



**Forest Carbon Partnership Facility (FCPF)
Fourteenth Meeting of the Carbon Fund (CF14)**

June 20-22, 2016

AGENDA

**World Bank Office
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Paris, France
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Monday, June 20, 2016

8:30am to 9:00am	Registration
1. Opening	
9:00am to 9:15am	a. Welcome, objectives and review of agenda <ul style="list-style-type: none"> • <u>Chair</u>: Sean Frisby, Head Forest Investments, United Kingdom • Geeta Sethi, Manager, Forests and Landscapes Climate Finance, World Bank • Ellysar Baroudy, FCPF Program Coordinator, World Bank
9:15am to 9:45am	b. Update on progress made since CF13 <ul style="list-style-type: none"> • Ellysar Baroudy, FCPF Program Coordinator, World Bank
2. Facility Issues	
9:45am to 11:00am	a. Carbon Fund business process, including guidelines on disclosure of documents <ul style="list-style-type: none"> • Simon Whitehouse, FCPF Fund Manager, World Bank • Andres B. Espejo, Carbon Finance Specialist, World Bank

11:00am to 11:30am	Coffee break
3. Emission Reductions Program Documents (ER-PDs)	
11:30am to 1:30pm	<p>a. Methodological Framework: Emerging Issues in ER-PD Development</p> <ul style="list-style-type: none"> • Marco van der Linden, Senior Carbon Finance Specialist, World Bank
1:30pm to 2:30pm	Lunch
2:30pm to 3:45pm	<p>b. Setting the stage for ER-PIN and ER-PD Reviews (selection criteria, guiding principles, risk management, etc.)</p> <ul style="list-style-type: none"> • Stephanie Tam, Senior Operations Officer, World Bank • Alex Lotsch, Senior Carbon Finance Specialist, World Bank • Simon Whitehouse, FCPF Fund Manager, World Bank
3:45pm to 4:15pm	Coffee break
4:15pm to 6:15pm	<p>c. Democratic Republic of Congo</p> <ul style="list-style-type: none"> • H.E. Gentiny Ngobila, Governor of Mai Ndombe Province • Victor Kabengele, National REDD+ Coordinator • Guy Kajemba, Groupe de Travail Climat REDD • Marie-Dorothee Lisenga Bafalikike, Réseau des Populations Autochtones et Locales pour la Gestion Durable des Ecosystèmes Forestiers • Juergen Blaser, Technical Advisory Panel • Laurent Valiergue, Senior Forestry Specialist, World Bank
6:15pm onwards	End of day; contact groups on ER-PDs, if needed

Tuesday, June 21, 2016	
3. Emission Reductions Program Documents (ER-PDs) - CONTINUED	
8:45am to 10:45am	<p>d. Costa Rica</p> <ul style="list-style-type: none"> • Jorge Mario Rodriguez, Director General • Ben De Jong, Technical Advisory Panel • Erick Fernandes, Adviser, World Bank
10:45am to 11:15am	Coffee break

4. ER-PINs	
11:15am to 12:45pm	<p>a. Indonesia</p> <ul style="list-style-type: none"> • Riza Indra Riadi, Head of East Kalimantan Environmental Agency • Bambang Supriyanto, Director, Ministry of Environment and Forestry • Niken Sakuntaladewi, Researcher, Ministry of Environment and Forestry
12:45pm to 1:45pm	<i>Lunch and contact groups, if needed</i>
1:45pm to 3:15pm	<p>b. Cameroon - Resolution sought</p> <ul style="list-style-type: none"> • Rene Ngamabou Siwe, REDD+ Technical Coordinator
3:15pm to 3:45pm	<i>Coffee</i>
5. Portfolio Management and Decisions on ER-PINs and ER-PDs	
3:45pm to 5:15pm	<p>a. Portfolio Management and Decisions on ER-PINs and ER-PDs – Resolutions sought on ER-PINs and ER-PDs</p> <ul style="list-style-type: none"> • Stephanie Tam, Senior Operations Officer, World Bank • Alex Lotsch, Senior Carbon Finance Specialist, World Bank • Simon Whitehouse, FCPF Fund Manager, World Bank
2. Facility Issues - CONTINUED	
5:15pm to 6:00pm	<p>b. FY17 budget proposal – Resolution sought</p> <ul style="list-style-type: none"> • Simon Whitehouse, FCPF Fund Manager, World Bank
6:00pm onwards	<i>End of day; contact groups on ER-PINs and ER-PDs, if needed</i>

Wednesday, June 22, 2016	
5. Portfolio Management and Decisions on ER-PINs and ER-PDs - CONTINUED	
8:45am to 9:45am	<p>b. Cont'd. Portfolio Management and Decisions on ER-PINs and ER-PDs – Resolutions sought on ER-PINs and ER-PDs</p> <ul style="list-style-type: none"> • Stephanie Tam, Senior Operations Officer, World Bank • Alex Lotsch, Senior Carbon Finance Specialist, World Bank • Simon Whitehouse, FCPF Fund Manager, World Bank
9:45am to 11:15am	<i>Contact groups on ER-PINs and ER-PDs, if needed</i>
11:15am to 11:45am	<i>Coffee break</i>

11:45am to 12:15pm	b. Report back from contact groups on ER-PINs and ER-PDs (FMT facilitator of each contact group)
12:15pm to 1:45pm	<i>Lunch</i>
2. Facility Issues - CONTINUED	
1:45pm to 3:15pm	c. ERPA Negotiation Process and Commercial terms of an ERPA <ul style="list-style-type: none"> • Markus Pohlmann, Senior Counsel, Environment & International Law (LEGEN), World Bank
3:15pm to 4:00pm	d. Update on Registries <ul style="list-style-type: none"> • Pierre Guigon, Environmental Specialist, World Bank
4:00pm to 4:30pm	<i>Coffee break</i>
6. Closing	
4:30pm to 4:45pm	a. Next meetings <ul style="list-style-type: none"> • Stephanie Tam, Senior Operations Officer, World Bank
4:45pm to 5:30pm	b. Adoption of Resolutions <ul style="list-style-type: none"> • Sean Frisby, Head Forest Investments, United Kingdom, Chair • Markus Pohlmann, Senior Counsel, Environment & International Law (LEGEN), World Bank
5:30pm to 6:00pm	c. Conclusions <ul style="list-style-type: none"> • <u>Chair</u>: Sean Frisby, Head Forest Investments, United Kingdom
6:00pm	<i>End of meeting</i>

ANNOTATIONS

All background documents are available on the CF14 page of the FCPF website at <https://www.forestcarbonpartnership.org/carbon-fund-fourteenth-meeting-cf14-june-20-22-2016-paris-france>.

Session 1b. Update on progress made since CF13

Background: The FMT will present progress made since CF13 in October 2015.

Background documentation: Presentation.

Expected action: None.

Session 2a. Carbon Fund Business Process, including guidelines on disclosure of documents

Background: The Process Guidelines for the FCPF Carbon Fund provide information on the steps from development of an Emissions Program Idea Note (ER-PIN) to signature of an Emission Reductions Payments Agreement (ERPA). The Process Guidelines were last updated at CF12 in April 2015 in FMT Note CF-2014-3-rev. The Disclosure Guidance for the Carbon Fund are annexed to the Process Guidelines and were last updated at CF8 in December 2013. Both documents may be revised from time to time based on the requirements of the Carbon Fund.

The first two ER Programs have recently advanced through the Carbon Fund business process and technical assessment of the final ER Program Documents was completed. Based on lessons learned from the processing of the first two ER Programs, the FMT is proposing a number of adjustments to the Process Guidelines as presented in the revised FMT Note CF-2016-2, as well as related adjustments to the Disclosure Guidance for the Carbon Fund as presented in the annex to the FMT note. In addition, the FMT proposes to make adjustments to the expected timing of the World Bank preparation process vis-à-vis decisions by CFPs to proceed to negotiating ERPAs, as outlined in FMT Note CFM-2016-4

Background documentation: FMT Note CF-2014-3-rev outlining the agreed Carbon Fund process is available

at <https://www.forestcarbonpartnership.org/sites/fcp/files/2015/April/CF12%20c.%20TAP%20option%201%20CF%20Process%20guidelines%20-%20clean.pdf>.

FMT Note CF-2013-2-Rev outlining draft disclosure guidance for the Carbon Fund is available

at https://www.forestcarbonpartnership.org/sites/fcp/files/2013/Dec2013/FMT%20Note%20CF%202013%20%20FCPF%20Draft%20Disclosure%20Guidance%20for%20the%20Carbon%20Fund_revised_Nov%202013.pdf.

The revised Process Guidelines, Disclosure Guidance, and note on the timing of the World Bank preparation process are available on the CF14 webpage.

Expected Action: The FMT will present the proposed updates to the Process Guidelines and related Disclosure Guidance for the FCPF Carbon Fund. If CFPs are in agreement, the revised Process Guidelines and related Disclosure Guidance will replace the previous versions.

Session 3a. Methodological Framework: Emerging Issues in ER-PD Development

Background: At CF13, Carbon Fund Participants agreed on a process to address emerging Issues in ER-PD. The FMT, in their interactions with REDD Countries, identified three common issues that need guidance from the Carbon Fund Participants. In accordance with the agreed process, these issues were discussed with Carbon Fund Participants and Carbon Fund Observers during two web-based discussions on April 19, 2016 and June 7, 2016, respectively. This session will continue the discussions with the aim of providing guidance where applicable.

Background documentation: FMT Note CFM-2016-3 is available on the CF14 webpage

Expected action: Carbon Fund Participants are requested to provide guidance, or take other agreed action where considered appropriate, on the three issues identified in the FMT Note.

Session 3b. Setting the stage for ER-PD and ER-PIN Reviews (selection criteria, guiding principles, etc.)

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.”

Background documentation: The draft presentation will be available on the CF14 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-PINs and ER-PDs will proceed to the Carbon Fund pipeline and portfolio will take place in Session 5 (Portfolio Management and Decisions on ER-PINs and ER-PDs). See annotations for Session 5 below.

Sessions 3c-d. ER-PDs

Background: Costa Rica and DRC 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 CF14 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 5 (Portfolio Management and Decision on ER-PINs and ER-PDs). See annotations for Session 5a.

4a. ER-PINs provisionally selected at previous meetings

Background: At CF11 in October 2014, CFPs provisionally selected an ER-PIN from Indonesia into the Carbon Fund pipeline through resolution CFM/11/2014/2. Indonesia was expected to submit a revised ER-PIN preferably at or before CF13. Indonesia submitted two letters dated September 28 and October 9, 2015 to the FMT informing that the ER-PIN would not be available for presentation at CF13, due to ongoing institutional reform of key line ministries in the country and to allow for consultations with relevant stakeholders. Instead, at CF13, Indonesia provided a roadmap for submission of a revised ER-PIN to the Carbon Fund by December 17, 2015, including a timeline for public consultations in-country, and a timeline to ER-PD submission and implementation. Indonesia subsequently submitted its revised ER-PIN to the FMT on December 17, 2015. CFPs then requested that Indonesia present its revised ER-PIN at CF14.

Background documentation: Resolution CFM/11/2014/2 is available on the CF11 page at <https://www.forestcarbonpartnership.org/sites/fcp/files/2014/october/Resolution%20%20Indonesia%20ER-PIN%20provisional%20rev.pdf>. Indonesia's revised ER-PIN will be available on the CF14 page.

Expected CFP action: Because Indonesia's ER-PIN has already been provisionally selected into the pipeline, their ER-PIN will not be considered alongside the other ER-PINs up for new selection into the pipeline at CF14; no resolution is needed. Instead, CFPs are requested to provide feedback on Indonesia's revisions and whether the issues laid out in resolution CFM/11/2014/2 are addressed by these revisions, and whether CFPs consent to the revised ER-PIN and its inclusion in the Carbon Fund pipeline.

Sessions 4b. ER-PINs not yet selected into the pipeline

Background: Cameroon presented an ER-PIN for consideration by CFPs at CF13. Cameroon's ER-PIN was not selected into the pipeline at CF13, but was invited to present a revised ER-PIN to CFPs at or prior to CF15 for CFP consideration. Cameroon has revised its ER-PIN and will present it at CF14.

Background documentation: Cameroon’s revised ER-PIN can be found here:
https://www.forestcarbonpartnership.org/sites/fcp/files/2016/May/Cameroon%20ER-PIN_0.pdf

Expected CFP action: CFPs may wish to provide feedback on Cameroon’s ER-PIN. The decision on whether or not to include Cameroon’s ER-PIN in the Carbon Fund pipeline will take place in Session 5 (Portfolio Management and Decisions on ER-PINs and ER-PDs).

Session 5a. Portfolio Management and Decisions on ER-PINs and ER-PDs

Background: See Session 2a above.

Background documentation: See Sessions 3b-d, and 4 above.

Expected CFP Action: For Costa Rica and DRC’s ER-PDs, decide whether to proceed to negotiating an ERPA for the proposed ER Program.

For Indonesia’s revised ER-PIN, provide feedback on Indonesia’s revisions and whether the issues laid out in resolution CFM/11/2014/2 are addressed by these revisions, and whether CFPs consent to the revised ER-PIN and its inclusion in the Carbon Fund pipeline.

For Cameroon’s ER-PIN, decide on whether:

- 1) to include the ER-PIN in the pipeline, allocate a \$650,000 budget for development of an ER Program Document and sign a Letter of Intent;
- 2) not to include the ER-PIN. ER-PINs not included may still be modified and presented again at CF15.

If CFPs decide to select an ER-PIN into the pipeline (option 1), CFPs are asked to also decide on a maximum volume and, if desired, a maximum value for a potential ERPA, to be included in the Letter of Intent with the Country. These would be specified in the resolution for each ER-PIN, to be adopted at CF14.

A “contact group” will be formed on each ER-PD and ER-PIN selected, in order to further discuss issues in the respective ER-PD/ER-PIN and agree on the text of the resolution to be adopted for each ER-PD/ER-PIN where relevant. “Contact groups” will be organized in the contact group table at the end of the annotated agenda (page 9).

Session 2b. Facility Issues – Continued: FY17 budget proposal

Background: The FMT will present its Fiscal Year 2017 (FY17) budget proposal for the Carbon Fund for approval. FY17 begins on July 1, 2016. A review of estimated expenditures for FY16 will also be provided, with the final FY16 accounts to be provided as part of the FY16 Annual Report before PA9/PC22.

Background documentation: Presentation and FMT Note CFM-2016-1 on the proposed budget.

Expected action: A resolution is sought to approve the FY17 Carbon Fund budget.

Session 2c. Facility Issues – Continued: ERPA Negotiation Process and Commercial terms of an ERPA

Background: The FMT will present and propose an ERPA negotiation process and present a list of commercial terms that will form part of the ERPA (commercial terms) term sheet as part of the ERPA negotiation process.

Background documentation: Presentation.

Expected action: Agreement among CFPs sought on the proposed ERPA negotiation process, to be recorded in the Chair summary.

Session 2d. Update on Registries

Background: The FCPF Carbon Fund provides results-based payments for verified emission reductions from REDD+ Country Participants to incentivize the reduction of deforestation and forest degradation. To access payments, a country must establish a centralized REDD+ programs and projects Data Management System (DMS) and an ER transaction Registry. According to the FCPF Methodological Framework, a DMS is needed for appropriate ER program documentation and transparency, while an ER transaction registry is required to avoid double counting. To support such developments in countries, the FCPF teamed up with the World Bank’s Partnership for Market Readiness (PMR) on providing practical guidance for policy makers to identify countries’ individual registry needs and adequately plan for specific technical, administrative, and regulatory developments. A joint PMR/FCPF report “*GHG Emissions Registries: Regulation, Administration, Design and Procurement*” is being finalized and will be shared with PMR and FCPF Participants for review and feedback in July 2016 – with publication expected in September 2016. The REDD+ specific chapter of this report will be presented and discussed at CF14.

Background documentation: Draft report “*REDD+ Transaction Registries: Guidance on Registry Development and Management*” and presentation outlining main findings.

Expected action: Views and guidance are sought on the main findings of the draft report as well as on potential further work related to registries and data management systems.

Contact groups

Resolution # and Topic	FMT Facilitator	Meeting Place	June 20 6:15pm	June 21 6:00pm	June 22 9:45am
1. DRC ER-PD	Daniela Goehler	Room A			
2. Costa Rica ER-PD	Leonel Iglesias	Room C			
3. Cameroon ER-PIN	Tracy Johns	Room D			
4. FY17 Budget	Simon Whitehouse	TBD			