# Forest Carbon Partnership Facility

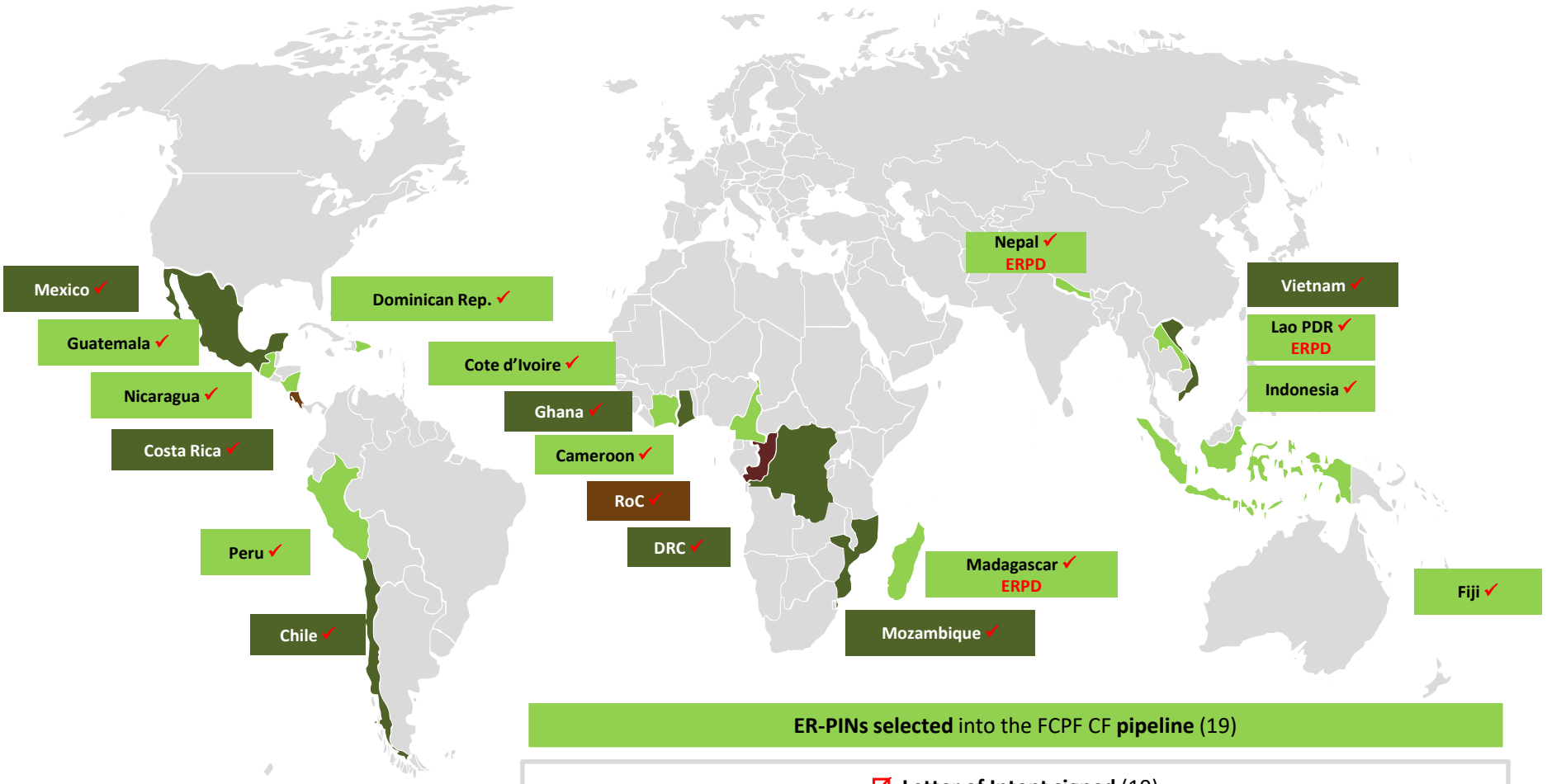
## Setting the Stage for ER-PD Reviews

Eighteenth meeting of the Carbon Fund (CF18)

Paris, France

June 20-June 22, 2018

# Building the Carbon Fund Pipeline and Portfolio



# Task at CF18

## 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.

**Lao PDR**
**Madagascar**
**Nepal**

# 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) is 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
  - consistency with the Methodological Framework
- CF18 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**
- TAP performed desk review and provided comments
- REDD Countries produced **Advanced Draft ER-PD**
  - Formal TAP Assessment
  - Virtual review by CFPs and Observers
  - Calls among CFPs, Observers, and the respective Countries to discuss feedback/comments

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

# ER-PD Reviews at CF18

## 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: fulfillment of the conditions specified in the resolution; and completion of World Bank due diligence and final World Bank approval of the program

iii. Request the REDD Country to **submit a revised ER-PD**, incorporating key issues identified during the CF meeting

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 submit a revised ER-PD (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 potential conflict of interest 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
- If circumstances have changed, please inform the FMT

# Conflicts of Interest (1/2)

| Notifications Received | Countries Involved in | Details and FMT Determination |
|---|---|---|
| Australia | Lao PDR, Madagascar, Nepal | No involvement<br>**FMT Determination: No Conflict of Interest** |
| Canada | Lao PDR, Madagascar, Nepal | No involvement<br>**FMT Determination: No Conflict of Interest** |
| Germany | Lao PDR, Madagascar, Nepal | **Lao PDR**<br>Direct contribution to the development of the ERPD in several components – mainly intervention strategies and safeguards<br>BMZ/GIZ/KfW: Climate protection through avoided deforestation (CliPAD): active contribution to the ERPD design, contribution to Provincial REDD+ Action Plans, contribution to the ER-PIN. Development Proposal for GCF investment Project (REDD Phase 2) to be implemented by GIZ.<br>**FMT Determination: Do not recuse from discussion; recuse from deliberation, decision**<br><br>**Madagascar**<br>No involvement in the development of the ERPD<br>BMZ/GIZ: Conservation and sustainable use of natural resources: no ER transaction focus.<br>BMZ/KfW: Investitionsfonds Nationalparks Madagaskar II (MNP II): no ER transaction focus.<br>**FMT Determination: No Conflict of Interest**<br><br>**Nepal**<br>No direct involvement in development of the ERPD – very limited indirect contribution through regional capacity development activities<br>BMU/GIZ: Developing and using experience in implementing REDD+ in the Himalayas: mainly capacity Development, no ER transaction focus<br>**FMT Determination: No Conflict of Interest** |

# Conflicts of Interest (2/2)

| Notifications Received | Countries Involved in | Details and FMT Determination |
|---|---|---|
| Norway | Lao PDR, Madagascar, Nepal | No involvement<br>**FMT Determination: No Conflict of Interest** |
| The Nature Conservancy | Lao PDR, Madagascar, Nepal | No involvement<br>**FMT Determination: No Conflict of Interest** |
| United Kingdom | Lao PDR, Madagascar, Nepal | No involvement<br>**FMT Determination: No Conflict of Interest** |
| United States | Lao PDR,<br>Nepal | **Lao PDR**<br>Forest Inventory and Planning Division (FIPD) of the Department of Forestry has been involved in regional trainings and workshops as part of the USG Interagency Initiative SilvaCarbon. Since 2017, through SilvaCarbon Asia Regional Program we have been discussing with DOF the possibilities of implementing University of Maryland GLAD System in Lao PDR. If this is implemented, it will be done in close collaboration with JICA and FIPD and will focus on improving the current FREL submitted in January 2018, most likely looking into improving the mapping of areas affected by shifting cultivation. We are currently discussing the mode of collaboration with FIPD, and JICA. This activity is led by USGS. In addition to this, FIPD will continue to be invited to regional trainings and workshops.<br>**FMT Determination: No Conflict of Interest**<br><br>**Nepal**<br>USAID/Nepal has been substantively involved in preparation of the Nepal submissions to FCPF Carbon Fund, including support to prepare the ERPD for 12 districts of Nepal's Terai Arc Landscape (TAL), TAL's ER-PIN preparation, Nepal's REDD+ Strategy development, and other processes/activities. The Hariyo Ban program team supported by USAID/Nepal worked in close coordination, collaboration, and partnership with the Government of Nepal's REDD Implementation Center. Further, as noted in Nepal's ER-PIN document, a USAID/Nepal technical specialist was a member of the Government of Nepal's high-level REDD working group, having been selected by REDD+ donors in Nepal to represent them, and to liaise/coordinate with the GON and REDD+ donor partners on REDD+ readiness and ER program design and implementation issues.<br>**FMT Determination: Do not recuse from discussion; recuse from deliberation, decision** |

THANK YOU!

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