Forest Carbon Partnership Facility

Setting the Stage for ER-PD Reviews

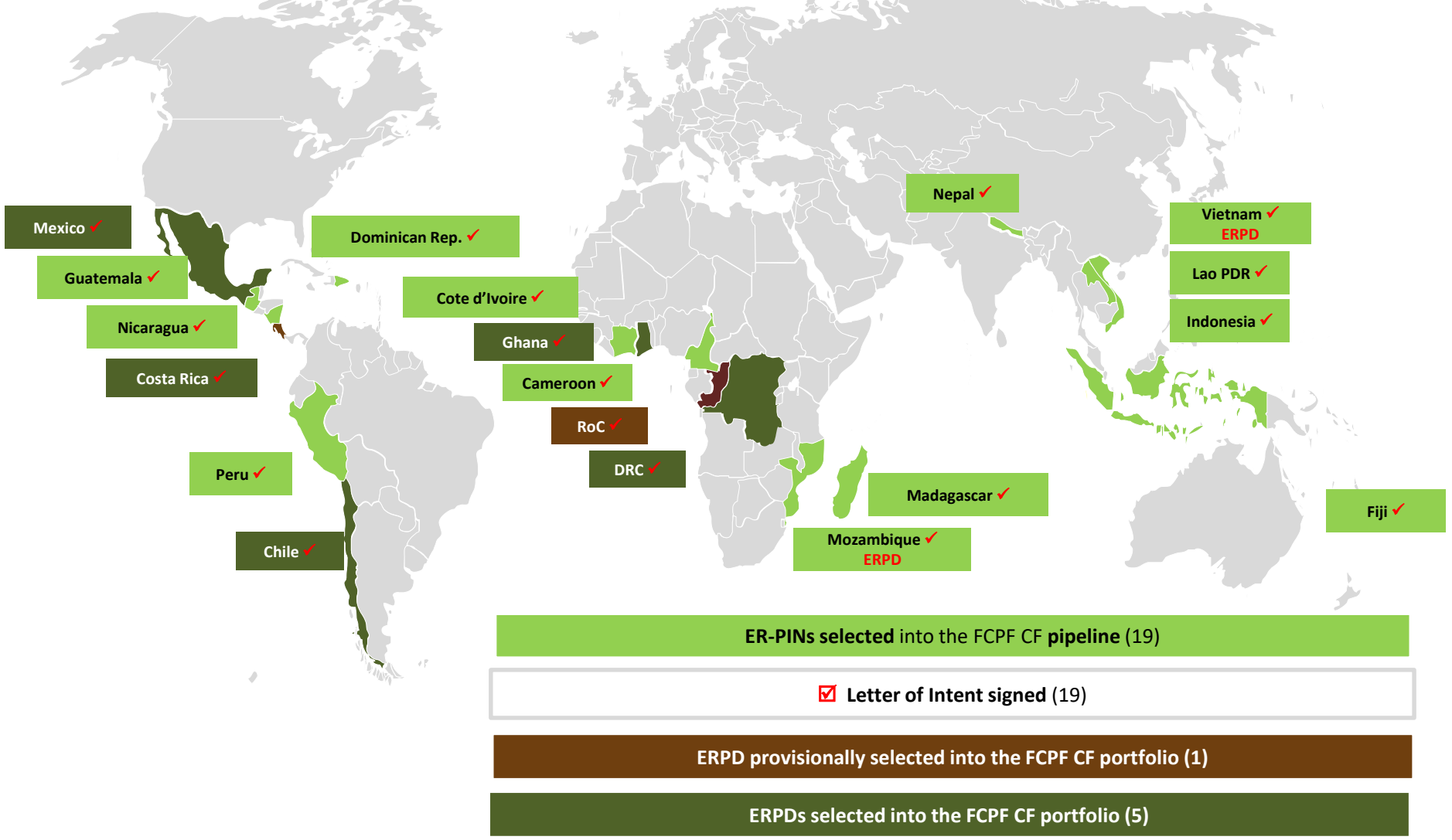
Seventeenth meeting of the Carbon Fund (CF17)

Paris, France

January 30-February 1, 2018

Building the Carbon Fund Pipeline and Portfolio

- 5 programs in portfolio so far, 14 more in pipeline → about 12-13 ERPAs in eventual portfolio



Task at CF17

Two decision points to select ER programs:

1. Selection into Carbon Fund **pipeline** based on ER-PIN (**concept**-stage ideas)
   → Negotiate and sign Letter of Intent (LOI).

2. Selection into Carbon Fund **portfolio** based on ER-Program Document (full proposal)
   → Negotiate and sign ERPA.

Vietnam
Mozambique

Criteria for selection of ER-PINs into pipeline

7 formal criteria:

1. Progress towards Readiness
2. Political commitment
3. Methodological Framework
4. Scale
5. Technical soundness
6. Non-carbon benefits
7. Diversity and learning value

Other parameters raised by CFPs:

- Regional balance across portfolio
- Quality matters
- Goal of net emission reductions across portfolio
  - Countries with high forest cover and low deforestation (HFLD) should not represent a disproportionately large share of the total ER volume or total financial value of the portfolio.

Basis for selection into Carbon Fund portfolio

- Letter of Intent (LOI) was good faith agreement to move forward
- Portfolio selection is on a first come first served basis, while taking into account:
  - quality
  - selection criteria as per ER-PIN criteria, and
  - consistency with the Methodological Framework
- CF17 decision to select ER program would authorize Trustee to start negotiating an Emission Reductions Payment Agreement, subject to World Bank due diligence and approval

ER-PDs have undergone extensive review/revision

- WB supported ER-PD development since ER-PIN selection into the pipeline
  - Technical assistance on program design, technical issues
  - Safeguards support
  - Policy dialogue with REDD Country
- REDD Countries submitted **Draft ER-PD** (Q2/Q3 2017)
- TAP performed desk review and provided comments
- REDD Countries produced **Advanced Draft ER-PD** (Q3/Q4)
  - Formal TAP Assessment
  - Virtual review by CFPs and Observers
  - Calls between CFPs, Observers and the Countries to identify key issues

REDD Countries produced **Final ER-PD** based on TAP Assessment and feedback/ comments from CFPs and Observers

ER-PD Reviews at CF17

Country presentations

- focus on responses to comments received

Clarification & discussion time

- focus on identifying outstanding issues
- narrow down to key sticking points for decision making

Facilitated discussion groups

- focus on key sticking points for decision-making
- propose decision and, if relevant, draft resolution for CFP adoption

Options for Decisions by Carbon Fund Participants (1)

i. Decide to **select** an ER Program into its portfolio and proceed to negotiating an ERPA subject to completion of World Bank due diligence and final World Bank approval of the program

ii. Decide to **provisionally select** an ER Program into its portfolio and proceed to negotiating an ERPA subject to: completion of World Bank due diligence and final World Bank approval of the program and other requirements, such as a **list of key issues** to be addressed, have been fulfilled to the satisfaction of the World Bank

iii. Request the REDD Country to **resubmit a revised ER-PD** with specific revisions or attention to certain areas

iv. Decide **not to select** an ER Program into its portfolio and, therefore, not to proceed to negotiating an ERPA and do not request the country to resubmit (i.e. rejection)

Options for Decisions by Carbon Fund Participants (2)

- Option iv **(not to select program)** should only be valid if proposed ER Program is substantially different from the selected ER-PIN or the selection has portfolio management implications e.g., in relation to net emission reductions across the portfolio
- Other issues, such as non-compliance with the Methodological Framework, could be addressed through options ii **(provisional selection)** or iii **(request revised ER-PD)**

Conflict of Interest

- Charter (Section 8.3): CFPs disclose involvement in ER-PDs, FMT determines whether CFP should recuse from:
  - discussion = discussion during plenary
  - deliberation = formulation of resolution
  - decision = adoption of resolution
- Under the Charter CFPs should disclose the following:
  - 1) direct involvement in preparing or implementing the ER Program (including preparation of the ERPD)
  - 2) engagement in a separate transaction for ERs from same ER Program
- Based on previous notifications from the ER-PD for Vietnam (CF15) as well as new notifications
- If circumstances have changed, please inform FCPF lawyers

Conflicts of Interest (1/2)

Notifications Received	Countries Involved in	Details and FMT Determination
Australia	Vietnam and Mozambique	No involvement **FMT Determination: No Conflict of Interest**
Canada	Vietnam and Mozambique	No involvement **FMT Determination: No Conflict of Interest**
European Commission (from CF15)	Vietnam	• The EU delegation is supporting the national FLEGT/REDD+ processes, with EFI's EU REDD/FLEGT Facilities. • The country participates in the ReCaREDD to help the development of methodologies and capacities to benchmark and monitor degradation **FMT Determination: No Conflict of Interest**
Germany (from CF15 and new notification)	Vietnam and Mozambique	**Vietnam** • Germany was involved in the ERPD preparation to a limited extent • GIZ Forest-Biodiversity project provided short background papers for integration into the ERPD on specific topics: Land Use Planning and Land Allocation, and Sustainable Forest Management • Germany has been involved in projects related to the content of the ERPD, of which lessons-learnt and experiences have been partially integrated into the ERPD • GIZ Phong Nha Ke Bank Project: MRV, RL, Safeguards, Benefit Sharing • GIZ Forest Project: Sustainable Forest Management • GIZ Biodiversity Project: Effective Management of Protected Areas • KFW project in Northern Vietnam: Sustainable Forest Management (Inventory data) • KFW: IKI/BMUB Project on REDD regarding leakage from Vietnam to Laos **FMT Determination: Do not recuse from discussion; recuse from deliberation, decision** **Mozambique** No involvement in the design of the ER Program and the respective documentation **FMT Determination: No Conflict of Interest**

Conflicts of Interest (2/2)

Notifications Received	Countries Involved in	Details and FMT Determination
Norway	Vietnam and Mozambique	**Vietnam** Norway has had no direct involvement with Vietnam's ER-P. Norway has however supported Vietnam as a pilot for the UN-REDD Programme 2009-2012, and bilaterally through a second phase of the UN-REDD Programme 2013-2018. Norway has no arrangement in place which involves transactions from the proposed ERP. **FMT Determination: No Conflict of Interest** **Mozambique** Norway has had no direct involvement with Mozambique's ER-P. Norway is a contributor to multilateral REDD+ funding mechanisms such as WB FIP and the UN-REDD Programme, which may have financed activities related to the ER-P. However, Norway has no arrangement in place which involves transactions from the proposed ERP. **FMT Determination: No Conflict of Interest**
The Nature Conservancy (from CF15)	Vietnam	No involvement **FMT Determination: No Conflict of Interest**
United States	Vietnam	USAID-funded Vietnam Forests and Deltas project (VFD) supported the provinces of Thanh Hoa, Nghe An and Quang Binh to develop their Provincial REDD+ Action Plans (PRAPs). The action plans are not chapters in the Emission Reduction Program Description (ERPD), but they are included in the ERPD as annexes. In addition, VFD supported MARD in development of two chapters of the ERPD including (1) social safeguard and (2) benefit distribution mechanism. **FMT Determination: Do not recuse from discussion; recuse from deliberation, decision**

THANK YOU!

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