



# Forest Carbon Partnership Facility

## 6a. Update on Progress of PC Working Group on Methodological Framework and Pricing Approach for the Carbon Fund

Third Meeting of the Carbon Fund (CF3)

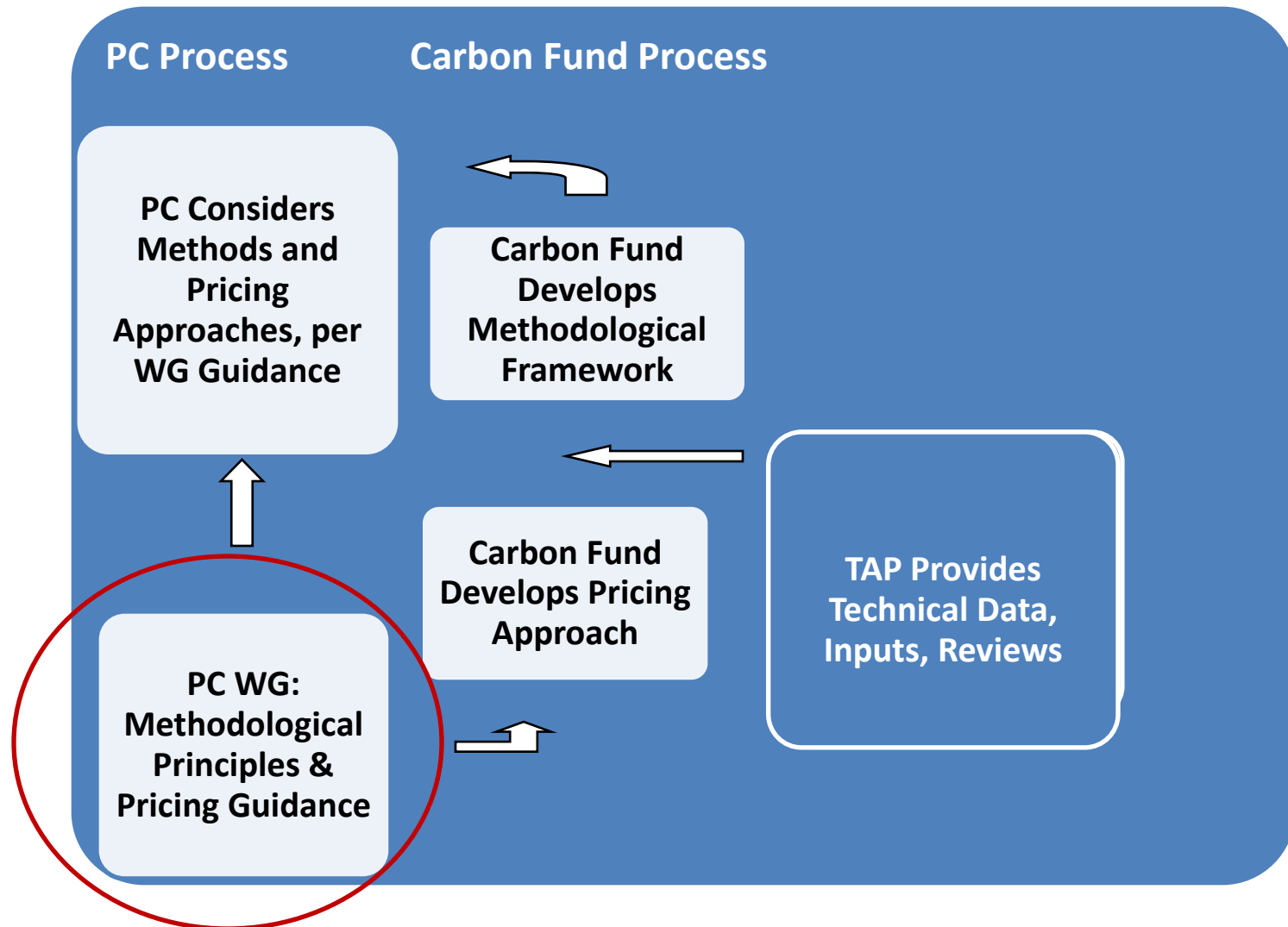
Asuncion, Paraguay

March 24 and 26, 2012

# Working Group on Methodological and Pricing Framework: Terms of Reference (TOR)

- PC10 resolution:
  - Organized a Working Group (WG) to explore options, and
  - Make recommendations on principles for Methodological Framework and policy guidance on a Pricing Approach to PC12 (June 2012)
- Define WG participation, proposed as:
  - 3 financial contributors to the Readiness Fund or the Carbon Fund
    - Australia, Germany/Norway, The Nature Conservancy
  - 3 REDD+ Country Participants
    - Mexico, Nepal, Suriname
  - 1 from civil society: BIC + silent observers
  - 1 from Indigenous Peoples: Nicholas Soikan Meitiaki
  - 1 from private sector: Andrew Hedges
- Authorized the FMT to prepare TOR for TAP (in process) and hire facilitator (not needed)

# Process for Development of Methodological Framework and Pricing Approach for CF



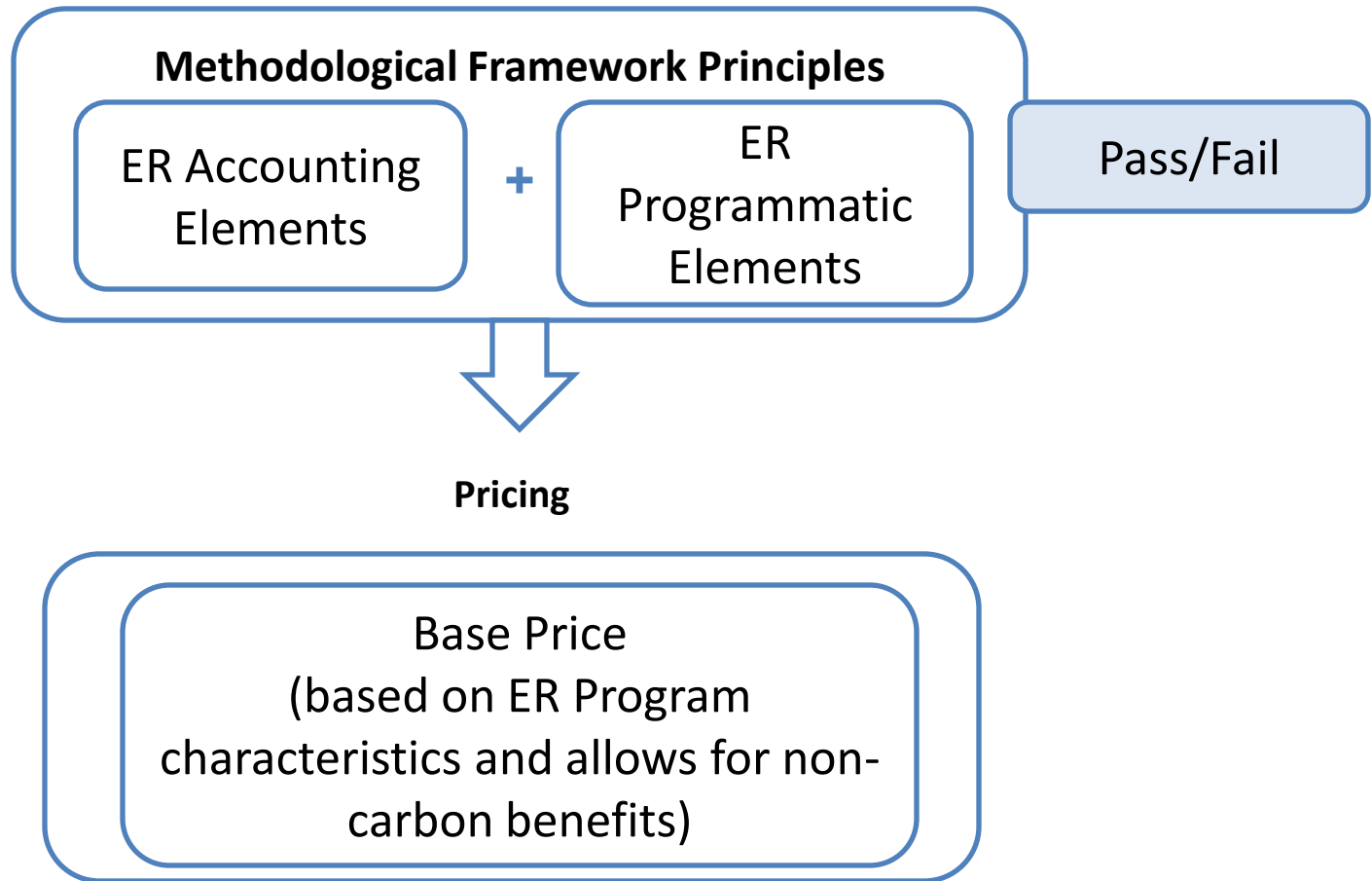
# WG Process

- 4 calls + face-to-face meeting March 25<sup>th</sup>
- 1 chair for calls + co-chairs for the meeting
- 8 background notes prepared by FMT to feed WG discussions
- WG page: <http://www.forestcarbonpartnership.org/fcp/node/369>
- Goal: Deliver proposed principles/elements to the PC by June 2012 at latest

# Key Design Issues Under Discussion in Working Group (WG)

- What are the key carbon accounting and programmatic draft principles that are needed
- What is the relationship of these principles to the guidance for determining pricing?
- How does the pricing approach reflect differences in quality and non-carbon benefits between Emissions Reductions Programs
- How is the price determined?

# Anticipated methodological and pricing approach



# Methodological framework

## ER Accounting Elements

- Complete and accurate methods\*\*\*
- Stepwise approach\*\*\*
- Reference level\*\*\*
- Monitoring system\*\*\*
- Reversals (non-permanence)\*\*\*
- Activity displacement\*

*\*currently showing low convergence among views*

*\*\*\*currently showing high convergence among views*

# Methodological framework (2)

## ER Programmatic Elements

- Consistent with national REDD+ strategy\*\*\*
- Consistent with UNFCCC decisions\*\*\*
- Safeguards\*
- Stakeholder consultation\*
- Benefit-sharing mechanism\*\*\*
- Scale\*
- Contribution to sustainable development\*\*\*

*\*currently showing low convergence among views*

*\*\*\*currently showing high convergence among views*



# Methodological framework (2)

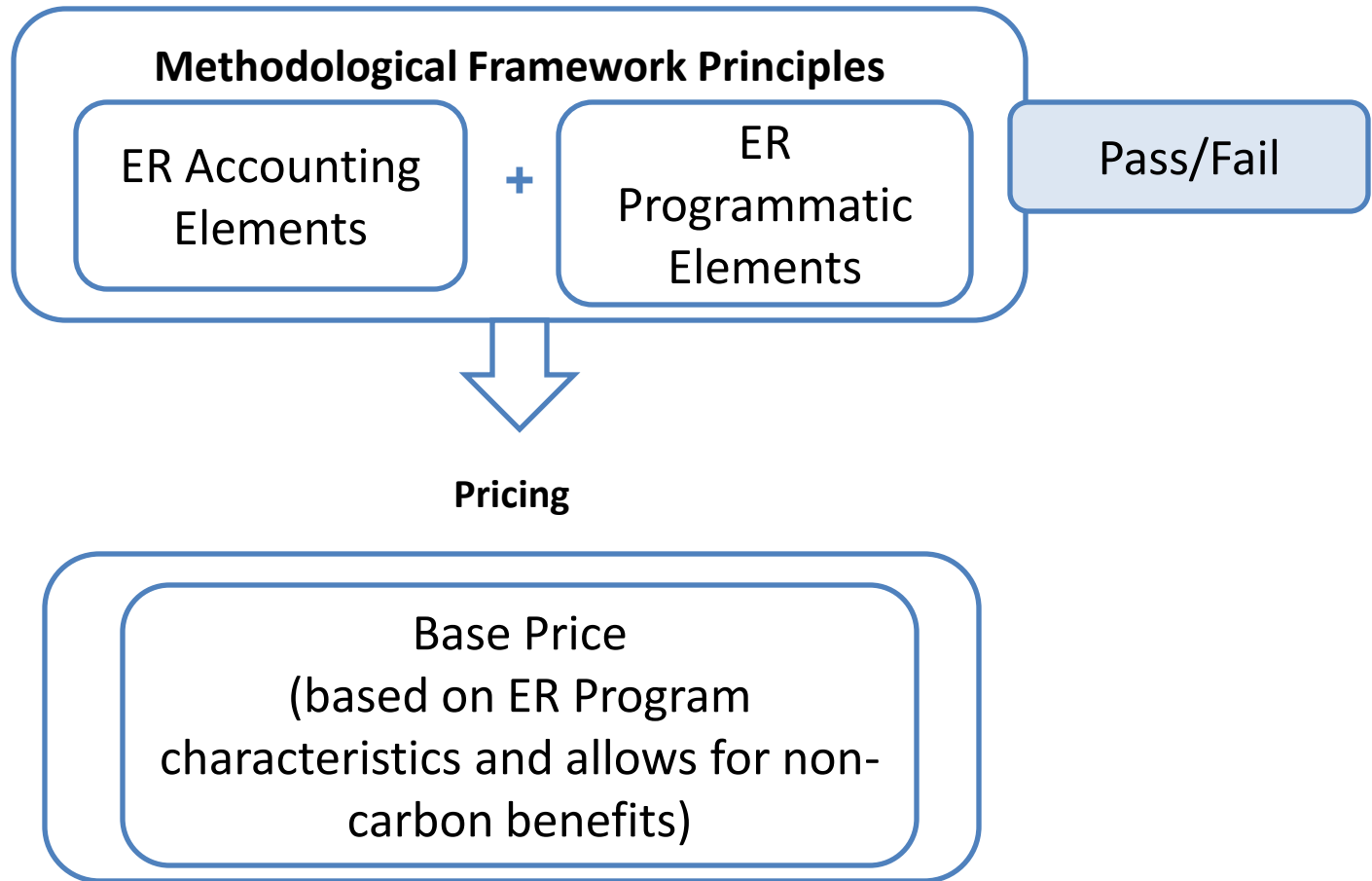
## Base price

- Flexibility, fairness and simplicity\*\*\*
- Informed negotiation leading to ER price setting\*\*\*
- Allows for recognition of non-carbon values in ER price setting\*\*\*
- Combination of fixed and floating prices\*\*\*

*\*\*\*currently showing low convergence among views*

*\*\*\*currently showing high convergence among views*

# Anticipated methodological and pricing approach



# Other Issues Considered in WG Process

- How best to consider what other climate initiatives are proposing (e.g., UNFCCC, VCS, REDD SES, etc.)



THANK YOU!

[www.forestcarbonpartnership.org](http://www.forestcarbonpartnership.org)