

March 20, 2012



Forest Carbon Partnership Facility (FCPF)

Carbon Fund

Third Meeting (CF3)

March 24 and 26, 2012

Granados Park Hotel, Avenida 15 de Agosto y Estrella, Asunción, Paraguay

(<http://www.granadospark.com.py/>)

Saturday, March 24

07:00	<i>Breakfast</i>
1. Opening	
09:00	Welcome, objectives and review of agenda (Andreas Dahl-Jørgensen and Benoît Bosquet)
2. ER-PIN Template	
09:15	2a. Proposed changes to ER-PIN template (Ken Andrasko , Marco van der Linden)
09:45	2b. First application of ER-PIN template: preliminary draft from Costa Rica (German Obando Vargas, followed by discussion)
10:45	<i>Coffee break</i>
3. Business Process and Legal Issues	
11:15	3a. Basic elements of a carbon finance transaction (Benoît Bosquet, Pierre Guigon, Markus Pohlmann, Simon Whitehouse)
13:00	3b. Update on road map to ERPA General Conditions (Markus Pohlmann)
13:30	<i>Lunch break</i>
14:30	3c. Processing steps from ER-PIN to ERPA (Marco van der Linden)
16:30	<i>Coffee break</i>
4. ER Program Preparation Costs	
17:00	Future budget allocation for ER-PIN development and ER Program preparation (Simon Whitehouse)
5. Early Ideas on ER Programs	
18:00	5a. Ghana (Robert Bamfo)
18:30	5b. Nepal (Resham Dangi)
19:00	<i>End of first day</i>

Sunday, March 25

11:00 -18:00 Meeting of the PC Working Group on the Methodological and Pricing Approach for the Carbon Fund of the FCPF

Monday, March 26

07:30	<i>Breakfast</i>
6. Methodological Framework and Pricing Approach	
09:00	6a. Update on progress of PC Working Group on the Methodological and Pricing Approach for the Carbon Fund of the FCPF (Duncan Marsh, Chair of the WG)
09:30	6b. Planning of activities on the Methodological Framework and Pricing Approach by the Carbon Fund and discussion of tasks and priorities for Technical Advisory Panels (Ken Andrasko)
11:00	<i>Coffee break</i>
7. Conclusions	
11:30	7a. Adoption of Resolutions (Andreas Dahl-Jørgensen, Sachiko Morita)
12:30	7b. Conclusions (Andreas Dahl-Jørgensen)
13:00	<i>End of meeting and lunch</i>

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Annotated Agenda

*The meeting will be held at Granados Park Hotel, Avenida 15 de Agosto y Estrella, Asunción, Paraguay
(<http://www.granadospark.com.py/>)*

*All background materials will be available on the FCPF CF3 web page at
<http://www.forestcarbonpartnership.org/fcp/node/396>, unless otherwise indicated.*

Session 1 (Opening)

As per Section 5.01 of the Rules of Procedure, the Carbon Fund Participants (CFPs) are requested to select a representative from among themselves to act as the Chairperson of the meeting.

Session 2a (Proposed changes to ER-PIN template)

A first version of the ER-PIN template was discussed with the CFPs. The FMT will present a number of proposed changes to the template, based on first experiences in applying it for ER Programs.

Expected CFP action: The Participants will have an opportunity to provide feedback on the proposed changes and approve a new version of the ER-PIN template.

Session 2b (preliminary draft from Costa Rica)

As agreed during CF2, REDD Country Participants were encouraged to present draft versions of ER-PINs for feedback and discussion with the CFPs before formally presenting ER-PINs.

Costa Rica has prepared a preliminary draft ER-PIN in order to help test the ER-PIN template and seek feedback from CFPs.

Expected CFP action: No action is expected. The Participants will have an opportunity to provide feedback on the first draft of the Costa Rican ER-PIN but no formal action is required since this is the first draft and not a formal presentation.

Session 3a (Basic elements of a carbon finance transaction)

At CF2, the Trustee initiated a discussion on elements and process issues for the development of future

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General Conditions underlying future Emission Reductions Payment Agreements (ERPAs). During this discussion, Participants requested the Trustee to provide an introduction to carbon finance transactions based on its experiences managing other Funds.

This session will provide an introduction to the basic elements of carbon finance transactions including an overview of the current state of (forest) carbon markets and delivery risks related to ER generation.

Session 3b (Update on road map to ERPA General Conditions)

During CF2, the Trustee presented on elements and process issues for the development of future General Conditions underlying future Emission Reductions Payment Agreements (ERPAs). The FMT will discuss the progress on this issue and discuss a schedule for drafting, and approval by the PC, of the future General Conditions.

Session 3c (Processing steps from ER-PIN to ERPA)

At CF2, the FMT presented an overview of the business cycle as provided in the 'Operating Arrangements under the Carbon Finance Mechanism: Issues Note' and requested feedback on the steps outlined there. Since there was insufficient time to discuss all issues, it was agreed that the FMT would prepare a questionnaire based on the FMT presentation for CFPs and observers to provide written comments on by the end of January 2012. The FMT will present processing guidelines for the Carbon Fund based on the comments provided.

Background documentation: The presentation from CF2 is available on the CF2 meeting page <http://www.forestcarbonpartnership.org/fcp/node/325>.

Expected CFP action: Consider and discuss the FMT's proposal and provide guidance on the various questions, if appropriate, adopt the process guidelines subject to the necessary changes.

Session 4 (ER Program Preparation Costs)

During CF2, the FMT presented a draft long-term financial plan for the Carbon Fund outlining the estimated costs of the fund through 2020. At the same meeting, it was anticipated that a decision will be made at CF3 regarding the timing of the budgetary allocation by the CFPs for further development of ER-PINs before the signing of Letters of Intent.

Expected CFP action: The Participants will consider and be asked to approve the timing and level of future budgetary allocations for development of ER-PINs and for ER Program preparation.

Session 5 (Informal country presentations)

REDD Country Participants will provide informal presentations about their early ideas on potential ER Programs.

Session 6a (Update on progress of PC Working Group)

The Participants Committee at its 10th meeting (PC10) requested the FMT to establish a working group on the methodological and pricing approach for the Carbon Fund of the FCPF (Working Group). The

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Working Group will have met on March 25. If necessary, for example, if some CFPs are not able to be present in person during the Working Group meeting of March 25, the chair of the Working Group will update the Carbon Fund Participants on progress to date.

Session 6b (Planning of activities on the Methodological Framework and Pricing Approach by the Carbon Fund and discussion of tasks and priorities for Technical Advisory Panels)

During CF2, the CFPs agreed to establish a Technical Advisory Panel (TAP) to provide technical inputs to the CFPs on the selection of Emission Reduction Programs, including on the following aspects: (i) methodologies; (ii) pricing aspects; and/or (iii) other issues of interest to the CFPs. The meeting requested the FMT to develop TORs for, and engage the services of, experts to serve in the TAP (see Resolution CFM/2/2011/1). The FMT will report on the progress of establishing a TAP and will lead a discussion on tasks and priorities for the TAP.

Expected CF Participants action: The Participants will consider priorities for the TAP and provide guidance on the tasks to be undertaken.

Session 7a (Adoption of Resolutions)

Resolutions, including next meetings.