



Forest Carbon Partnership Facility

Processing steps from ER-PIN to ERPA

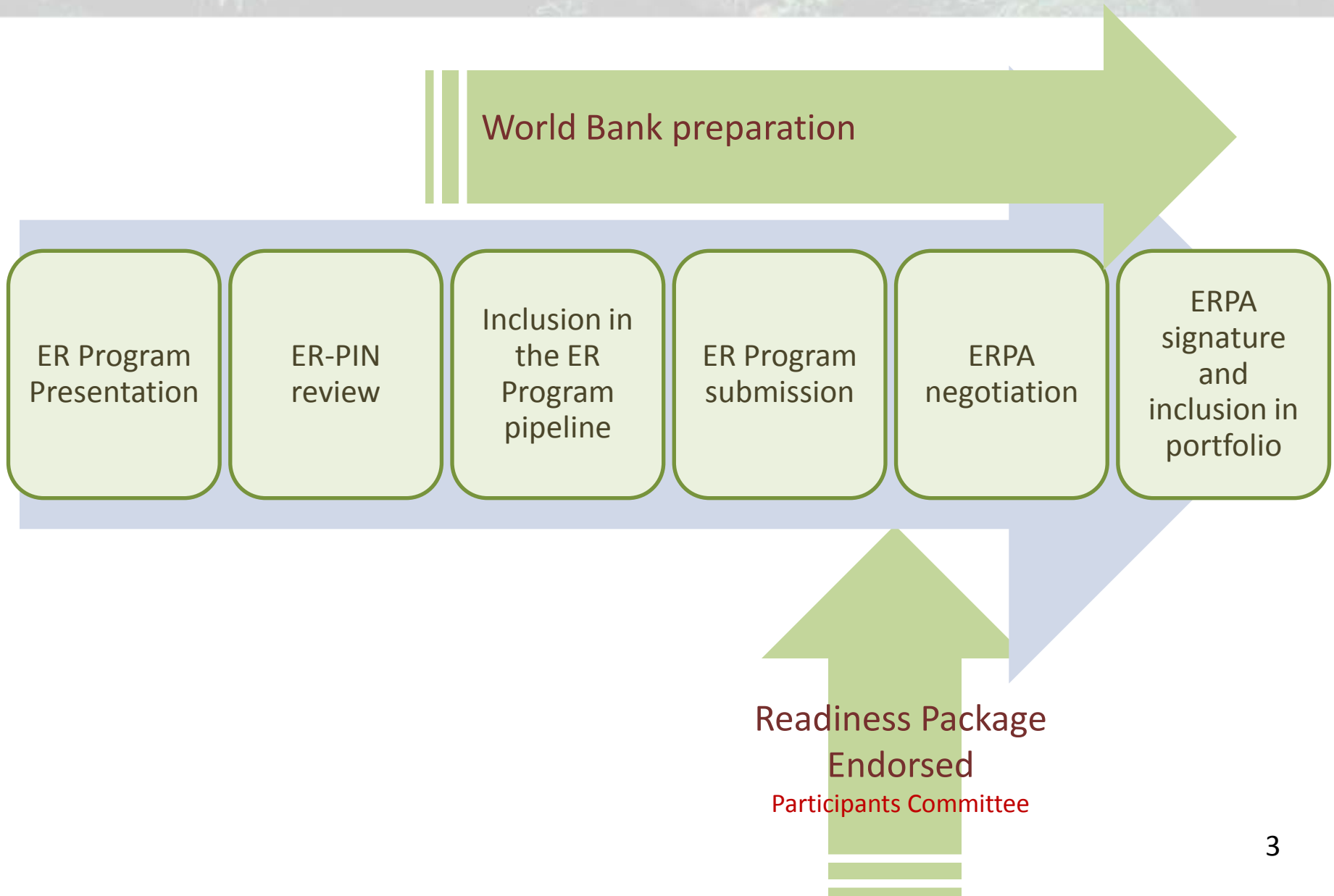
FCPF Carbon Fund – third meeting (CF3)

March 24 and 26, 2012

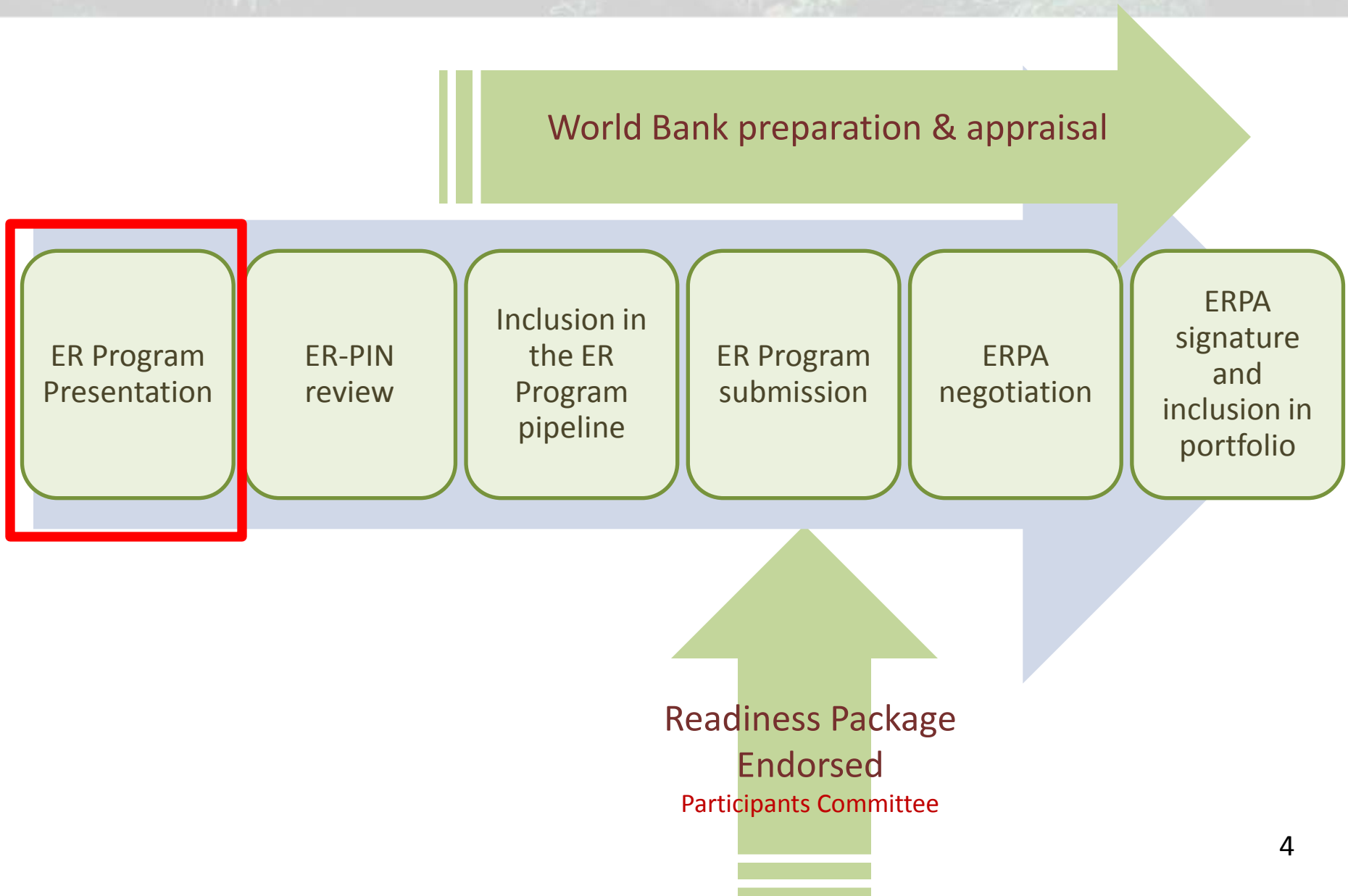
Carbon Fund process – history

- The Issues Note on the Operating Arrangements under the Carbon Finance Mechanism lays out a process for the creation of emission reductions based on 19 steps
- Discussed during video conference (September 2011) and CF2
- During CF2, it was agreed that the FMT would prepare a questionnaire for CFPs and observers to provide written comments
- Proposal for process guidelines
 - Builds on and clarifies points 1-14 of the Emission Reduction Creation Process as outlined in Section 2 of the Issues Note
 - If agreed, process guidelines would prevail

Proposed revised process - outline



Proposed revised process - outline



Revised process – ER Program Proposed

ER Program presentation

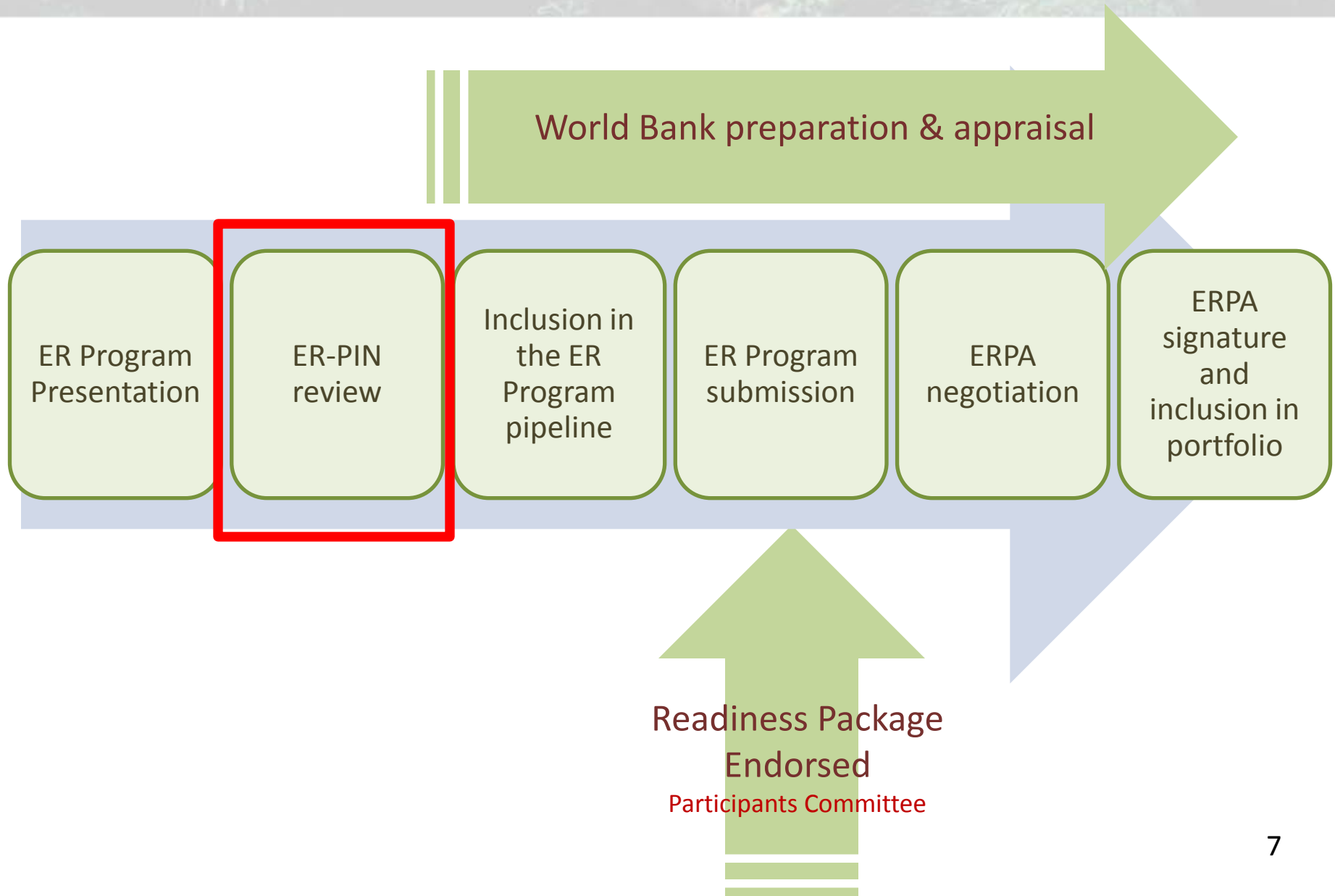
ER Program proposed:

- From FCPF REDD Countries that have signed their Readiness Preparation Grant Agreement
- Using ER Program Idea Note ('ER-PIN') template

ER Program Proposed – options for discussion

- Who can propose an ER Program?
 - Option 1: REDD Country Participant (through its authorized representative, e.g., its national REDD+ committee)
 - Option 2: option 1 + another entity authorized to propose the ER Program on behalf of the REDD Country Participant
- When can ER-PINs be presented?
 - Option 1: at any time
 - Option 2: using predefined windows

Proposed revised process



Revised process – ER-PIN Review

ER-PIN Review

Verification by FMT that the proposed ER Program meets the requirements

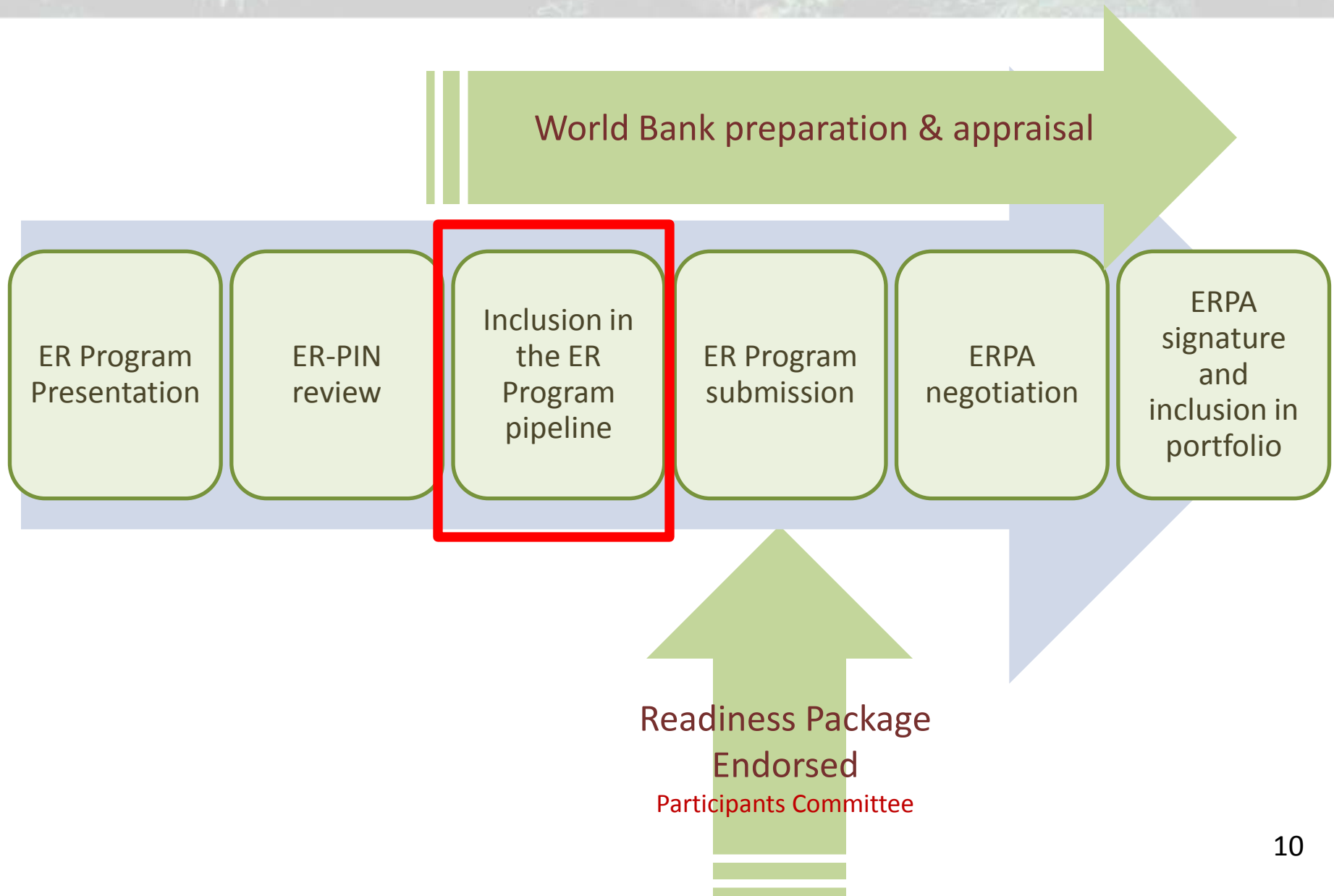
Clarification of any issues and informal feedback on the proposed ER Program

Posting of the ER-PIN on the FCPF website

ER-PIN review– options for discussion

- What is included in in FMT check of the ER-PIN?
 - ✓ The template has been duly completed
 - ✓ ER Program proposed by authorized entity
 - ✓ ER Program has the potential to meet selection criteria
 - ? **OPTIONAL**: consistency with R-PP and readiness progress reports
- Role of the Trustee in improving ER-PIN and proposed ER Program?
- Is right of first refusal required before ER-PIN is published?

Proposed revised process



Revised process – inclusion in pipeline

Inclusion in the ER Program pipeline

Inclusion of the proposed
ER Program into ER
Program pipeline

Letter of Approval

Signing of Letter of Intent

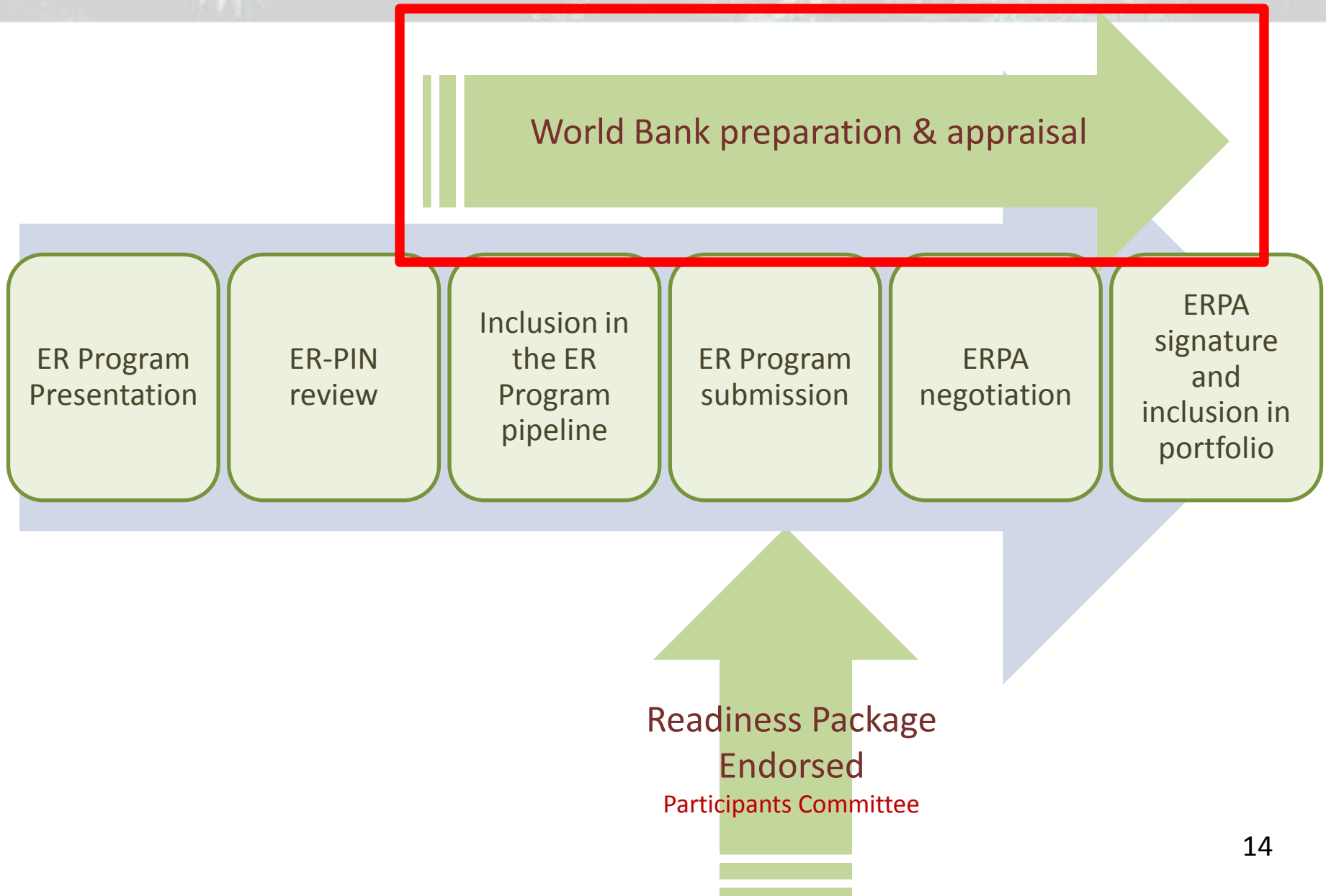
Inclusion in pipeline – options for discussion (1)

- Letter of Approval issued by REDD Country:
 - Option 1: REDD Country Participant is requested to issue Letter of Approval for the ER Program
 - Option 2: No Letter of Approval is required
- If option 1, should it be specified what the Letter should contain:
 - Endorsement of proposed ER Program and its consideration for inclusion in the FCPF Carbon Fund
 - Authorization of the entity that is proposing the ER Program
 - Other?

Inclusion in pipeline – options for discussion (2)

- Should inclusion of the ER Program in the pipeline lead to funds being made available to the REDD country to cover the costs associated with the preparation of the ER Program (such as ER Program Document and stakeholder consultations)?
- These funds would be part of the overall preparation budget (to be discussed during agenda item 4)
- Options :
 - Option 1: No
 - Option 2: Yes, immediately after the ER Program is included in the pipeline
 - Option 3: Yes, but after Letter of Approval has been received and Letter of Intent is signed

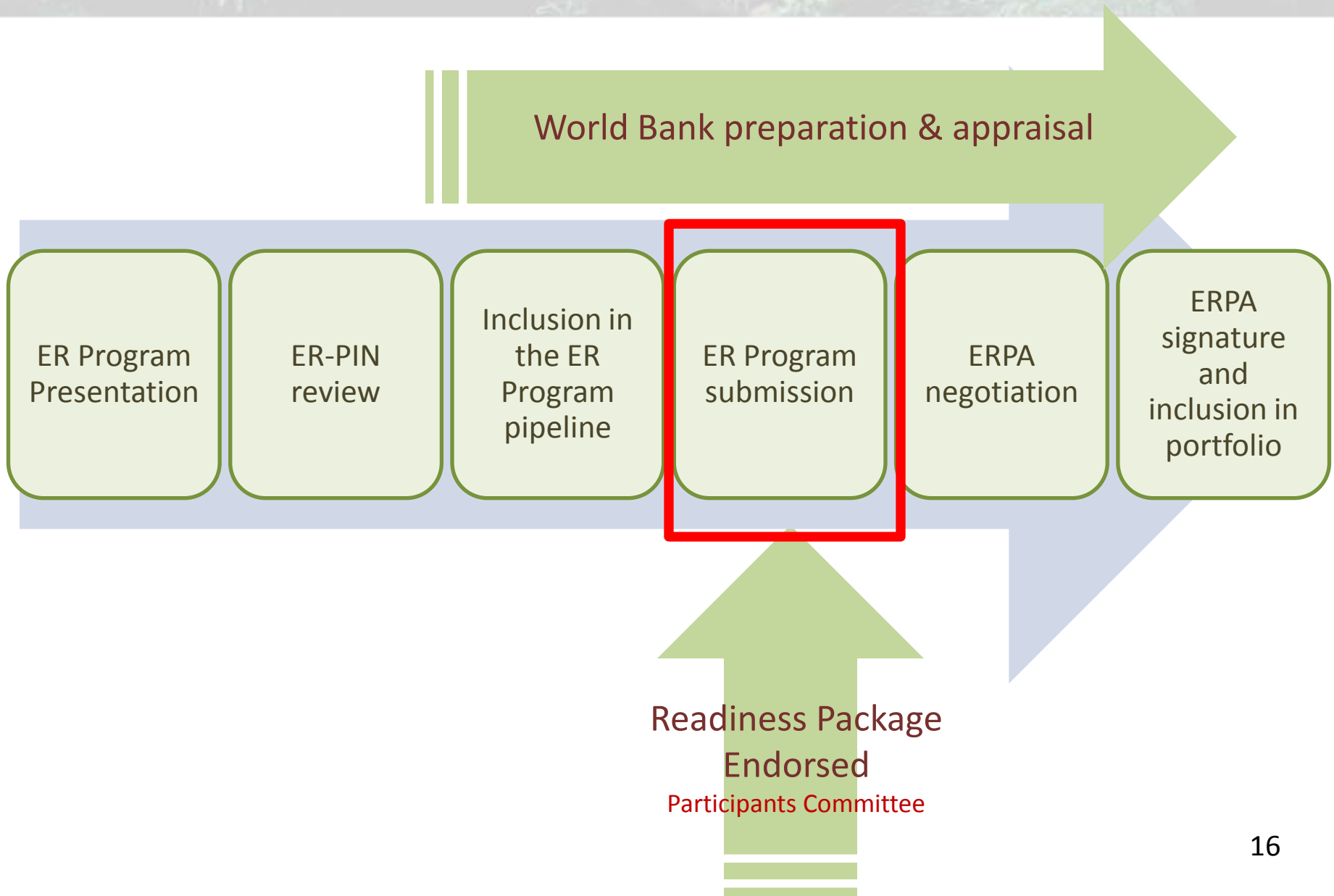
Proposed revised process



World Bank Preparation

- Three-step process:
 - [“Identification” up to “Concept Review meeting”]
 - “Preparation” up to “Decision meeting”
 - “Appraisal” up to ERPA signature
- Takes into account technical, social, environmental, safeguards, and institutional capacity aspects of the proposed Program
- Varying levels of formality of review depending on:
 - Point at which CFPs would expect the technical specialists to get involved
 - Extent to which standing guidance on WB-supported carbon Finance operations is followed

Proposed revised process



Revised process – ER Program submission

ER Program submission

Submission of ER Program

Review of ER Program Document

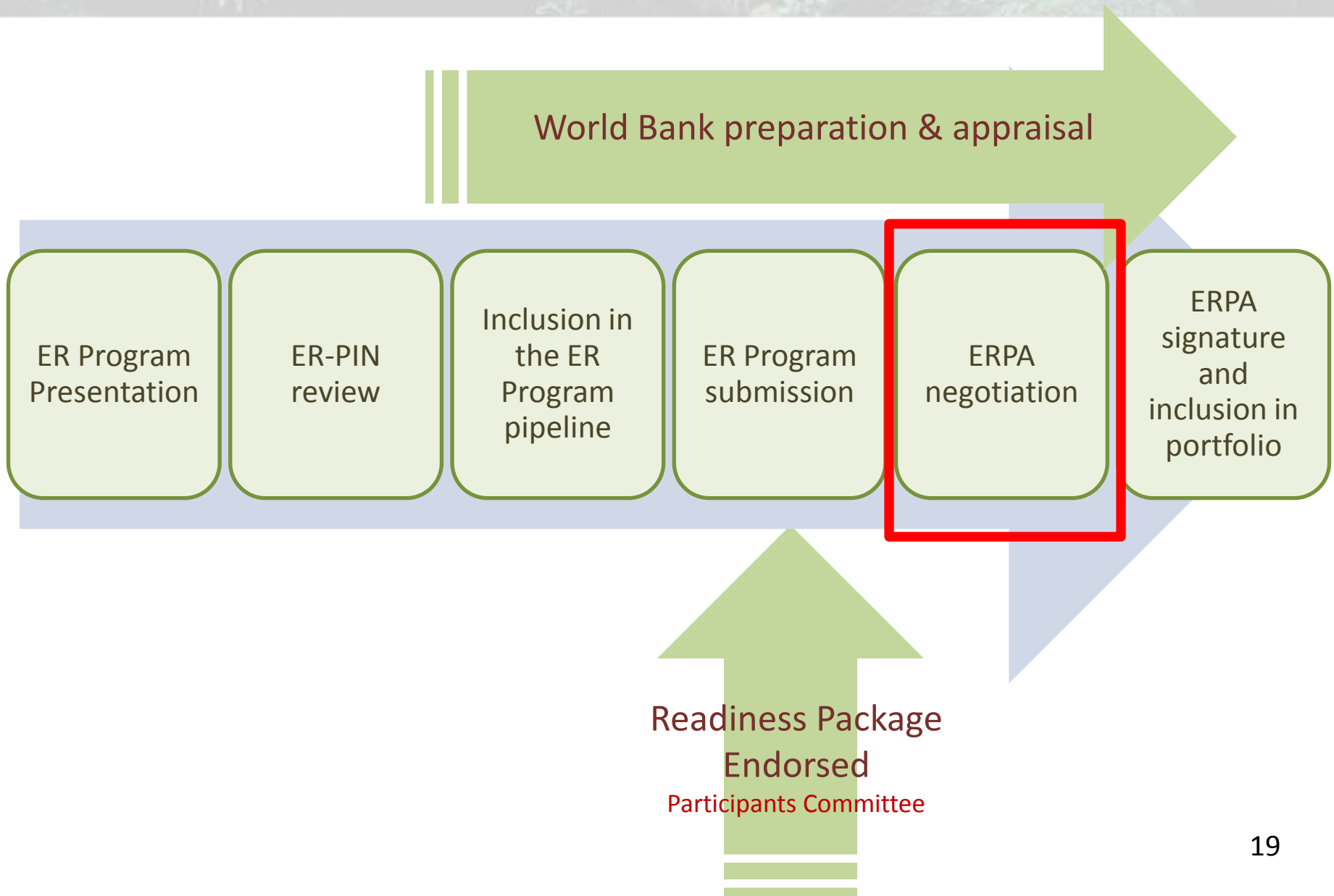
Decision to proceed with ERPA negotiation

Readiness Package
Endorsed
Participants Committee

ER Program submission – options for discussion

- Submission of the ER Program by submitting an ER Program Document?
 - If so, ER Program Document template to be developed
- Other documents required as part of submission?
- Review of the ER Program by Carbon Fund Participants, FMT and/or TAP?
 - What are the criteria for review?

Proposed revised process



Revised process – ERPA negotiation

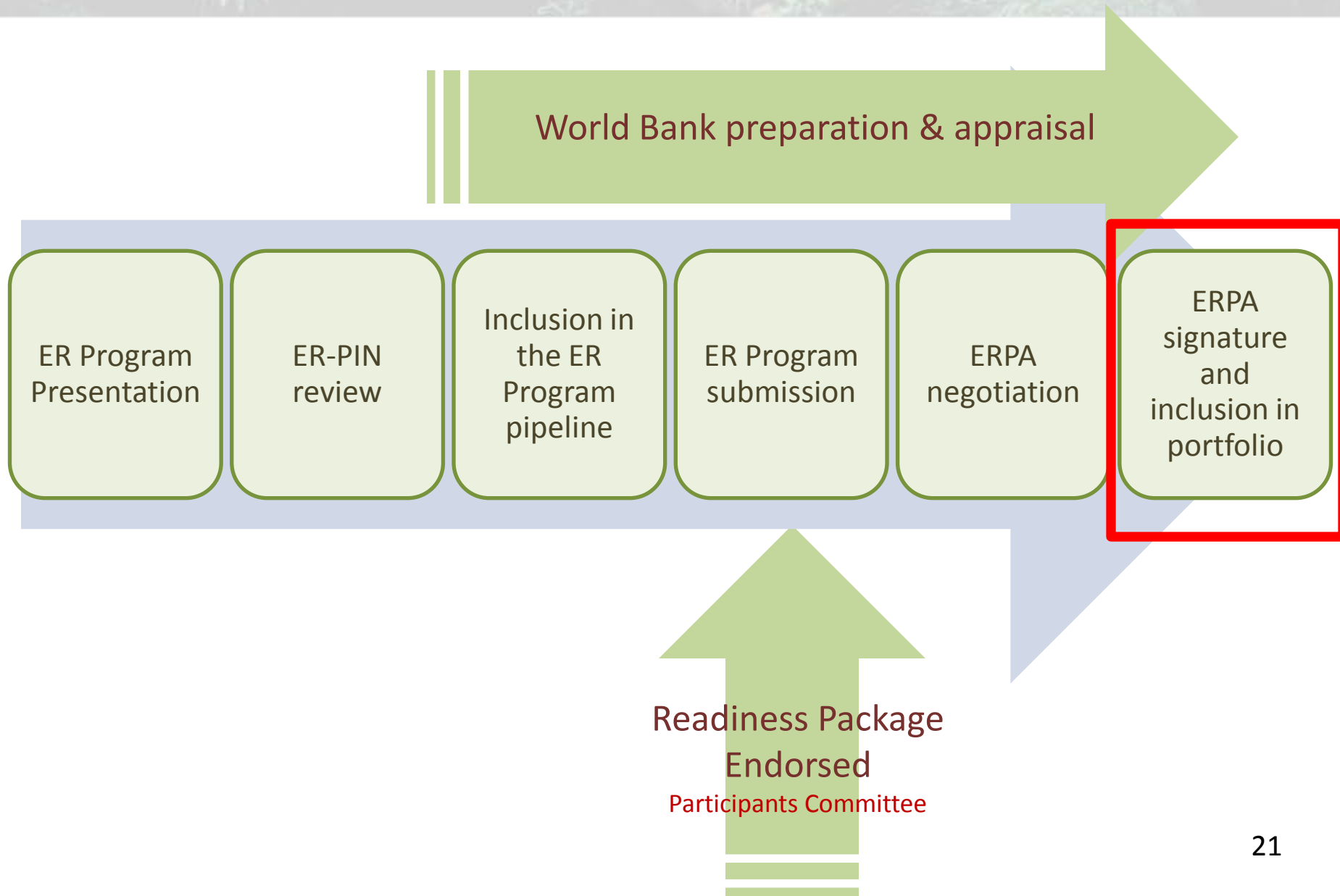
ERPA negotiation

Trustee drafts an ERPA

ERPA negotiation process:

- Between CFP representatives and ER Program representatives
- Trustee would help facilitate negotiations

Proposed revised process



Revised process – ERPA signature

ERPA signature and inclusion in portfolio

ERPA signing

Signatories:

- The REDD Country Participant or its authorized entity; and
- The Trustee.



THANK YOU!

www.forestcarbonpartnership.org