



Forest Carbon Partnership Facility

Options for Carbon Fund Programs to use or sell their “excess” ERs

Twenty Third Meeting of the Carbon Fund (CF23)

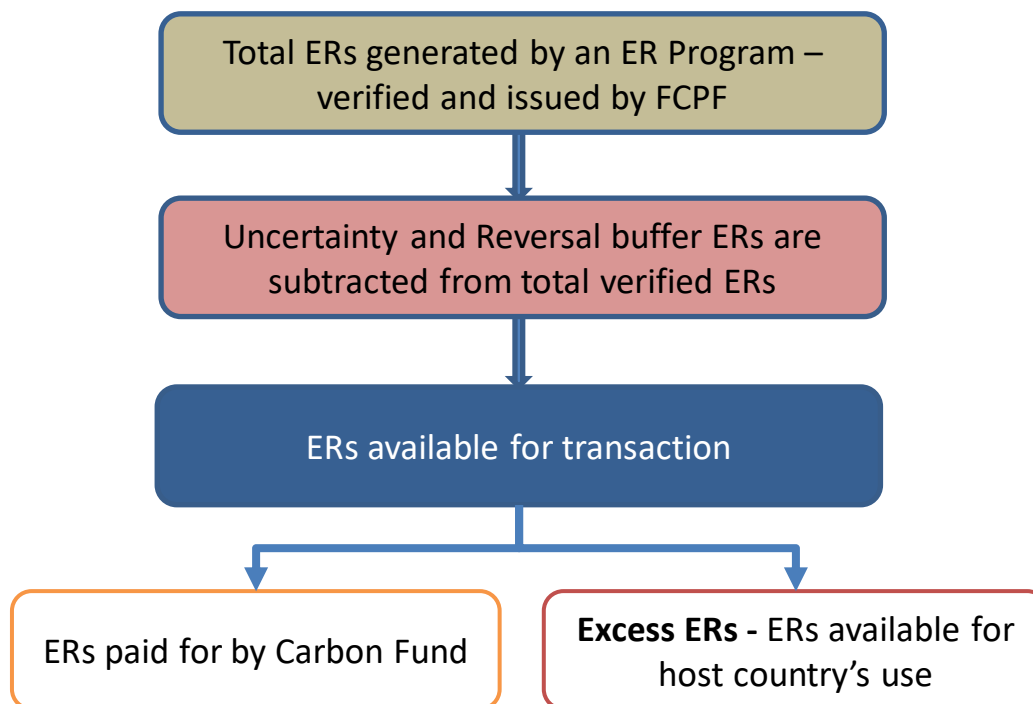
June 17, 2021

Outline of Presentation

- Overview of options for Carbon Fund countries to use or sell excess ERs
- Auction mechanism – discussions to date
- Auction mechanism – how it works
- Role of the Bank
- Next steps

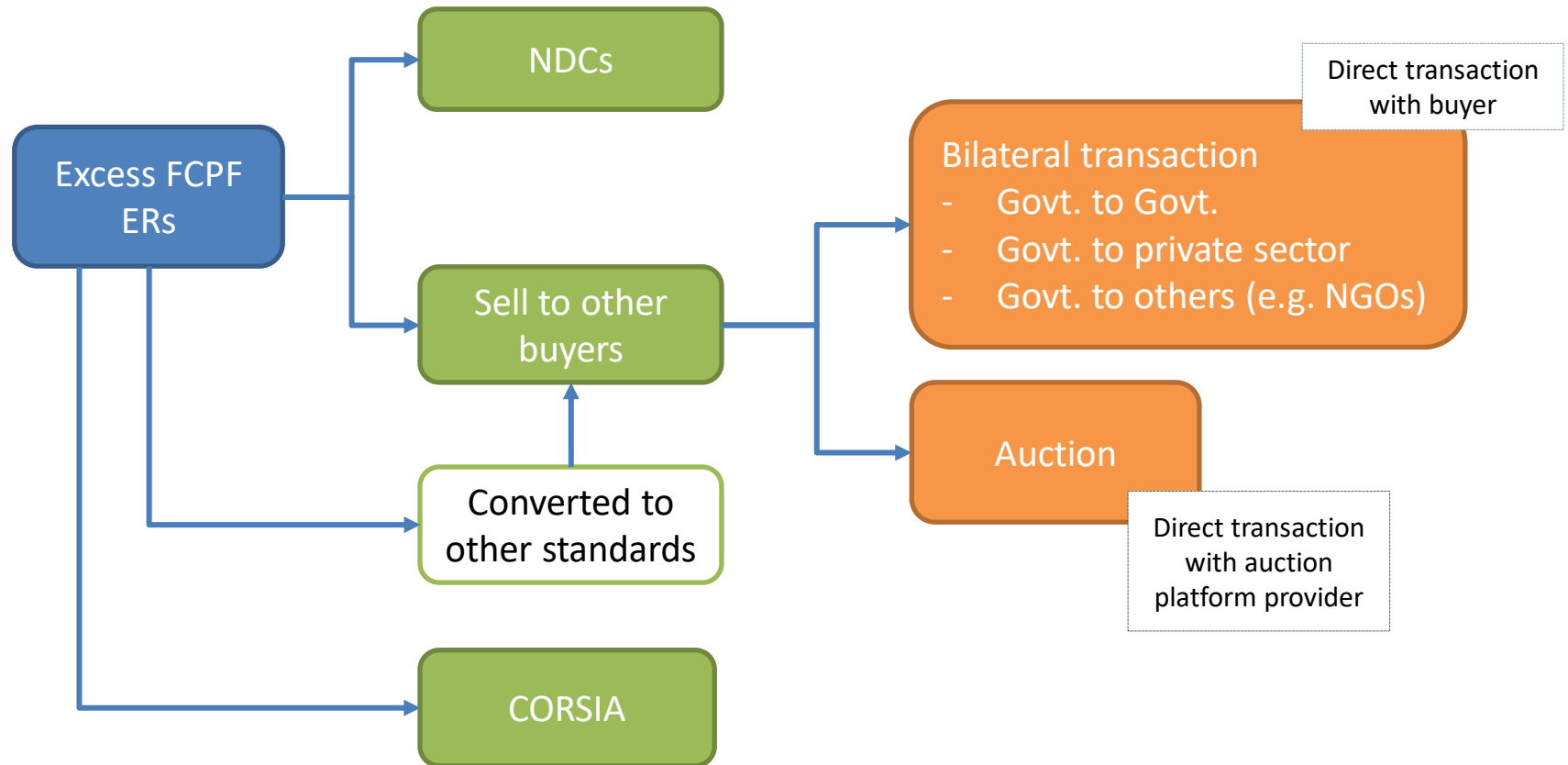
Excess ERs

“Excess FCPF ERs” – any ERs verified and issued by the FCPF but not sold and transferred to Carbon Fund Participants



Overview of options to use or sell excess ERs

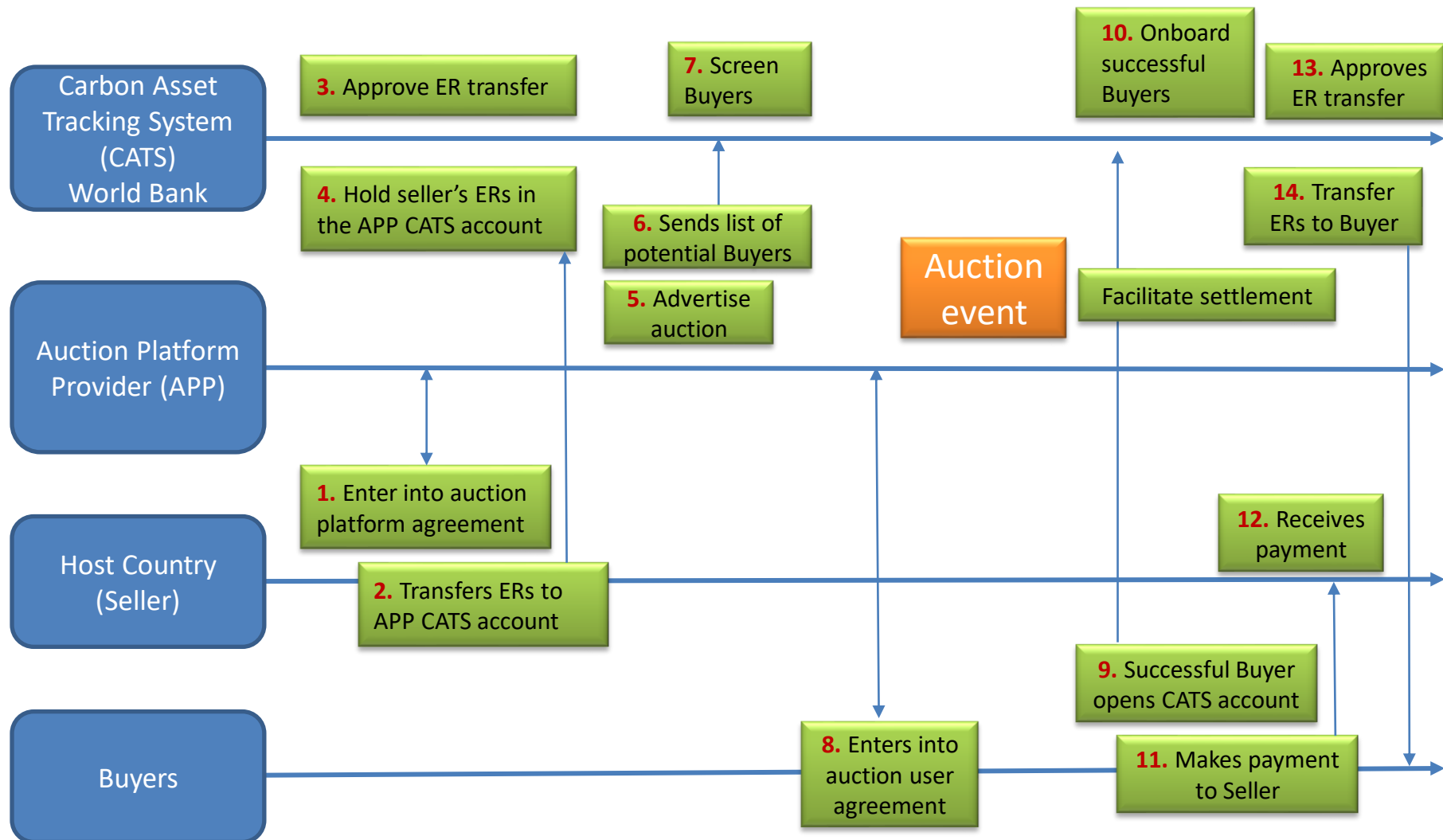
Excess ERs can be used in a variety of ways depending on a host country's (seller) needs and preferences



Auction mechanism – discussions to date

- Discussions with a potential auction platform provider have advanced
 - Details are being discussed regarding the operationalization (rules and procedures) of the auction, including the management of the ER transaction in the CATS registry for these excess ERs to be transacted via the auction
 - Roles and responsibilities of the auction platform provider, the host country, the potential buyers are also being defined, including the nature of the agreements
- Discussions have also been held with the Government of Mozambique and they have shown initial interest to potentially market their 2018 pre-ERPA ERs via the auction mechanism. No decision taken yet.

Auction mechanism – How does it work?



Auction mechanism – How does it work?

- The host country will agree with the auction platform provider the volume of ERs being offered in the auction, and the terms of sale and purchase.
- Agreed volume of ERs are then locked in CATS in a designated account managed by the auction platform provider
- Auction is advertised with necessary details to gather potential buyers
 - Auction platform provider sends information on potential buyers to CATS for screening
 - Potential buyers are then confirmed entry into the auction following agreement entered between the buyer and the auction platform provider
- Auction is then conducted
- Highest bidder (ultimate buyer) then opens an account in CATS
- Settlement then proceeds – buyer makes payment to the host country and ERs are transferred to buyer

Auction mechanism – Role of the Bank

- The World Bank will only facilitate the auction but will not participate in the auction and neither will be part of the agreements that will be entered into between the auction platform provider, the seller, and the buyer
- The role of the World Bank will strictly be in relation to the CATS registry functions and informal advice to the host country
- World Bank will screen potential buyers and manage the CATS onboarding process of successful bidders, including the onboarding of the auction platform provider.
- Informal advice to the host country is mainly to help them access the auction platform

Next Steps

- Finalization of the rules and procedures, roles and responsibilities of the auction mechanism
- Holding an auction



THANK YOU!

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