



Forest Carbon Partnership Facility

Creation and Transfer of Emission Reductions

Carbon Fund, Eighth Meeting (CF8)

December, 2013, Paris, France

Outline of Presentation

1. Objectives of the work program
2. Overview of FMT work on REDD Registries in FY-13:
“What did we learn”
3. Emerging FCPF strategy
 - REDD+ Data management Systems
 - ER Registries
 - Buffers
4. Work plan for FY14

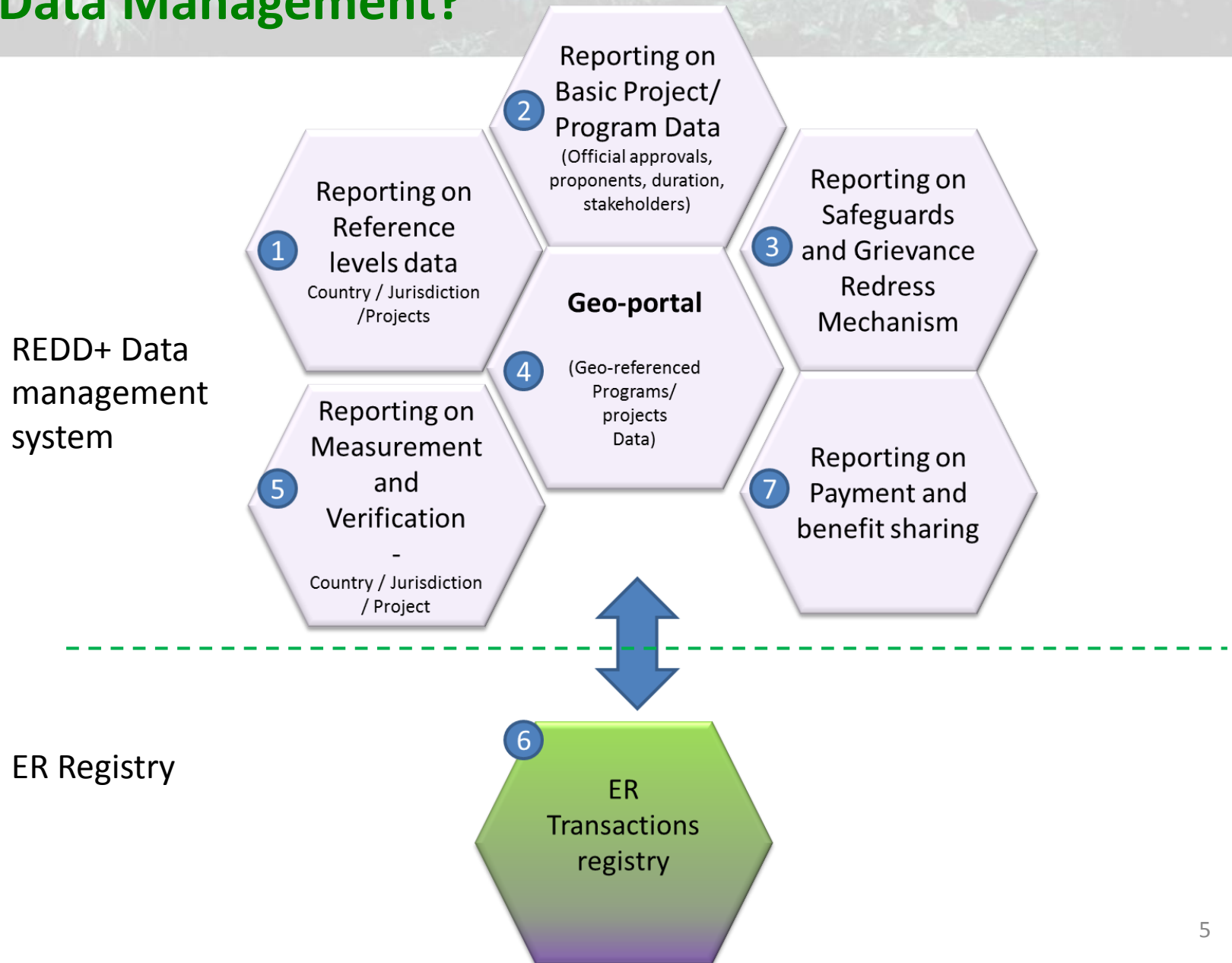
Dual Objectives of the Work Plan on Registries

1. To assess client country needs and provide tailored capacity building, technical assistance and facilitation support with respect to REDD Data Management Systems (DMS) and ER registries.
2. To support the needs of FCPF CF participants for creation and transfer of Emission Reductions

FY-13 work overview

- REDD Registry Workshop April 25-27, Washington DC (13 countries represented)
- Draft Guidance on REDD+ Data Management Systems
 - Functional specifications with minimum design standards
- Country needs assessment
 - Specific input already provided to requesting countries (Indonesia, DRC, Mexico, Colombia, Peru and Honduras)

A key question: Integrate or separate ER registry and other REDD Data Management?



What are the main functions of a REDD+ data management systems (DMS) and an ER registry?

REDD+ Data Management System	ER Registry
<ul style="list-style-type: none">- Registering information on government approvals, title to ERs (Projects/Jurisdictions/Nation)- Collecting/distributing information on RL and MRV data (Projects/Jurisdictions/Nation)- Collecting information on how safeguards are addressed and respected- Collecting information on financial flows (performance based payments) and benefit sharing	<ul style="list-style-type: none">- Issuance and serialization of ERs- Account holders systems to manage positions and settlements for transactions,- Accounting for non-permanence risk management (buffer reserves)- Reporting on ERs, and- Linking to other registries

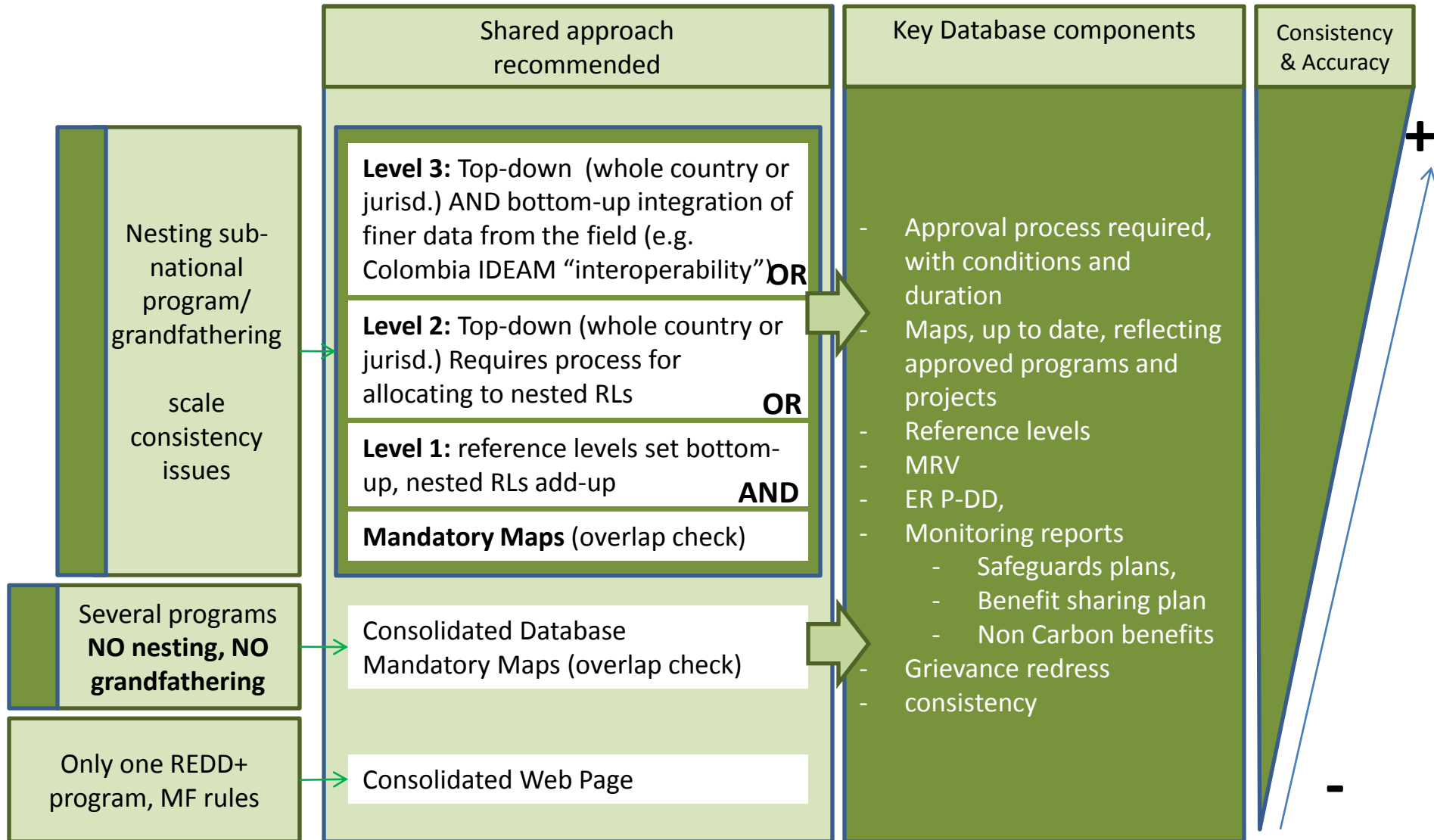
What did we learn? (1/2)

- For most countries the “REDD+ Registry” is a Data Management System (DMS). Mexico, Colombia, Peru, DRC, Ghana, Indonesia have draft designs or prototype systems
- The ER transaction registry has yet to be considered by most countries (only Mexico and Costa Rica)
- “Interoperability” is a major challenge shared by all. Many countries are looking to operate “VCS Scenario 2” type implementation frameworks and are looking for data management systems that support consistency and coherence across implementation scales
- ER Registry/DMS plans overlap with plans for other sectors. Linkages to the Partnership for Market Readiness (PMR) are important for Mexico, Costa Rica, Colombia, Chile, Indonesia, Peru, Thailand and Vietnam

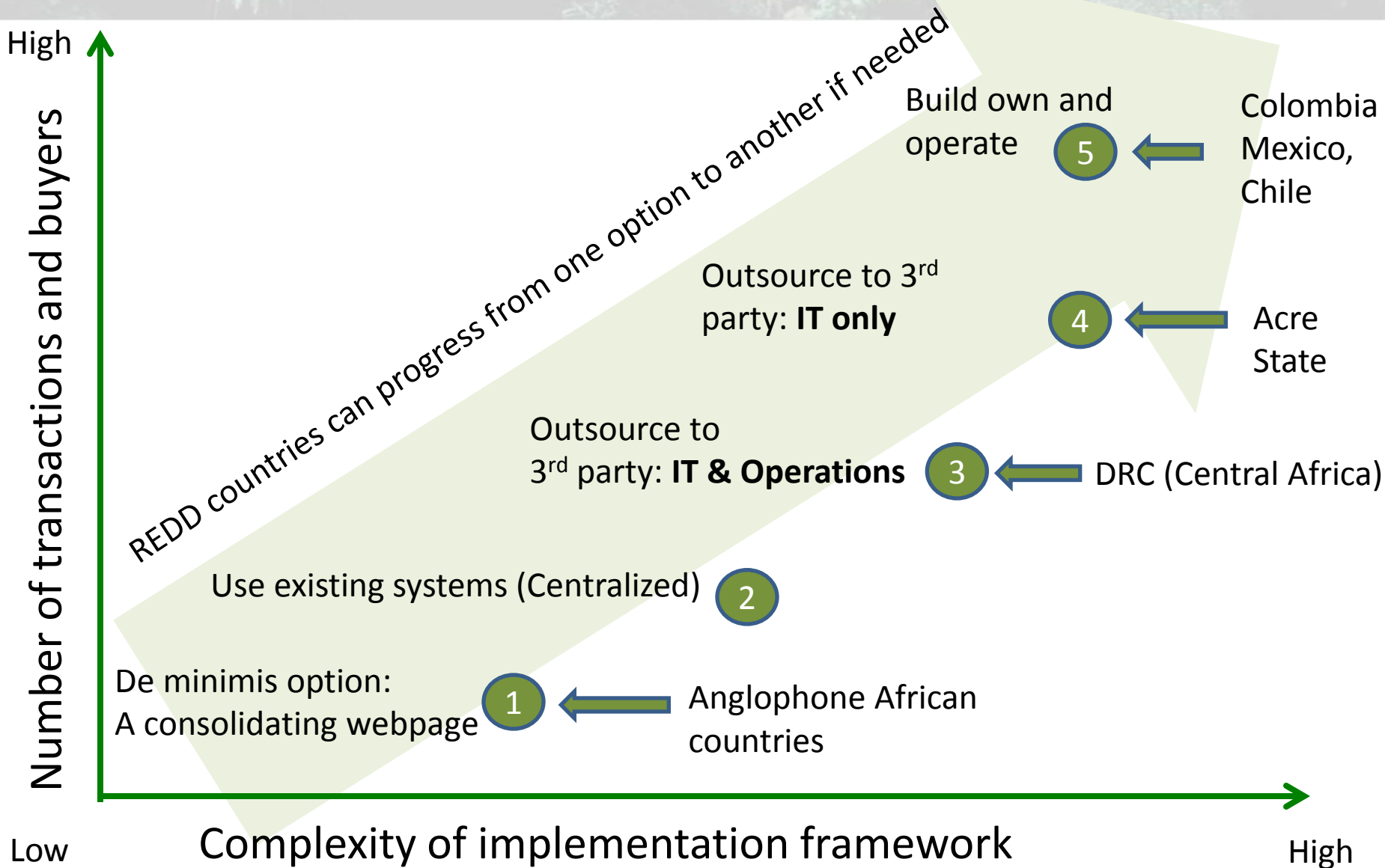
What did we learn? (2/2)

- There is no one fits-all solution with respect to data management requirements for REDD+. Only *de minimis* FCFP requirements (*to avoid having multiple claims to an ER Title*).
- ER Registry is very costly to develop and operate. It only makes sense if a country is considering the development of a domestic ETS (e.g. Mexico)
- Sovereignty over data /approach is very important for many countries
- Data management systems for REDD+ are locally driven solutions, while ER registry solutions can be more easily standardized using common infrastructure or common standards

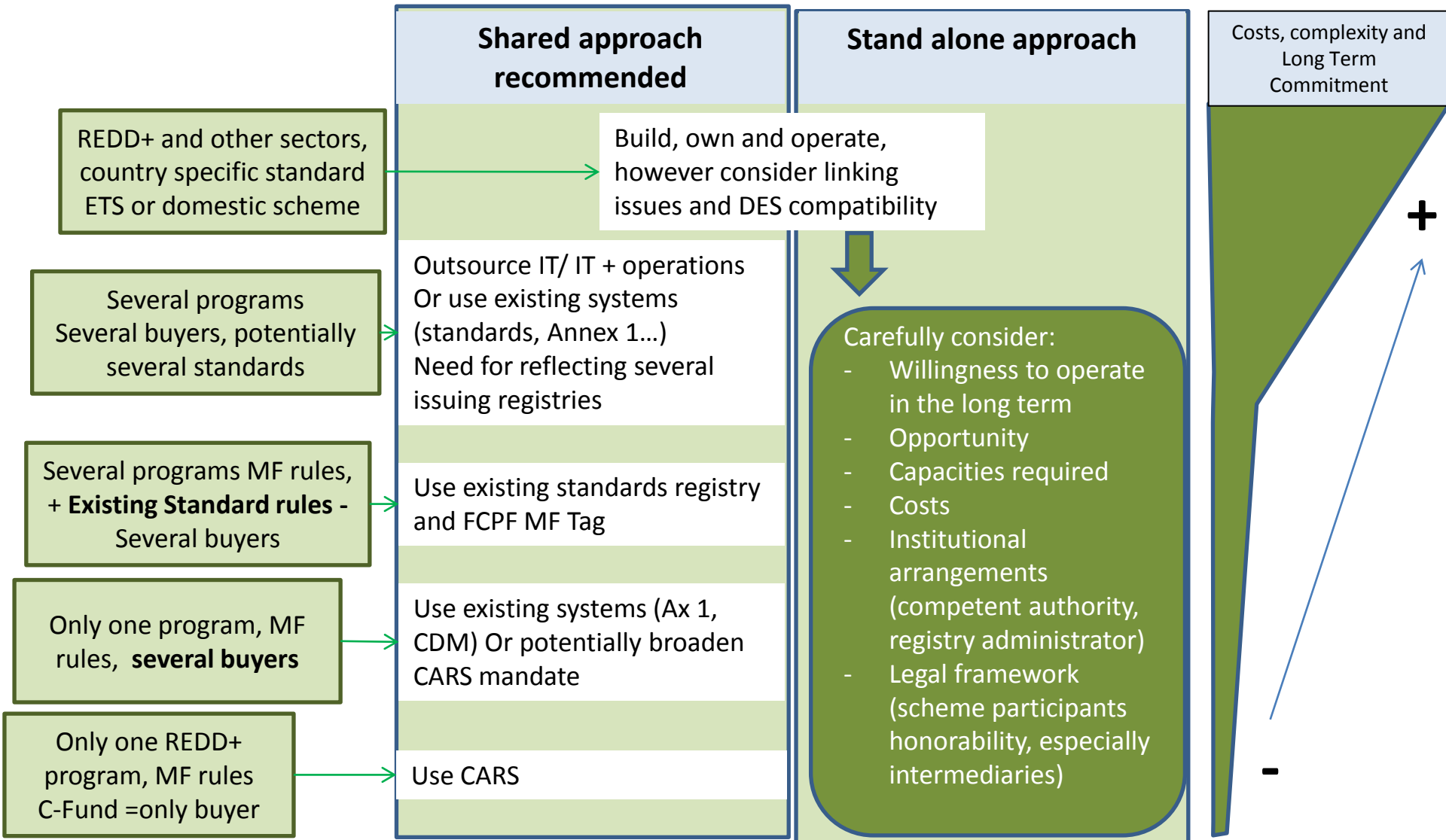
Country Needs Assessment : REDD+ Data Management System



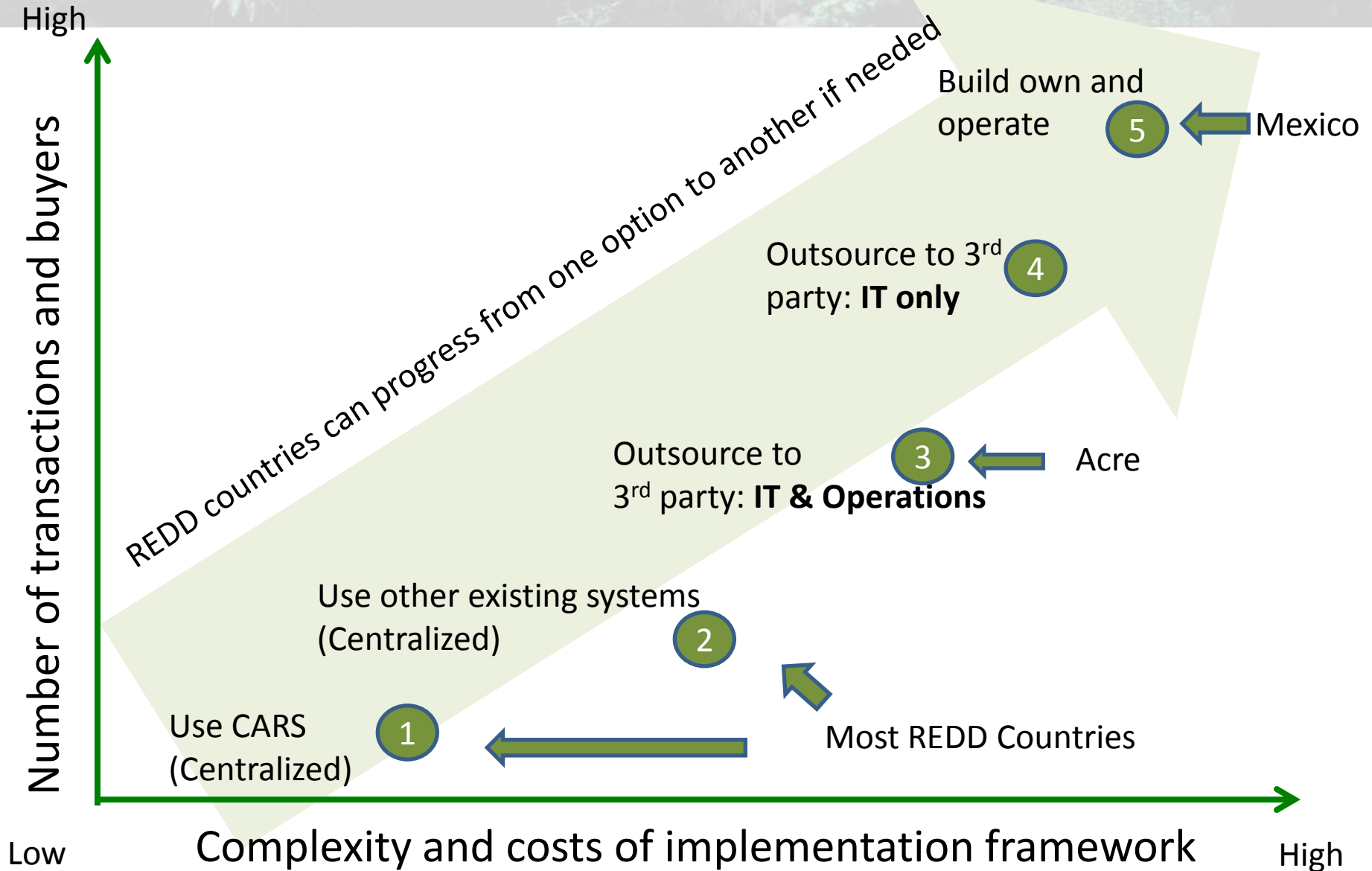
Country Needs Assessment: REDD+ Data Management System



Country Needs Assessment : REDD+ ER transaction registry



Country Needs Assessment: ER registry



ER Registry Needs: Costa Rican Example

- Offsets from multiple sectors and domestic ETS
 - initially REDD, eventually other offset units e.g., agriculture and waste management. Buyers both domestic and international
- Phased registry development
 - No need to handle multiple transactions in the early stages (“one off sales”, no secondary market), but would grow to accommodate multiple users.
- Registry provider assessment
 - Costa Rica has already met with multiple registry developers and would like help to make a robust comparison. Interest in making use of a centralized ER Registry in the near term and then transition to a Costa Rican registry over time
- Immediate Needs
 - Design an data management and environmental asset management architecture (PMR and FCPF to provide advice in close technical coordination)

Towards a Carbon Fund Vision for REDD+ Data Management Systems

- The FCPF enhances its web page to report all relevant information on ER Programs
 - Some countries may not need a sophisticated system and may only use this web page to meet CF requirements
- FCPF finalizes "Good Practice Guidance for REDD+ Data Management System" (Draft under review)
 - Many countries such as Mexico, Colombia, Peru, DRC, Ghana and Indonesia are developing their own system
 - GPG can help REDD+ countries assess whether their system meets basic requirements of FCPF CF

Towards a Carbon Fund Vision for Creation and Transfer of Emission Reductions

- The World Bank enhances its Climate Asset Registry System (CARS) which will serve as the centralized ER registry for the FCPF Carbon Fund
- World Bank will manage accounts on behalf of ER Program entities and CF participants
- If an ER Program meets national standards or 3rd party standards additionally to the Carbon Fund requirements, verified ERs could be issued under the national or 3rd party program and use a national or 3rd party ER Registry
 - Use of other systems would require an assessment of whether the National or 3rd party system meets FCPF CF requirements
 - A Carbon Fund “tag” could then be added to such units to mark compliance with FCPF-CF Methodological Framework

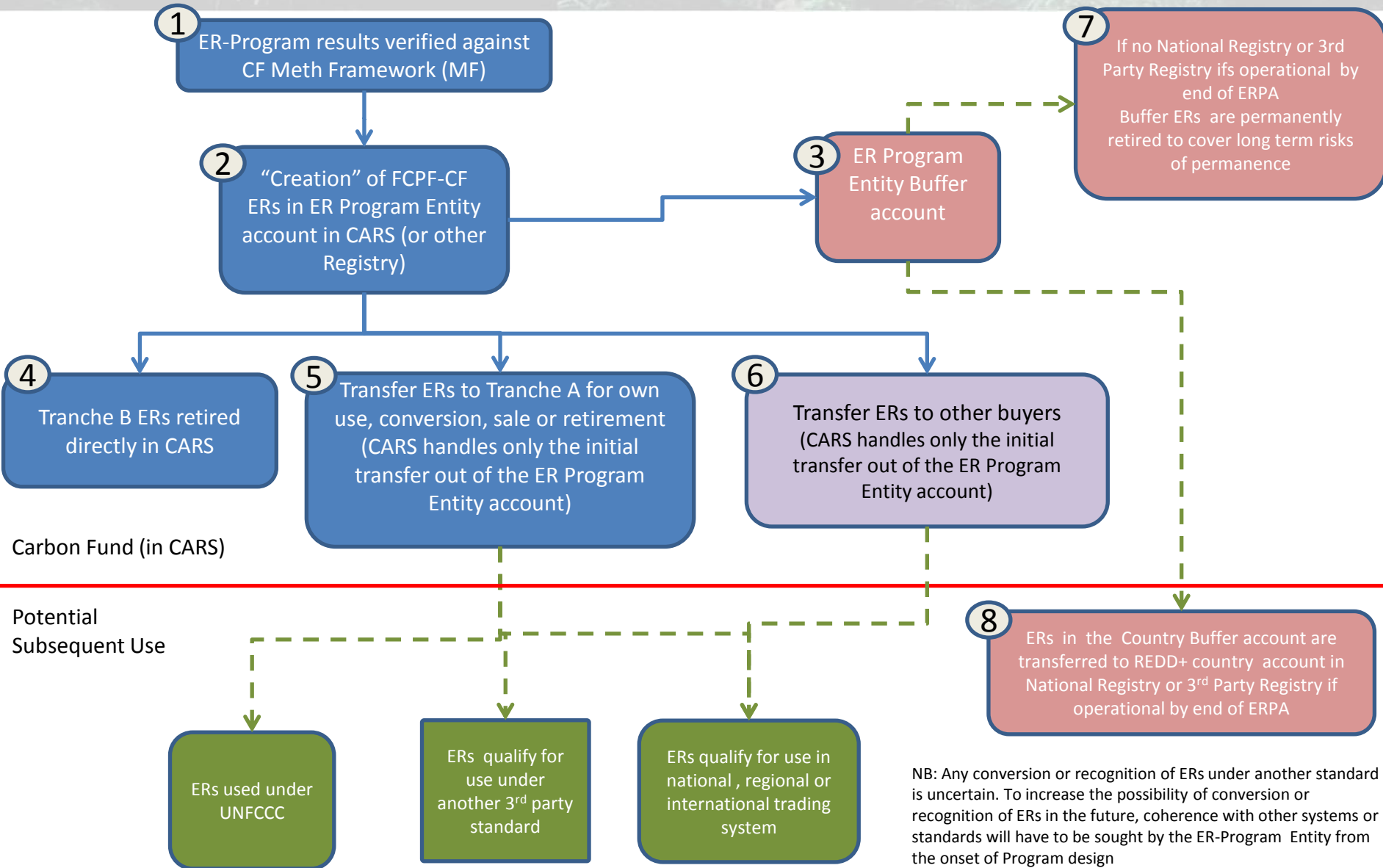
About the World Bank Climate Asset Registry System (CARS)

- The World Bank Carbon Finance Unit has developed its own Carbon Asset Registry and Reporting System (CARS) to manage the issuance and initial custody of ERs. CARS enables the Carbon Finance Unit to perform timely and accurate recording, tracking, allocation and distribution of emission reductions (ER) or carbon assets purchased on behalf of the private and public sector participants ("Participants") of the carbon funds and facilities ("Carbon Funds") managed by the World Bank in its role of Trustee.
- CARS could fulfill the functions of ER registry for the Carbon Fund, but
 - Only manage Carbon Fund transactions
 - Only the creation, set-aside (buffer), retirement or initial distribution of ERs to the CF participants
 - Secondary transactions would have to be dealt with in other systems.

Towards a Carbon Fund Vision for Buffers

- World Bank CARS manages buffer accounts on behalf of ER Program entities
 - CARS will have to be enhanced for this purpose
- If an ER Program meets 3rd party standards additionally to the Carbon Fund requirements, buffer ERs could be managed under the 3rd party program and use 3rd party ER Registry
- If a National system that meets FCPF CF requirements is in place at the time of ERPA signature, buffer ERs could be managed by the National ER Registry
- Buffers ERs managed by World Bank CARS would be transferred to a national or 3rd party registry at the end of the ERPA term if such a system is in place
 - This would provide an incentive for countries to develop long term solutions to manage risks of reversals

The Path of an FCPF-CF Emission Reduction



REDD+ Data Management Systems: Work Plan for FY14

- Develop/modify webpage to provide *de minimis* reporting functions for REDD countries that do not need a REDD+ Data Management System(December 2014)
- Missions to provide (on request) in-depth needs assessment and technical advice. Merged with FMT work program on MRV and RL
- Facilitate collaboration and exchanges for countries on a similar trajectory

ER Registry Work Plan for FY14

- Establish a cross-functional DMS/Registry team to support work in FCPF/PMR.
- Missions to provide (on request) in-depth needs assessment and technical advice to countries (ongoing PMR-FCPF)
- Develop functional specifications for the enhancement of CARS (March 2014)
- Develop funding model and secure investment for the USE of CARS (June 2014).
- FY-15 commence implementation of “enhanced CARS”



Gracias

Merci

Thank you

www.forestcarbonpartnership.org