

**FOREST CARBON PARTNERSHIP FACILITY (FCPF)
SECOND CARBON FUND MEETING
October 20-21, 2011
Berlin, Germany**

Resolution CFM/2/2011/2

**Rules of Procedure for the Meetings of the Carbon Fund and
of the Carbon Fund Tranches**

WHEREAS:

1. Section 12.8 of the Charter Establishing the FCPF (“Charter”) provides that the rules of procedure for the Carbon Fund Meetings and Tranche Meetings shall be adopted by consensus of the Carbon Fund Participants.

The Carbon Fund Participants:

1. Adopt the rules of procedure for the Carbon Fund Meetings and Tranche Meetings, as attached to this Resolution.

Rules of Procedure for Meetings of the Carbon Fund and of the Carbon Fund Tranches

I. Definitions

- 1.01 Capitalized terms hereinafter appearing in these Rules of Procedure, but not otherwise defined, shall have the same meaning as ascribed to them in the Charter, and the terms set forth below shall have the following meanings:
- (a) “Chairperson” means the chair for a Carbon Fund Meeting or a Tranche Meeting, who is selected in accordance with Section V of these Rules;
 - (b) “Carbon Fund Meetings” means the meeting of all of the Carbon Fund Participants jointly meeting and as described in Section 12.2(a) of the Charter;
 - (c) “Observers” means observers referred to in Section 12.7 of the Charter and Section VIII of these Rules;
 - (d) “Rules” or “Rules of Procedure” means rules set out herein for Carbon Fund Meetings and the Tranche Meetings; and
 - (e) “Tranche Meetings” means the meetings of the relevant Carbon Fund Participants for a particular Tranche of the Carbon Fund.

II. Scope and Application

- 2.01 The Rules supplement the relevant provisions of the Charter and shall apply to all Carbon Fund Meetings, and where applicable, all Tranche Meetings.
- 2.02 In the event of any conflict between any provision of these Rules and any provision of the Charter, the provisions of the Charter shall prevail.

III. Dates and Venue of Meetings

- 3.01 At each Carbon Fund Meeting, the Carbon Fund Participants shall decide on the dates and venue of the next Carbon Fund Meeting, and as necessary, the Tranche Meeting. Holding some meetings in conjunction with the meetings of the Participants Committee will be considered to the extent possible.

IV. Agenda

- 4.01 The Facility Management Team shall prepare the provisional agenda for each Meeting of the Carbon Fund and the Tranche of the Carbon Fund.
- 4.02 The provisional agenda together with supporting documents shall be distributed to the Carbon Fund Participants and the Observers at least fourteen days before the meeting of the Carbon Fund, unless otherwise approved by the Carbon Fund Participants. The provisional agenda and the supporting documents shall be distributed to the Carbon Fund Participants in the relevant Tranche at least fourteen days before the meeting of the Tranche of the Carbon Fund, unless otherwise approved by the Carbon Fund Participants.

- 4.03 The relevant Carbon Fund Participants shall adopt the agenda at the beginning of each Carbon Fund Meeting and the Tranche Meeting.

V. Chairperson of the Meetings

- 5.01 Carbon Fund Participants shall select a representative from among themselves to act as the Chairperson of each Carbon Fund Meeting, and as relevant, each Tranche Meeting in advance of such meetings.

VI. Conduct of Business

- 6.01 The Chairperson may decide to invite speakers to express their views, starting with the Carbon Fund Participants, the Observers identified in Section VIII of the Rules, and the entities invited to participate in the Carbon Fund Meeting as referred to in Section 8.02 of the Rules.
- 6.02 The Chairperson may limit the time allowed to each speaker and the number of times each speaker may speak on a question.

VII. Meetings through Electronic and Other Means

- 7.01 The Carbon Fund Participants may decide to conduct Carbon Fund Meetings or Tranche Meetings by videoconference, teleconference, other electronic means, or as provided in Section 12.5 of the Charter.
- 7.02 The Facility Management Team may propose to the Carbon Fund Participants to conduct Carbon Fund Meetings or Tranche Meetings by videoconference, teleconference, other electronic means, or as provided in Section 12.5 of the Charter.

VIII. Observers

- 8.01 Three (3) representatives of REDD Country Participants, selected by the REDD Country Participants that are members of the Bureau of the Participants Committee, will be invited to attend the Carbon Fund Meetings as Observers. Selection criteria will include: (1) progress by the REDD Country Participant towards REDD+ Readiness, such as formal assessment by the Participants Committee of the REDD Country Participant's Readiness Preparation Proposal and allocation of a Readiness Preparation Grant by the Participants Committee to the REDD Country Participant, signature of the Readiness Preparation Grant agreement, and progress towards the Readiness Package; and (2) geographic balance among Africa, Asia and Latin America. Over time, the REDD Country Participants receiving funding from the Carbon Fund will have priority to be selected as Observers. The three representatives will be selected for a period of one year at the time of the Participants Committee election.
- 8.02 One (1) representative of each category of Observers listed in Section 11.7 of the FCPF Charter will be invited to attend the Carbon Fund Meetings as Observers.
- 8.03 In addition to the Observers identified above, the Facility Management Team, following consultation with the Carbon Fund Participants, may invite any other entity to participate in a Carbon Fund Meeting as an observer provided there has been at least seven (7) days

notice to the Participants of the proposed invitees and that Participants do not object to said invitation.

- 8.04 Without prejudice to Section 6.01 of the Rules, at the invitation of the Chairperson, any Observer may express its views on issues under discussion at the Carbon Fund Meetings to which they are invited, but observers do not have voting rights to any decisions by the Carbon Fund Participants at the Carbon Fund Meetings.
- 8.05 Portions of the Carbon Fund Meeting shall normally be conducted in closed session (i.e., for the Carbon Fund Participants only) if said portions involve confidential deliberations on any of the following matters for decision: inclusion of ER Programs in the tranche portfolio; entry into Emission Reductions Payment Agreements (ERPAs) or whether to revise, extend or cancel these ERPAs; approval of annual business plans and budgets; and whether to establish ad hoc Technical Advisory Panels for the Tranche-specific ER Programs or ERPAs. The Chairperson may, in consultation with and following consensus by the Carbon Fund Participants, determine whether to invite Observers to participate in any such confidential deliberations.
- 8.06 Participation in a Tranche Meeting shall normally be limited to Carbon Fund Participants. Only the Carbon Fund Participants in the relevant Tranche have voting rights. The Chairperson of the Tranche Meeting may, in consultation with the Carbon Fund Participants of that Tranche, decide to close parts of the Tranche Meeting to include only the Carbon Fund Participants of that Tranche. The Chairperson may also, in consultation with and following consensus by the Carbon Fund Participants in the relevant Tranche, determine whether to invite, as appropriate, Observers to attend that Tranche Meeting.

IX. Voting Method

- 9.01 As described in Section 12.4 of the Charter, Carbon Fund Participants shall make every effort to make all decisions by consensus.
- 9.02 For the purpose of these Rules, consensus is a procedure for adopting a decision when no Carbon Fund Participant in the decision making process blocks a proposed decision. It does not necessarily imply unanimity. A dissenting decision maker, who does not wish to block a decision, may state an objection by attaching a statement or note to the decision.
- 9.03 Any voting referred to in Section 12.4 of the Charter shall normally be held by written ballot or by show of hands.

X. Resolution and Meeting Record

- 10.01 The Carbon Fund Participants may adopt decisions in the form of resolutions. Following adoption, resolutions will be disclosed to the public.
- 10.02 At the end of each Carbon Fund Meetings and Tranche Meeting, the Facility Management Team shall prepare a record of the conclusions of the meeting to be approved by the relevant Carbon Fund Participants at the end of each meeting, and which record will help ensure the sharing of relevant information between Tranches. The record of conclusions will be disclosed to the public.

XI. Language

11.01 The Carbon Fund Meetings and Tranche Meetings shall be conducted in English and all documents of these meetings shall be in English. However, the Facility Management Team may arrange for simultaneous translation from English to French and Spanish, as necessary.

XII. Amendment

12.01 The Rules may be amended by the Carbon Fund Participants at any Carbon Fund Meetings provided that the text of the proposed amendment has been circulated at least fourteen days prior to the Carbon Fund Participants.