

**FOREST CARBON PARTNERSHIP FACILITY (FCPF)  
NINETEENTH CARBON FUND MEETING  
February 5 - 7, 2019  
Washington, D.C.**

**Resolution CFM/19/2019/1  
Selection of Emission Reductions Program Document of the Republic of Indonesia into the  
Portfolio of the Carbon Fund of the FCPF**

1. As per Resolution CFM/11/2014/2, the Carbon Fund (Carbon Fund) of the Forest Carbon Partnership Facility (FCPF) provisionally selected Indonesia's Emission Reductions Program Idea Note (ER-PIN) into the pipeline of the Carbon Fund and provided additional funding for Indonesia to develop an Emission Reductions Program Document (ER-PD) for its Emission Reductions Program (ER Program), each subject to revisions of certain issues in the ER-PIN. The revised final ER-PIN was submitted to the FCPF in April 2016 and became formally included in the pipeline of the Carbon Fund during the 14th Carbon Fund meeting in June 2016.
2. In September 2017, as per Resolution PC/24/2017/2, the Participants Committee of the FCPF endorsed Indonesia's Readiness Package.
3. Indonesia issued its advanced draft ER-PD in August 2018. The Technical Advisory Panel (TAP) reviewed the ER-PD against the ER-PD requirements in the Carbon Fund's Methodological Framework dated December 20, 2013 and issued its TAP Review document in September 2018. The Carbon Fund Participants reviewed the advanced draft ER-PD and the TAP Review document and submitted their consolidated comments to the FCPF Facility Management Team (FMT) in October 2018. Based on the findings of the TAP Review and the comments of the Carbon Fund Participants, Indonesia submitted to the FMT a final ER-PD in January 2019. The TAP reviewed such final ER-PD and issued its final TAP Review document to the FMT in January 2019.
4. Indonesia has presented its final ER-PD during this meeting.

**The Carbon Fund Participants,**

1. Acknowledge the extensive efforts made by Indonesia, and the high quality of the ER-PD;
2. Decide to provisionally include Indonesia's ER-PD into the portfolio of both Tranche A and Tranche B of the Carbon Fund, provided that any commercial terms (such as advance payments, price etc.) included in the ER-PD are subject to subsequent negotiations of the Emission Reductions Payment Agreement (ERPA);
3. Provisionally authorize the International Bank for Reconstruction and Development (Bank), as trustee of Tranche A and Tranche B of the Carbon Fund (Trustee), to lead the ERPA negotiations with Indonesia for the ER Program, in accordance with the ERPA negotiations process and subject to completion of Bank due diligence and final Bank approval, provided that ERPA negotiations shall not start before Bank management has appraised the ER Program;
4. The provisional inclusion of Indonesia's ER-PD into the portfolio of both Tranche A and Tranche B of the Carbon Fund and the provisional authorization of the Trustee to lead the ERPA negotiations with Indonesia are deemed approved upon fulfillment of the following condition:

Revision by Indonesia of the ER-PD and submission of such revised ER-PD to the FMT (1) preferably as soon as possible after this meeting but, in any case, no later than May 17, 2019, unless otherwise agreed with the Carbon Fund Participants, and (2) in substance satisfactory to the TAP, with the consent of the Carbon Fund Participants on a three (3) week no objection basis. The Carbon Fund Participants request Indonesia to revise the ER-PD as follows:

- a) Revise and resubmit the approach used to estimate the emissions included in the reference level to (1) apply the most recent estimate of emissions from peat decomposition from a year no later than 2018 to each year during the reference period, and (2) remove the calculation for emissions associated with projected future deforestation (3,008 tonnes CO<sub>2</sub>e/year) from the calculation of the reference period. Given the unique conditions associated with peat soils in the ER-Program Accounting Area, the Carbon Fund Participants agree to provide a one-time waiver of the requirements of Indicator 13.1 of the Methodological Framework. The Carbon Fund Participants and Indonesia note that this decision is specific to this ER-Program, and does not imply precedent for any other program under the Carbon Fund or in Indonesia;
  - b) Revise the approach to monitoring degradation in secondary forests to reduce the risk of double counting by eliminating the use of logging data in the accounting of degradation; as a consequence, degradation will be monitored in both production and non-production forests. The Carbon Fund Participants note that the use of improved emissions factors mentioned in the Chair's Summary will allow the emissions from logging to be reflected in the carbon accounting over time; and
  - c) Account for emissions from deforestation in areas that have been affected by forest fires during the reference period by using specific emission factors for such areas during the reporting period.
5. Unless decided otherwise by the Carbon Fund Participants and subject to fulfilment of the condition in paragraph 4 above, commit to nominate, prior to the start of ERPA negotiations, for each Tranche of the Carbon Fund one (1) representative to act as Carbon Fund Representative of the respective Tranche of the Carbon Fund throughout the ERPA negotiations process and notify the FMT accordingly; and
  6. Encourage Indonesia to further develop the additional issues identified by the Carbon Fund Participants in the Chair's Summary for this meeting, not listed under paragraph 4 above, and inform the FMT about corresponding developments, if any, to be shared with the Carbon Fund Participants and Observers, prior to ERPA signature.