



**WORLD BANK GROUP**  
Climate Change

# Results-Based Finance at the World Bank, including the FCPF Carbon Fund

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# Partnerships hosted by the WBG providing climate finance for forests and landscapes



Readiness  
\$360m

- Development of robust policy frameworks
- Capacity building

Result-based finance  
\$465m

- Results-based actions fully measured, reported and verified for 6+ pilot programs



Investment finance  
\$639m

- Implementation of strategies, action plans and demonstration activities
- Capacity building



**BioCarbon Fund**  
Initiative for Sustainable Forest Landscapes

Enabling environment  
\$100m

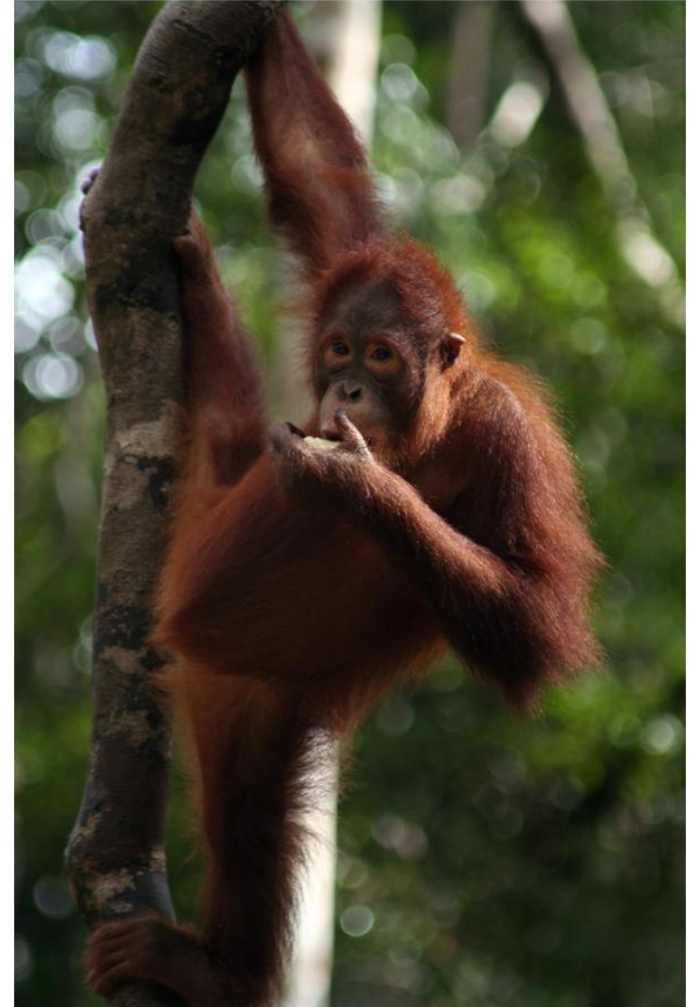
- Development and implementation of robust policy frameworks
- Capacity building

Result-based finance  
\$280m

- Results-based actions fully measured, reported and verified for 4 pilot programs

# Piloting result-based financing

- The FCPF Carbon Fund and the BioCF ISFL are NOT the carbon market for REDD+
- Performance-based payments  $\neq$  market
- Both Funds aim to demonstrate how result-based finance for REDD+ and landscapes can be implemented and accounted for at scale
- tCO<sub>2</sub>e will be used as the metric for the performance-based payments, independent of the source of the money or the use of the emission reductions



## THE FCPF CARBON FUND

Piloting REDD+  
programs at scale

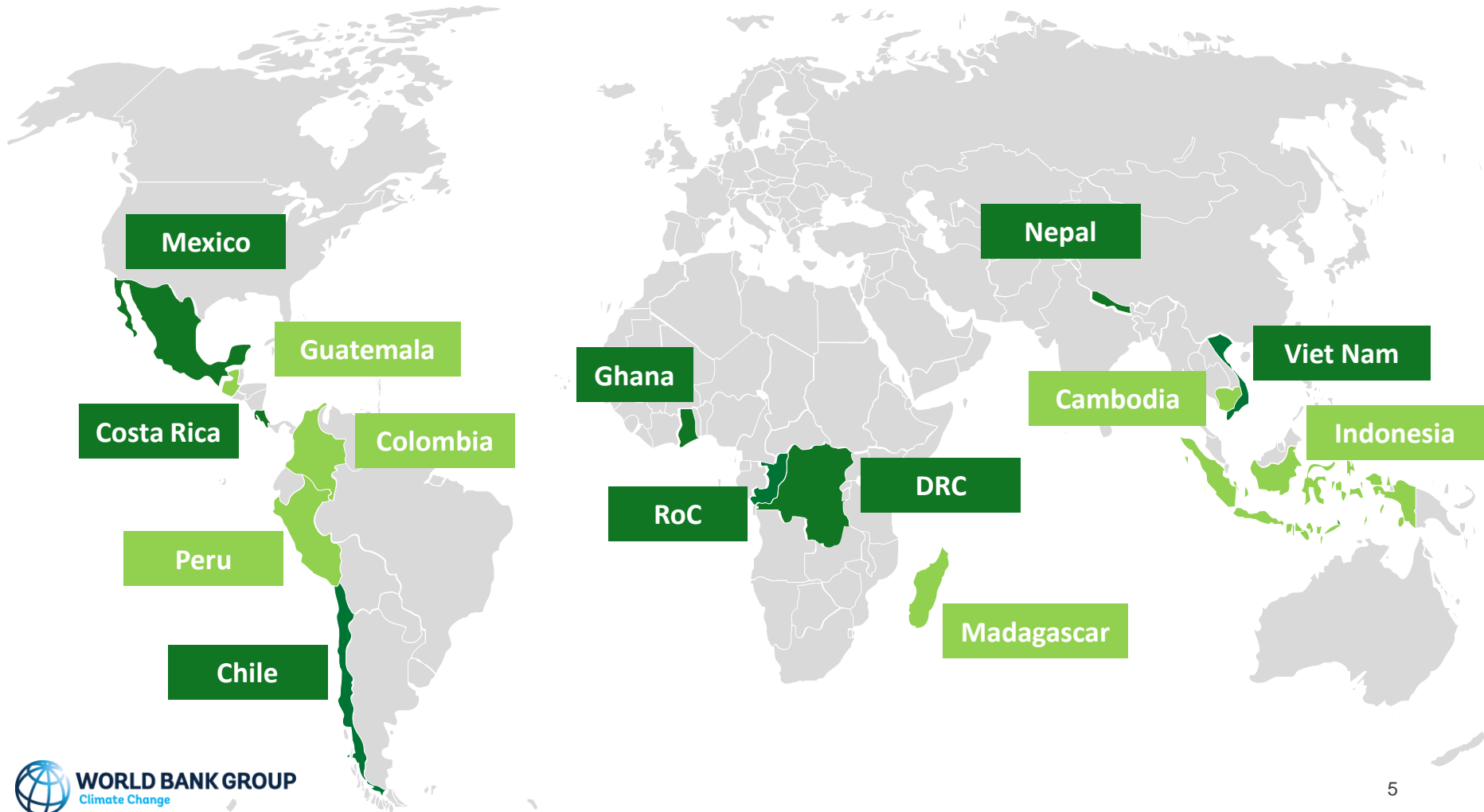


- **Objectives:**
  - Pilot ‘performance-based payment system’ for emission reductions (ER) with a view to:
    - Ensure equitable benefit sharing
    - Conserve biodiversity, and
    - Sustain or enhance livelihoods of forest-dependent indigenous peoples and local communities.
- **Status:**
  - Establishing a ‘pipeline’ of program ideas that will receive support to further develop a full program design
  - Sub-set will continue to sign an Emission Reductions Payment Agreement (ERPA) to access performance-based payments for Emission Reductions

# Countries in the FCPF Carbon Fund

**8 Countries** selected for the pipeline of the FCPF Carbon Fund

Countries that presented early idea or draft ER-PIN



# Carbon Fund – Methodological Framework



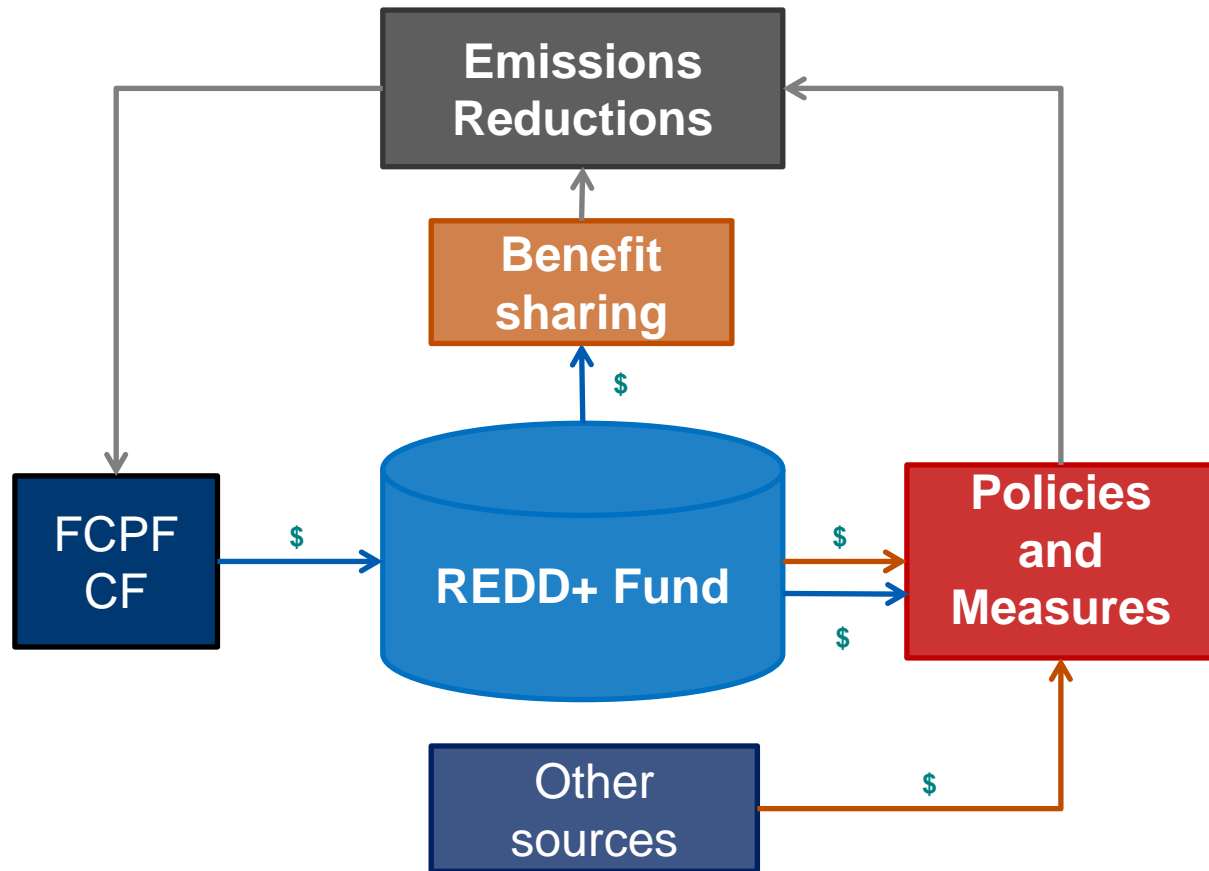
- FCPF has developed a Methodological Framework (MF) to guide countries with developing and implementing ER Programs for the Carbon Fund.
- MF is a standard with a set of criteria and indicators (C&I), not a detailed methodology.
- Meeting the C&I of the Methodological Framework is one, but not the only requirement, for a program to be selected into the Carbon Fund.
- Developed for the FCPF Carbon Fund but strives for consistency with policy guidance under UNFCCC and other relevant systems.

**Requirements and concepts of the MF can impact the design of National REDD+ Funds**



# MF concepts in the context of REDD+ Funds

## – Basics of Result-based financing –



- Programs identify the drivers of deforestation and implement **policies and measures** to address those drivers
- Funded from REDD+ Fund or other sources
- Policies and measures lead to Emission Reductions
- CF pays for **verified Emission Reductions**
- Payments are shared through benefit-sharing mechanism and/or used to incentivize policies and measures

# MF concepts in the context of REDD+ Funds

## – ERPA and transfer of Title–

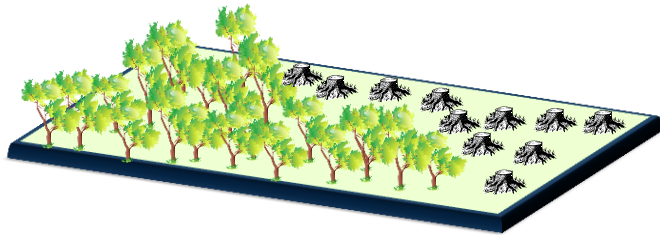
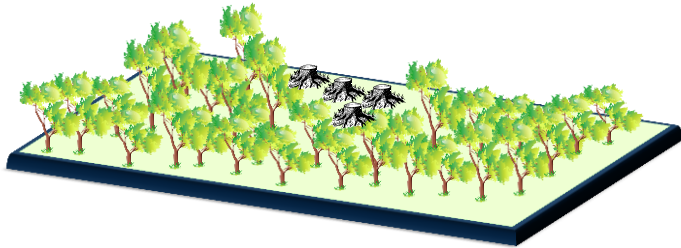
- Performance based payments from the FCPF Carbon Fund will be arranged through **Emission Reductions Payment Agreement (ERPA)**
- Legal document with **rights and obligations** for both the ‘buyer’ (making the payment) and the ‘seller’ (receiving the payment)
- Whoever signs the ERPA and receives the payments needs to be a **(legal) entity** that is able to take on the rights and obligations in the ERPA
- One of the requirements of the MF is that ‘seller’ must be able to **transfer Title to Emission Reductions** for which it receives payment from the Carbon Fund
- Entity that signs the ERPA needs to show the **ability to transfer Title** to the Emission Reductions on behalf of the stakeholders in the program
  - **May be demonstrated through various means, including any laws or regulations, sub-arrangements with potential rights-holders, and/or benefit-sharing arrangements**





# MF concepts in the context of REDD+ Funds

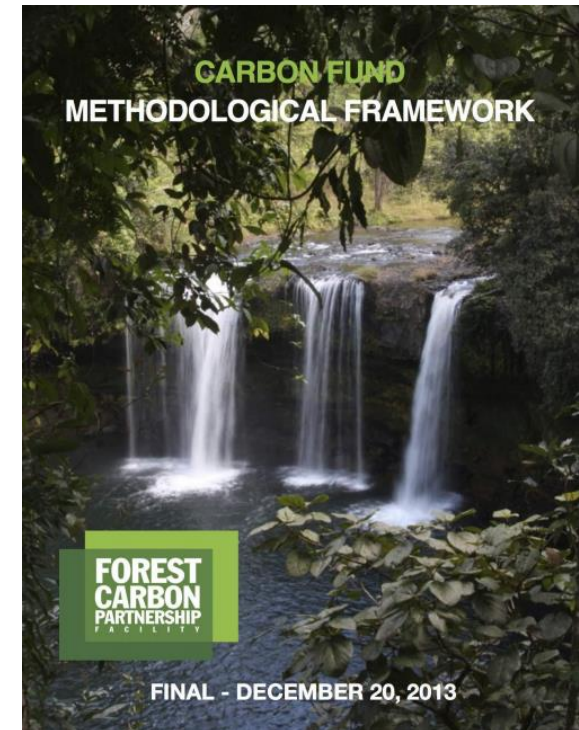
## – Accounting Area–



- MF requires that the program defines an **ER Program Accounting Area**
- One Reference Level will be estimated for the whole Accounting Area
- Emission Reductions and Removals will also be calculated for the whole Accounting Area → **so performance is based on the whole accounting area**
- Some stakeholders might perform better than others and in some areas emissions might even go up
- Net effect over the Accounting Area might be that there are no or fewer emission reductions than expected  
**= no or lower payments**
- However, REDD+ Fund might still have to find a way to reward / incentivize those actors that did perform

# MF concepts in the context of REDD+ Funds

- Carbon Fund Methodological Framework has other requirements that might impact design of REDD+ Funds, for example around:
  - Accounting for Reversals;
  - Benefit sharing;
  - Data Management and ER Transaction Registries;
  - Etc.
- The full text of the Methodological Framework is available at the FCPF website in English, Spanish and French  
<http://www.forestcarbonpartnership.org/>
- FCPF Countries can approach the FMT with questions through their focal point



# Key Points



The FCPF Carbon Fund and the BioCarbon Fund ISFL are among a growing number of initiatives to pilot performance-based payments for REDD+ and sustainable landscapes



Requirements of performance-based payments can impact the design of REDD+ Funds

- Although there are many common themes, details of the requirements might differentiate between initiatives



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Thank you

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