

## **FOREST CARBON PARTNERSHIP FACILITY (FCPF)**

**November 8, 2018**

### **Action Without a Meeting**

#### **Resolution CFM/Electronic/2018/1**

##### **Selection of Emission Reductions Program Document of the Republic of Congo into the Portfolio of the Carbon Fund of the FCPF**

1. As per Resolution CFM/10/2014/2, the Carbon Fund (Carbon Fund) of the Forest Carbon Partnership Facility (FCPF) selected the Republic of Congo's Emission Reductions Program Idea Note (ER-PIN) into the pipeline of the Carbon Fund and provided additional funding for the Republic of Congo to develop an Emission Reductions Program Document (ER-PD) for its Emission Reductions Program (ER Program);
2. In September 2016, as per Resolution PC/22/2016/3, the Participants Committee of the FCPF endorsed the Republic of Congo's Readiness Package;
3. The Republic of Congo issued its advanced draft ER-PD in October 2016. The Technical Advisory Panel (TAP) reviewed the ER-PD against the ER-PD requirements in the Carbon Fund's Methodological Framework dated December 20, 2013 and issued its TAP Review document in November 2016. The Carbon Fund Participants reviewed the advanced draft ER-PD and the TAP Review document and submitted their consolidated comments to the FCPF Facility Management Team (FMT) in January 2017. Based on the findings of the TAP Review and the comments of the Carbon Fund Participants, the Republic of Congo submitted to the FMT a final ER-PD in April 2017. The TAP reviewed such final ER-PD and issued its final TAP Review document to the FMT in May 2017;
4. The Republic of Congo presented its final ER-PD during the 16<sup>th</sup> Carbon Fund Meeting (June 2017) (CF16) and Carbon Fund Participants provisionally selected the ER-PD into its portfolio subject to certain conditions, as per Resolution CFM/16/2017/2. In the meantime, the Republic of Congo started to revise the ER-PD in accordance with the Resolution CFM/16/2017/2 and submitted the first revised version of the ER-PD to the FMT on December 18, 2017;
5. The Republic of Congo has made and continues to make progress in preparation of the ER Program described in the ER-PD, and enhancing synergies and complementarity between different funding sources for investments in REDD+ activities in the ER Program area and, at the national level, in particular through the ongoing process with CAFI;
6. The Republic of Congo has communicated to the FMT the necessity to revise certain conditions listed in Resolution CFM/16/2017/2 and to replace Resolution CFM/16/2017/2 with a new revised resolution, as has been explained by the FMT to Carbon Fund Participants in an initial note dated March 23, 2018 ('Update regarding the Republic of Congo's Revised Emission Reductions Program Document for the Emission Reductions Program in Sangha and Likouala') and a second note dated September 24, 2018 ('2nd Update regarding the Republic of Congo's Revised Emission Reductions Program Document for the Emission Reductions Program in Sangha and Likouala');
7. Section 12.5(b) of the Charter Establishing the FCPF (Charter) authorizes the FMT to determine that certain action required or permitted to be taken at a Carbon Fund Meeting or Tranche Meeting may be

taken without a meeting through electronic means on a no-objection basis in accordance with the procedures set forth in Section 12.5(b) of the Charter (No Objection Process); and

8. The FMT has determined that the decision to replace Resolution CFM/16/2017/2 with this resolution shall be considered without a meeting following the No Objection Process.

### **The Carbon Fund Participants,**

1. Decide to replace Resolution CFM/16/2017/2 with this Resolution CFM/Electronic/2018/1;
2. Decide to provisionally include the Republic of Congo's ER-PD into the portfolio of both Tranche A and Tranche B of the Carbon Fund, provided that any commercial terms (such as advance payments, price etc.) included in the ER-PD are subject to subsequent negotiations of the Emission Reductions Payment Agreement (ERPA);
3. Provisionally authorize the International Bank for Reconstruction and Development (Bank), as trustee of Tranche A and Tranche B of the Carbon Fund (Trustee), to lead the ERPA negotiations with the Republic of Congo for the ER Program, in accordance with the ERPA negotiations process and subject to completion of Bank due diligence and final Bank approval, provided that ERPA negotiations shall not start before Bank management has appraised the ER Program;
4. The provisional inclusion of the Republic of Congo's ER-PD into the portfolio of both Tranche A and Tranche B of the Carbon Fund and the provisional authorization of the Trustee to lead the ERPA negotiations with the Republic of Congo are deemed approved upon fulfillment of the following condition:

Revision of ER-PD: Revision by the Republic of Congo of the ER-PD and submission of such revised ER-PD to the FMT (1) preferably as soon as possible after the adoption of this resolution but, in any case, no later than December 31, 2018, unless otherwise stated below or agreed with the Carbon Fund Participants, and (2) in substance satisfactory to the Trustee, with the consent of the Carbon Fund Participants on a three (3) week no objection basis. The revised ER-PD shall summarize the outcomes of the following actions to be taken by the Republic of Congo:

- (a) As presented by the Republic of Congo at CF16, adopt and publish in the official journal:
  - i. The decrees establishing the National Council on Land Use Management and the Inter-Ministerial Committee on Land Use Management; and
  - ii. The decree canceling the mining permits overlapping with Odzala Kokoua National Park;
- (b) Issue a presidential decree formalizing the National REDD+ Strategy that has been approved by the Council of Ministers on April 11, 2018;
- (c) Issue ministerial orders that: (i) ban industrial palm oil plantations in forests and formalize REDD+ standards in the agriculture sector; and (ii) institute the principles defining REDD+;
- (d) Conduct at least one workshop and prepare draft national principles on sustainable palm oil production, in accordance with the process for the Tropical Forest Alliance's (TFA) Africa Palm Oil Initiative (APOI);
- (e) Formalize a governance matrix agreed upon by the Ministry of Planning, Statistics, and Regional Integration and the World Bank to monitor progress on REDD+ related policy developments,

- including items (a) - (d) above, and the organization of sessions of the two bodies mentioned under b) i. above, as needed; and
- (f) Revise the adjustment to the reference level by: (i) removing the projected emissions associated with palm oil development in the agriculture macro-zone of Sembe; and (ii) taking into consideration converted forest areas and forest areas to be converted annually under the existing palm oil concessions.
5. Decide to include in a potential future ERPA the following ‘Conditions of Effectiveness of Sale and Purchase’, to be fulfilled by the Republic of Congo in form and substance satisfactory to the Trustee, unless such conditions are fulfilled prior to ERPA signature:
- (a) Submission to parliament of the new Agricultural Law that imposes a ban of industrial palm oil plantations in forests and formalizes REDD+ standards in the agriculture sector in line with the ministerial order referred to in paragraph 4(c)(i) above; and
- (b) Submission to parliament of the new Forest Code that institutes the principles defining REDD+ in line with the ministerial order referred to in paragraph 4(c)(ii) above.
6. Unless decided otherwise by the Carbon Fund Participants and subject to fulfilment of the condition in paragraph 4 above, commit to nominate, prior to the start of ERPA negotiations, for each Tranche of the Carbon Fund one (1) representative to act as Carbon Fund Representative of the respective Tranche of the Carbon Fund throughout the ERPA negotiations process and notify the FMT accordingly; and
7. Encourage the Republic of Congo to further develop the additional issues identified by the Carbon Fund Participants in the CF16 Chair’s Summary, not listed under paragraph 4 above, and inform the FMT about corresponding developments, if any, to be shared with the Carbon Fund Participants and Observers, prior to ERPA signature.