 2017

The main objectives of this activity are:

- 1) To conduct a survey on transaction registries, collect the results from country focal points, analyze the results and produce an analytical note, including a summary note of REDD+ Countries' decisions and needs, lay out options, and pros and cons of each option.
- 2) To disseminate the survey results and findings to REDD+ Countries, Carbon Fund Participants (presentation on the Carbon Fund Seventeenth Meeting (CF17), Jan 29 - Feb 1, 2018, Paris, France) and other stakeholders.

Only with the aim of clarifying some concepts:

An emission trading registry is an online database that issues, records, and tracks the carbon units that are exchanged within market mechanisms or financed through Results-Based Climate Finance (RBCF)¹.

In the context of Climate Change policies it is important to distinguish at least four types of Emissions Accounting Systems: (i) **GHG Inventory** that records physical GHG emissions and removals (different from carbon units), (ii) **Register**, as a database that records serialized carbon units and any other related and required information, that can be used as system to provide assurance against double payments or as a simple emissions trading system with a double-entry bookkeeping (e.g. one purchasing country), (iii) **Transaction Registry**, as a database with all the features of a register plus the capability to transfer carbon units between multiple account holders on the system (internal transfer) or to another transaction registries (external transfer), and a (iv) **Data Management System (DMS)**, a database that records additional information mostly related with the generation of the carbon unit (e.g. baseline, geographical information, etc.) that wouldn't be practical to include in the Register or Transaction Registry.

This survey has been divided in the following sections: **programmatic and legal related aspects** (to understand first the degree of maturity in the path of REDD +), **the role of the carbon markets in REDD+ implementation** (to help to design a conceptual note about the complexity and the options within the carbon system in the country and to identify the implications for the registries), **the scale of implementation of REDD+** (to conceptualize the REDD+ scheme in the country, the necessary compatibility of measurement systems and multiscale accounting systems) and the **REDD+ and Land use-related risks** (to know how the risks related to the project or program implementation and accounting system will be managed).

Finally, and based on the registry design decision steps (role of carbon markets in REDD+ implementation, scale of implementation of REDD+, REDD+ risk management strategies and others), a **registry design decision based on the scenarios** and a brief description of the status of development of the transaction registry in the country, will be provided.

In a long version of this survey and for countries that are currently designing their transaction registry systems, there are other sections such as 6. Tracking registry architecture, 7. Issuance of domestic carbon units, 8. Cancellation of domestic carbon units, 9. Registry users, 10. Availability and security of the Registry system, 11. Interfaces, 12. Main information and data generated by the Registry, 13. Other questions.

¹ Emissions Trading Registries. Guidance on Regulation, Development and Administration. Partnership for Market Readiness (pmr) & Forest Carbon Partnership Facility (FCPF). World Bank Group, 2016

1. Programmatic and legal related aspects

Under this section, it is considered relevant to know what the implementation point of the REDD + program is in the country and to know if the basic legal definitions have been undertaken for the implementation of the results based programs.

In the specific context of your country, please complete the following information that is relevant to better understand the programmatic and legal related aspects.

COUNTRY		DATE
FCPF Readiness	FCPF Readiness Preparation Grant	
	FCPF Additional Readiness Preparation Grant	
	Readiness Package - R Package	
FCPF Carbon Fund	Emission Reductions Program Idea Note - ERPIN	
	Letter of Intent - LOI	
	Emission Reductions Program Document – ERPD (VERSION)	
	Emission Reductions Payment Agreement - ERPA	
BioCarbon Fund	ISFL Project Information Documents - PID	
	ISFL Project Appraisal Document - PAD	
	ISFL Grant Agreement	
	ISFL Implementation Status Report - ISR	

Legal aspects related to the ER Programs	Description / Identification
Legal nature and ownership of the ERs	
Ability of the ER program entity to enter into the ERPA signature	
Ability to create or legally issue titles/units on ERs according to a national legal framework	
Ability to transfer titles/units of avoided emissions to a third party	
Ability to receive and distribute financial resources (benefits)	

2. Role of carbon markets in REDD+ implementation

All national REDD+ systems require a Data Management System (DMS) to ensure that no form of double counting occurs. Only Market based systems require the establishment of a registry. So, for REDD+ RBCF (Results Based Climate Finance) that does not rely on the issuance of a carbon unit, there may not need for a registry.

In the specific context of your country, please remove those items that are not relevant to the market mechanisms considered. Please describe the carbon market landscape in your country, providing details.

Triggering Event
RBCF not related to carbon markets (public sector). International public RBCF for ERs (no carbon unit is issued or transferred).
Regulated international markets (public and private sector). It includes transfer of mitigation outcomes (NDCs, forestry as eligible activity), Afforestation and reforestation credits under the CDM of the Kyoto Protocol, FCPF Carbon Fund Tranche A)
Regulated national markets (private sector). Regulated forest owners can buy and sell forest carbon units to meet their obligations. Regulated entities in a national ETS can offset their obligations by purchasing forest carbon units.
Voluntary markets (private sector). Private entities voluntarily purchase forest carbon units that are issued across voluntary standards (VCS, Gold Standard, American Carbon Registry, Climate Action Reserve)
Please describe

3. Scale of implementation of REDD+

REDD+ under the UNFCCC is designed as a national System (ERs should be accounted under a National Reference Level). Subnational and project level activities may prove to be pilot or demonstration activities that are eventually subsumed into a National REDD+ approach. However, countries may choose to pursue REDD+ in the long term as a series of subnational and project level interventions, which retain independence but in sum constitute the national approach.

In the specific context of your country, please remove those items that are not relevant to the scale of implementation of REDD+ in your country, and provide a detailed description.

Triggering Event
National REDD+ implementation: Implementation at the national level with a national RL and without any lower accounting levels.
National and subnational REDD+ implementation: Implementation with subnational RL/MRV in advance of or parallel to national RL/MRV.
National/subnational implementation with REDD+ Projects: Project level accounting in addition to the above.
Please describe

4. REDD+ and Land use-related risks

The risks related to the uncertainties in the estimation of ERs, the displacement of emissions (leakage), the risk of reversal of ERs (climate benefits can be lost); all constitute challenges specific to the forest sector. These will have a bearing on REDD+ registries.

In the specific context of your country, please remove those items that are not relevant to the risk management strategies in your country and provide a detailed description.

Triggering Event
<p>Buffer accounts. A portion of ERs generated can be set aside in a “buffer account” instead of being sold. In case of reversal, leakage, or underestimation, ERs within the buffer can be used to compensate for this loss. Buffer accounts may additionally be pooled to ensure that there are sufficient buffer credits to account for any reversal that any one project or program may experience.</p>
<p>Discounting. Permanently sets aside a portion of generated ERs and only the remainder are actually used. ERs are simply retired or remain unaccounted.</p>
<p>Conservative approaches. REDD+ agreements or financing modalities require conservative definitions of REL, MRV systems, or other elements.</p>
<p>Temporary units. Temporary carbon units can be issued for forest ERs. These are units that expire at a set time after issuance and need to be replaced by the holder, with either another temporary or permanent unit. Temporary units will typically be usable for one crediting period, but expire in the subsequent crediting period.</p>
<p>Legal replacement obligation. Those selling REDD+ carbon units can be asked to replace them in the case of reversal.</p>
<p>Adjustments on future issuance of units. ERs lost in a reversal event are subtracted in equal quantity from any future issuance of forest carbon units to the project developer.</p>
<p>Please describe</p>

5. Registry design decision based on the scenarios

Based on the registry design decision steps (role of carbon markets in REDD+ implementation, scale of implementation of REDD+, REDD+ risk management strategies and others), provide a brief description of the design decision and the status of development of the transaction registry in your country.

Based on the findings from this assessment survey, FCPF could support the countries on carbon units accounting systems designing a centralized transaction registry or developing a blue print for country-specific registries and related knowledge dissemination.

In the specific context of your country, please remove those items that are not relevant to the design decision and the status of development of the transaction registry.

Triggering Event
The country still has not made a decision.
The country has decided to build an own registry in-house, operating it in-house
The country has decided to buy an off-the-shelf registry, operating it in house
The country has decided to buy an off-the-shelf registry, having it operated by a third party
The country has decided to use an existing registry (i.e. not owning it) operated by a third party
Potential interest in using a FCPF centralized registry
Please describe (Has the country identified potential IT or services provider? Please specify)

Name (data collector) _____

Sources _____

Date _____