



Forest Carbon Partnership Facility

FCPF Carbon Fund Methodological Framework

Seventh Meeting of the Carbon Fund (CF7)

Paris, France

June 24-25, 2013

How Did We Get Here?

WG Process and MF Development to Date

- Presentations on MF design concepts at last 5 CF meetings
- Elements drafted 6/12 by PC Working Group as guidance to CF
- WG met in Brazzaville October 2012, in DC in March 2013
- 3 REDD Design Forum events January – April 2013 to discuss issues among experts, TAP, countries and some WG members
- 11 issue papers drafted and shared with WG. To be revised in July-August
- May 28th rough draft; June 7th is first full draft
- 2 conference calls: May 24th and June 9th
- WG meeting June 21-23 in Paris

Walking Thru the June 7th MF Structure

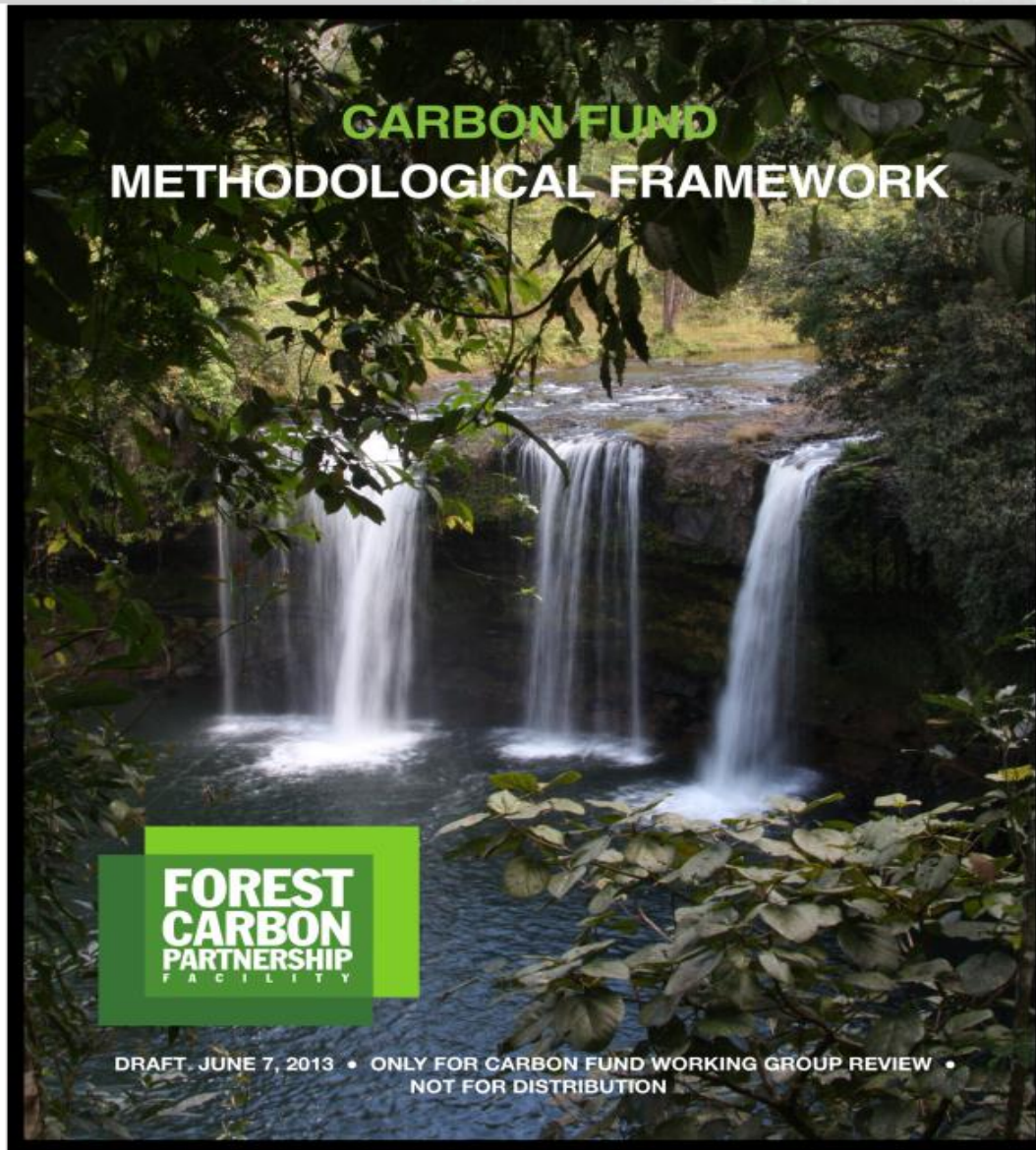




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Organization of MF Draft

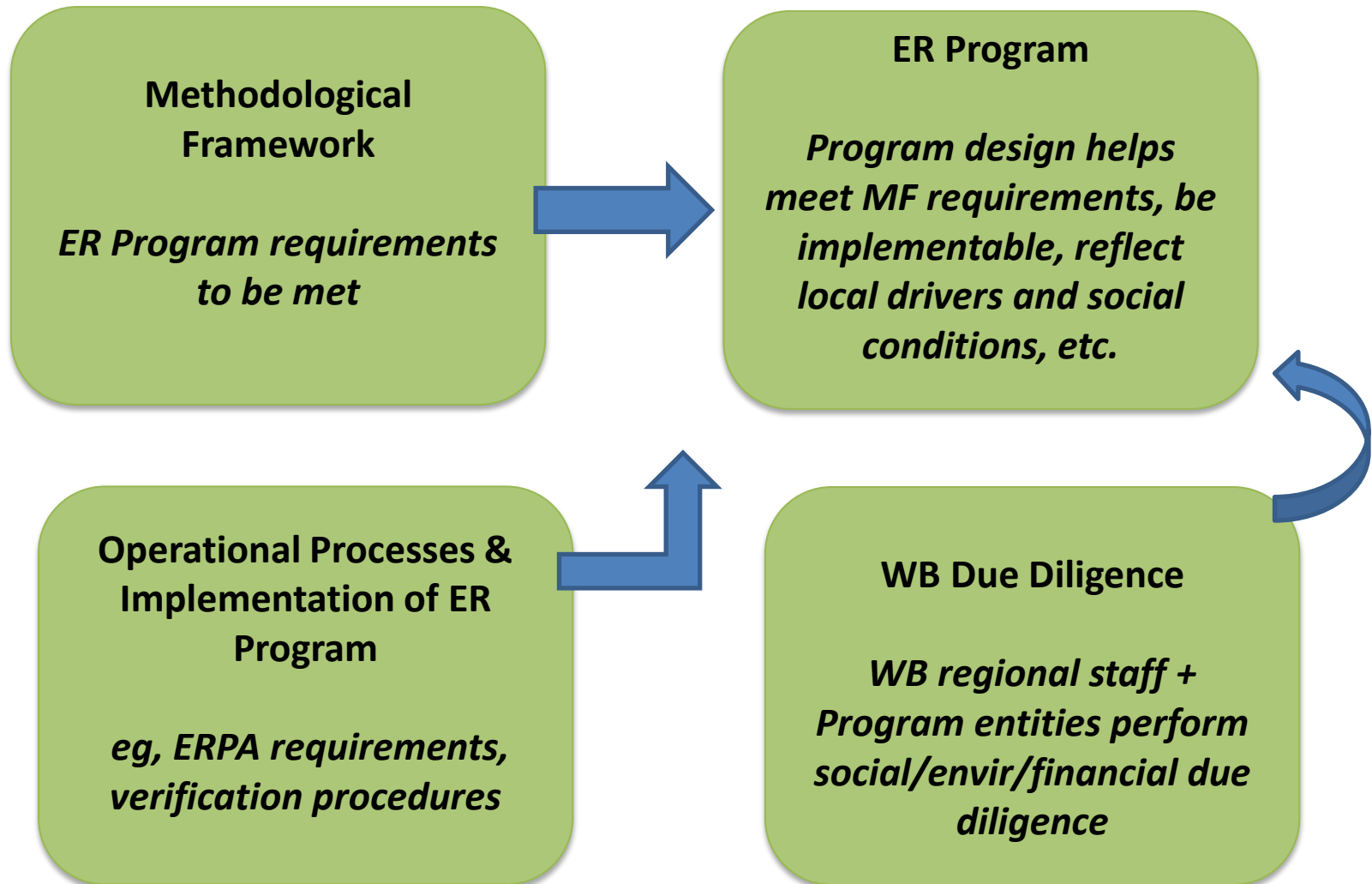
- **Many ways to organize. This one stresses:**
 - Safeguards are cross cutting most of the Method. Framework . . .
 - . . . and thus most of the ER Program design and implementation
 - Sustainable development as major objective of ER Programs
 - Operational aspects are critical. We working on where & how to discuss them.
- **Safeguards topics discussed in many sections:**
 - **3.4 ACCOUNTING FOR DISPLACEMENT (LEAKAGE) AND REVERSALS (C ACCOUNTING ISSUES)**
 - **4. SAFEGUARDS**
 - **4.2 ACTIONS TO ADDRESS RISK OF DISPLACEMENT AND REVERSALS (NON C ACCOUNTING)**
 - **5.1 BENEFIT SHARING**
 - **5.2 NON CARBON BENEFITS**
 - **6.2 LAND AND RESOURCE TENURE AND TITLE TO EMISSION REDUCTIONS**
 - **8. SUGGESTED GOOD PRACTICES**
 - **9. DIAGRAM OF WORLD BANK OPERATIONAL POLICIES / BANK POLICIES; & OPERATIONS**

Rationale for MF for Programs and for CF Review; and ER-PIN selection criteria

“Per Resolution CFM/4/2012/1, the ER-PIN selection criteria as referred to in 1 (iii) above are as follows:

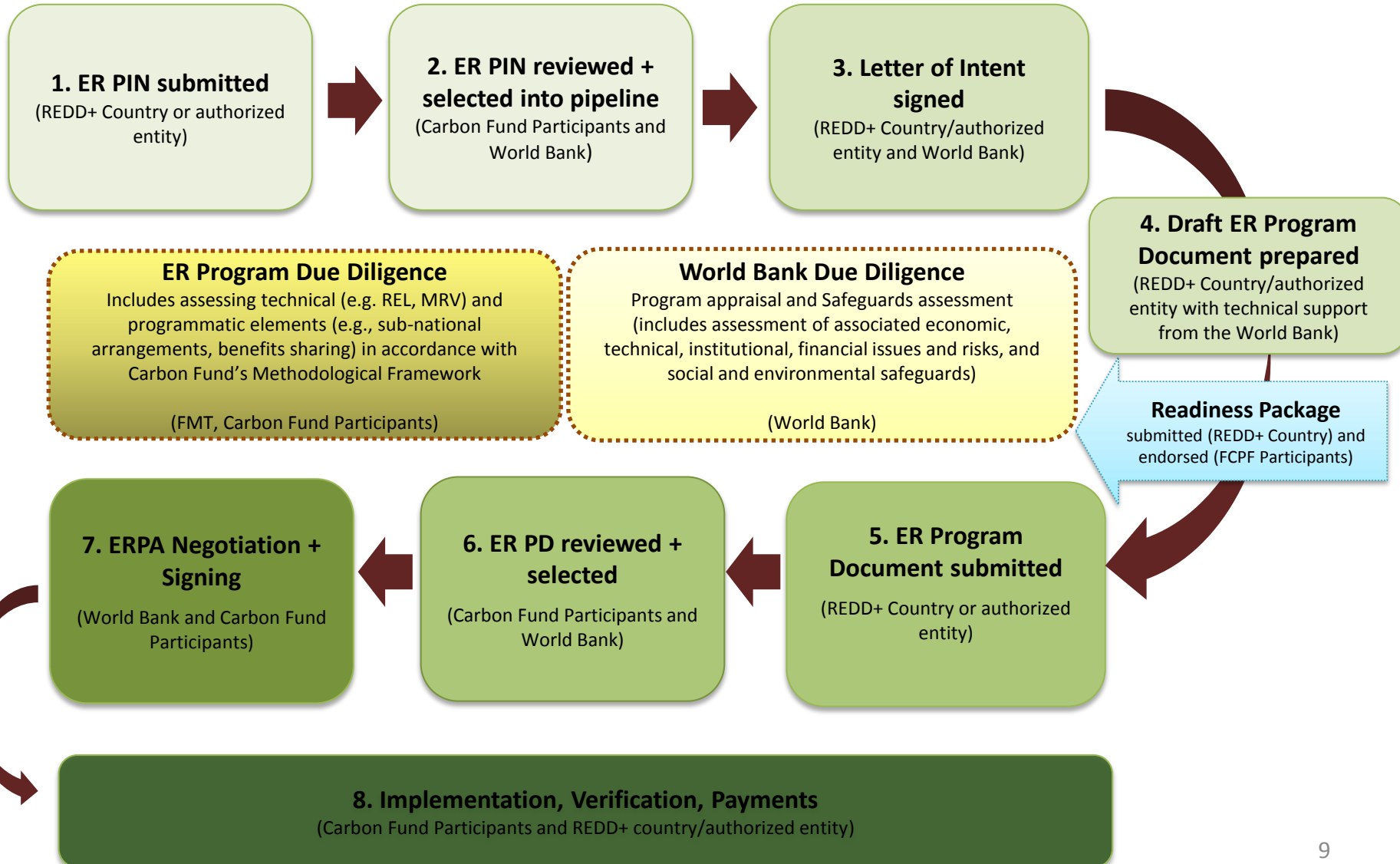
- Progress towards Readiness: The Emission Reductions Program (ER Program) must be located in a REDD Country Participant that has signed a Readiness Preparation grant agreement (or the equivalent) with a Delivery Partner under the Readiness Fund, and that has prepared a reasonable and credible timeline to submit a Readiness Package to the Participants Committee;
- Political commitment: The REDD Country Participant demonstrates a high-level and cross-sectoral political commitment to the ER Program, and to implementing REDD+;
- **Methodological Framework: The ER Program must be consistent with the emerging Methodological Framework, including the PC’s guiding principles on the methodological framework;**
- **Scale: The ER Program will be implemented either at the national level or at a significant sub-national scale, and generate a large volume of Emission Reductions;**
- **Technical soundness: All the sections of the ER-PIN template are adequately addressed;**
- **Non-carbon benefits: The ER Program will generate substantial non-carbon benefits; and**
- Diversity and learning value: The ER Program contains innovative features, such that its inclusion in the portfolio would add diversity and generate learning value for Carbon Fund.”

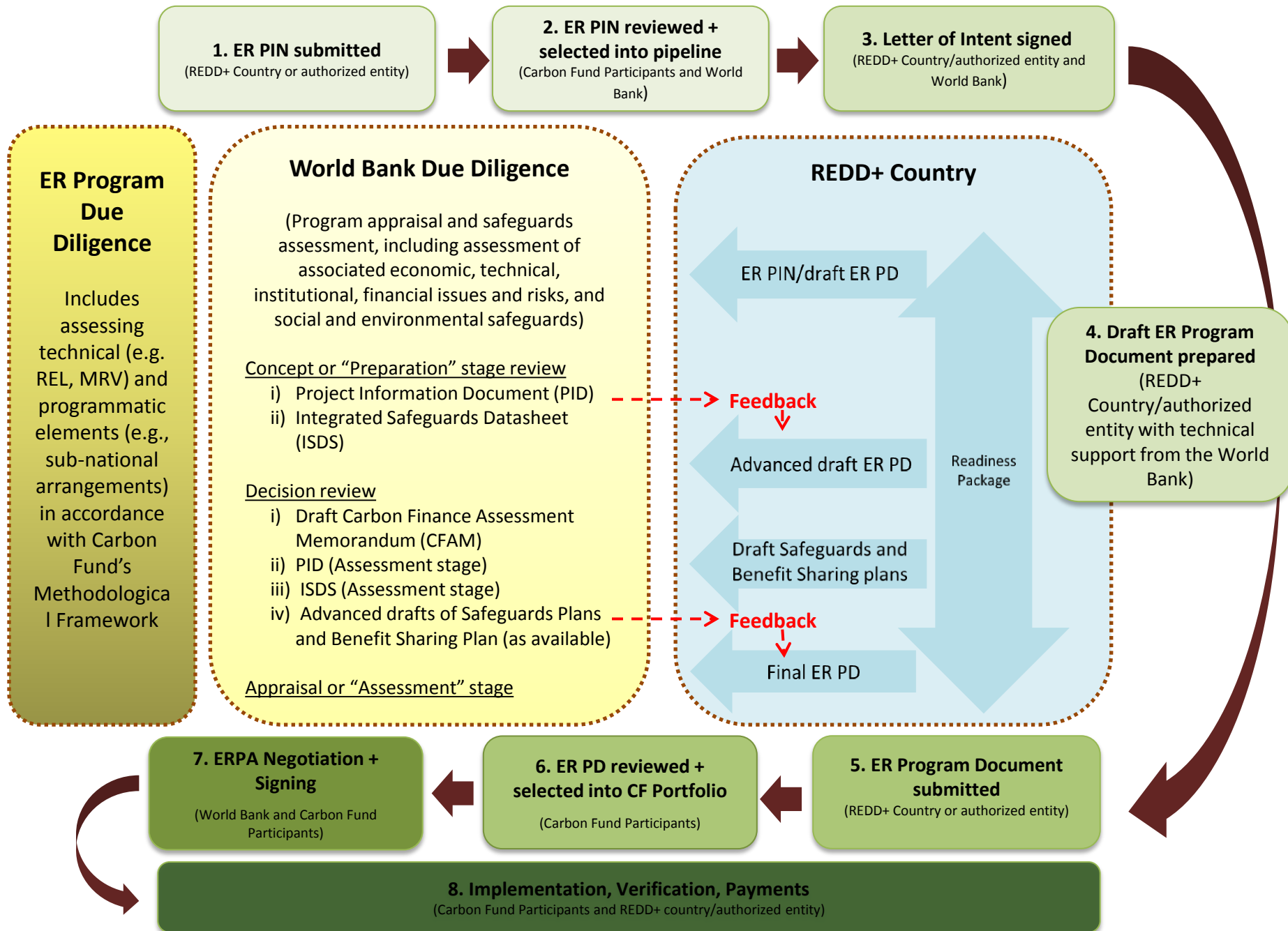
MF is One Part of How ER Programs Will Be Developed and Implemented



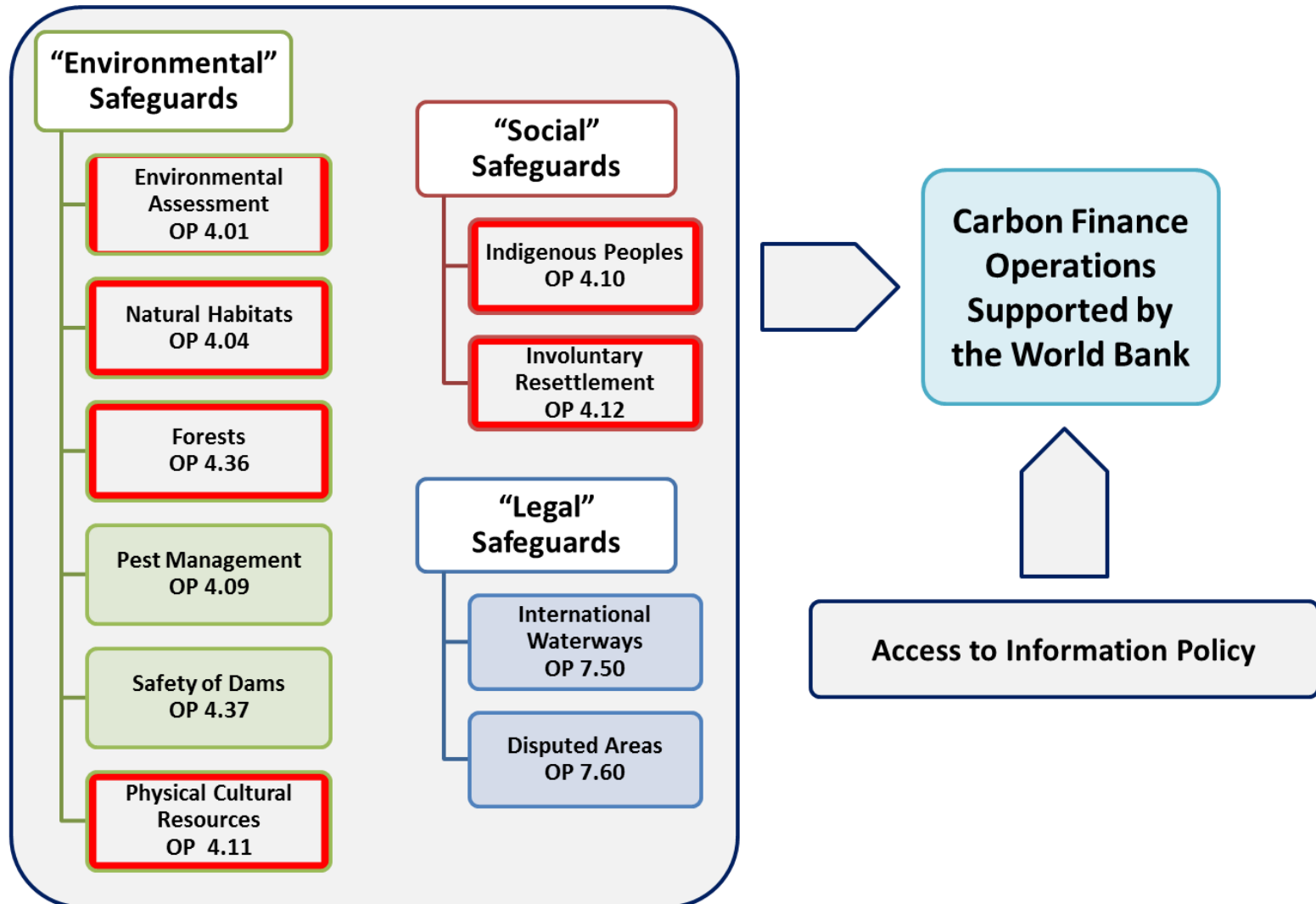
Business Process of the FCPF Carbon Fund

FMT draft June 18, 2013





World Bank Safeguard Policies



Possible supporting documentation for the MF

I. Good Practice Guidance for FCPF Carbon Fund

- I.e., technical guidance, good practice examples, tools, links and references to support and inform a country in preparing its ER-PD
- May include decision support tools, eg.:
 - Reference Levels and MRV (in progress); Grievance Redress mechanism (draft available); title to ERS and land tenure concerns (rough early draft in issue paper), etc.

II. Guide to Operationalizing Carbon Fund ER Programs

- Information on relevant World Bank policies and procedures
 - World Bank Safeguards Policies
 - Carbon Finance Operations
 - » Due diligence process
 - » Implementation, monitoring, verification, ER transfer and issuance
- Overview of the process in preparing and implementing an ER-Program (steps undertaken by Program Entity)
- Information on the relationship of readiness preparations to the Carbon Fund
 - Including R-Package and ESMF

III. Operational guidelines for FCPF Carbon Fund (internal for WB TTLs)

- Parallel to internal WB guidelines for the Readiness Fund
- Details on operational processing- roles, responsibilities, steps undertaken by the FMT/ENVCF and the TTL/regions

Some Issues Remaining in June 24th 4 pm draft

- **C accounting requirements and reporting are clear:**
implies accounting for emissions and removals for deforestation and other activities chosen. Show final accounting for reporting ERs
- **Reference level possible adjustment is particularly vexing: HFLD, both quantitative and 2nd approach allowed**
- **Safeguards section shows relationship between WB due diligence, and country's reporting on Cancun safeguards**
- **Discussion of a buffer approach to reversals of ERs and potentially other risks, but not yet mature**
- **How to handle sustainability of ER Program, beyond end of Program in 2020 (reversals, financial planning etc.)**
- **Portfolio management: effect of set of ER Programs selected**

Proposed Schedule

June 25th 3-4 hours in Carbon Fund agenda to review MF text

July 15th? Revised full MF draft sent to WG, reflecting WG and CF meeting changes, if any.

July 16-22nd WG review of full draft MF, to determine if ready for public comment period.

July 18th-19th?? [Only if needed, possible WG meeting #4? for 1-2 days in DC or Frankfurt?]

July 26-Sept. 6th? Public comment period (starting whenever WG is comfortable with draft) on full draft MF (for 5 weeks from start, e.g., July 26 to August 30)

September 9-10th? REDD Forum #4: in DC. Topics: cross cutting issues , consideration of key public comments, Good Practices, decision support tools for ER Program developers.

Sept 18-19th [Only if needed: WG meeting #4 or 5]

October 3rd Final draft version 1.0 of MF distributed to CF Participants

Late October ? Carbon Fund meeting: final review and adoption of MF for use by Reductions Program proposals to CF (dates to be arranged)