



# Forest Carbon Partnership Facility

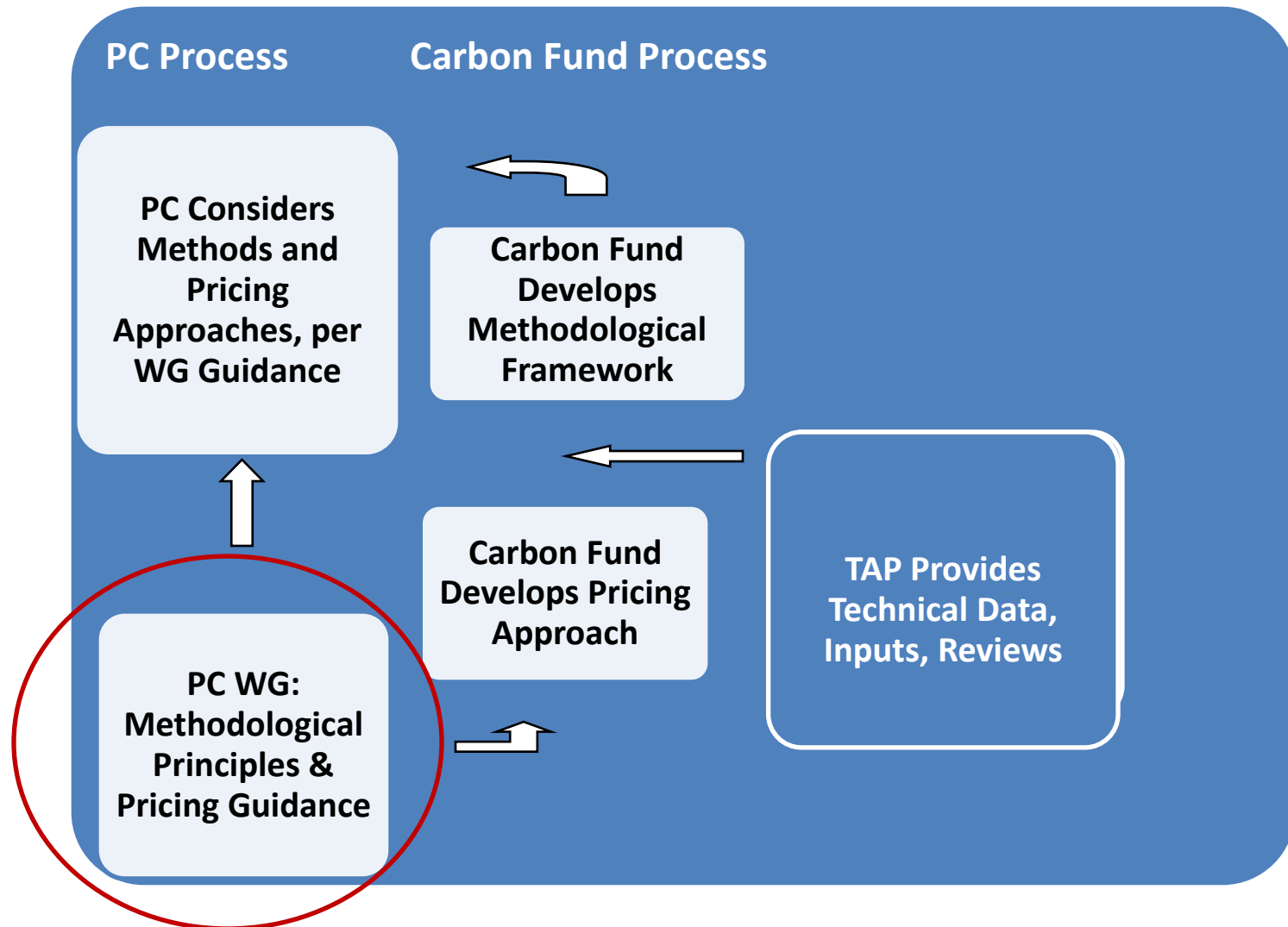
## 6b. Planning of Activities on the Methodological Framework and Pricing Approach for the Carbon Fund and TAP

Third Meeting of the Carbon Fund (CF3)

Asuncion, Paraguay

March 24 and 26, 2012

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

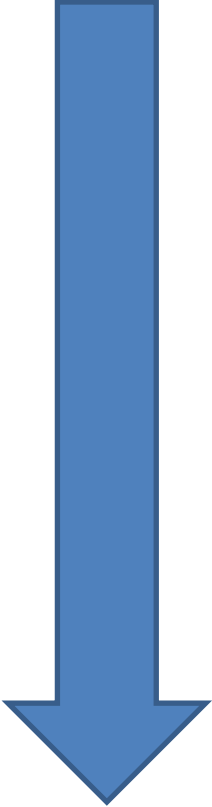


# Standard-Driven Approach for ERPs:

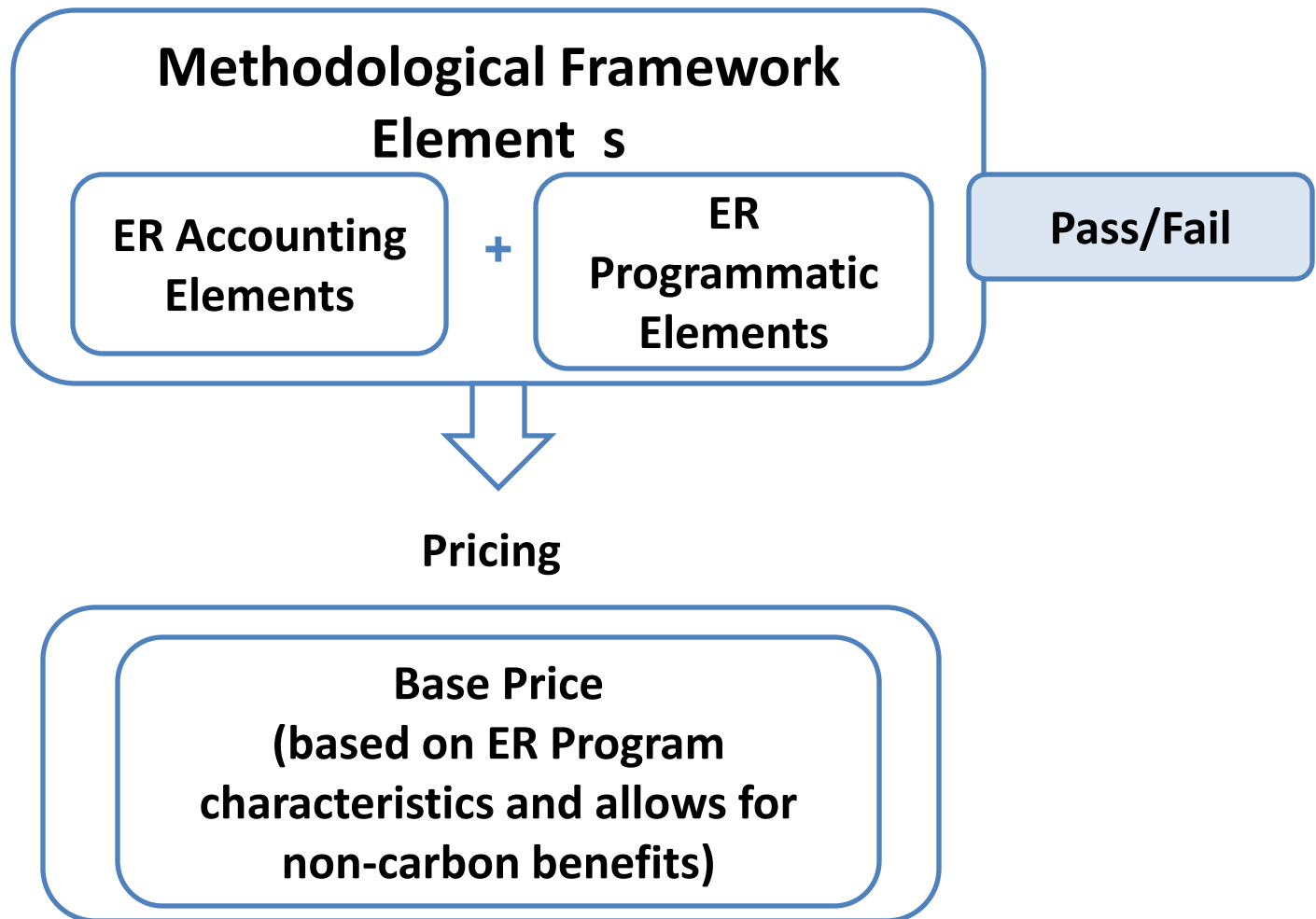
Principles ➡ Standards ➡ Indicators ➡ Methods

## Concept of Approach:

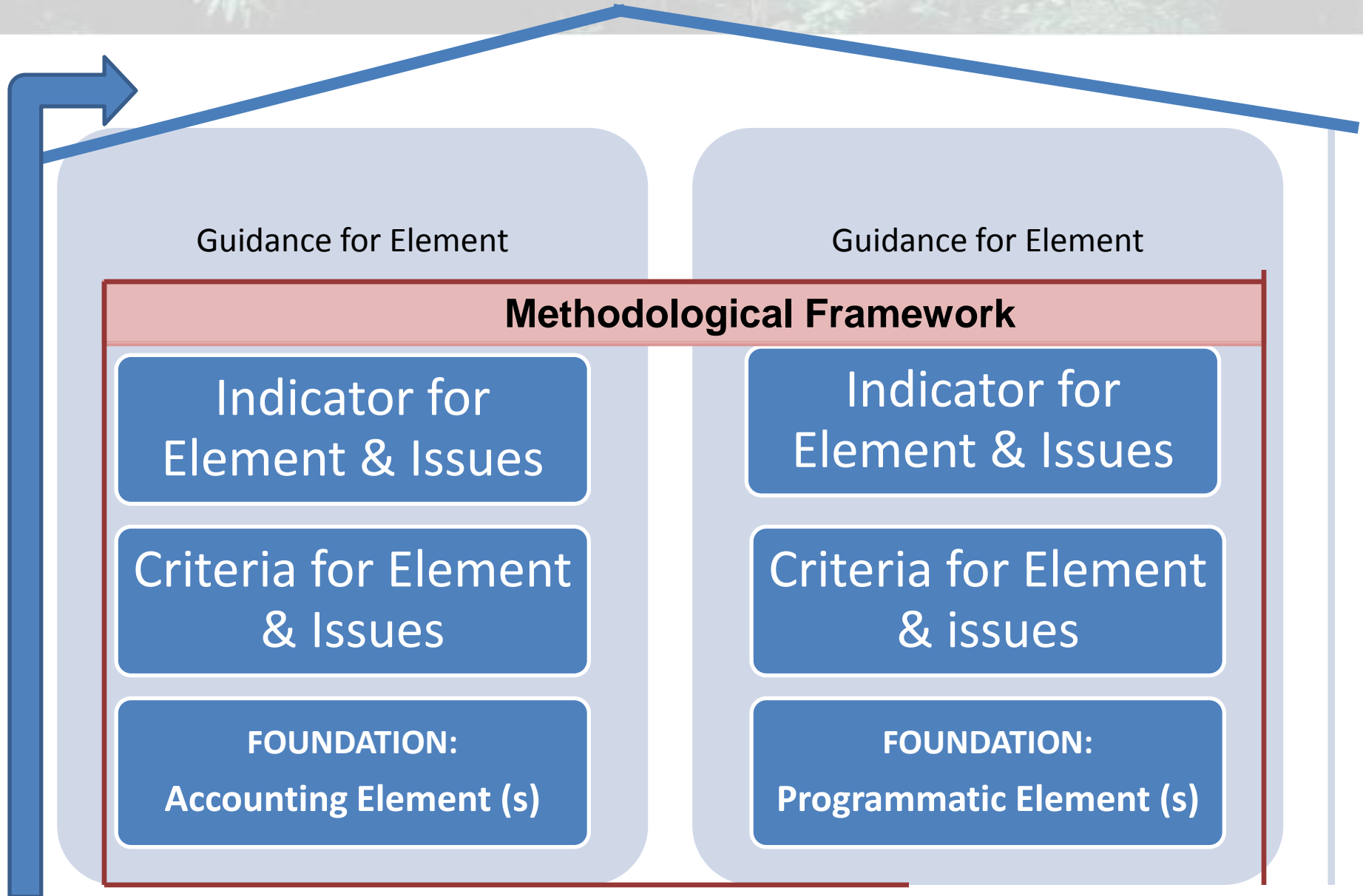
- UNFCCC will ultimately set methods for REDD+, but in the future.
- CDM, VCS and other existing methods very complex for a national scale.
- FCPF has used standards approach to assess R-PPs successfully.

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- Principles, or Elements: State the desired outcome, and codify the intent of a standard for evaluating a program.
  - Standards (or criteria): Identify the conditions that need to be met to deliver on a principle. The benchmark against which a program is evaluated.
  - Indicators: Quantitative or qualitative parameters that can be achieved and can be verified. The “metric” for evaluating the standard.
  - Methods: Agreed analytic approaches or tools used to generate the data and estimates of parameters (like forest cover change over time) that make up indicators.

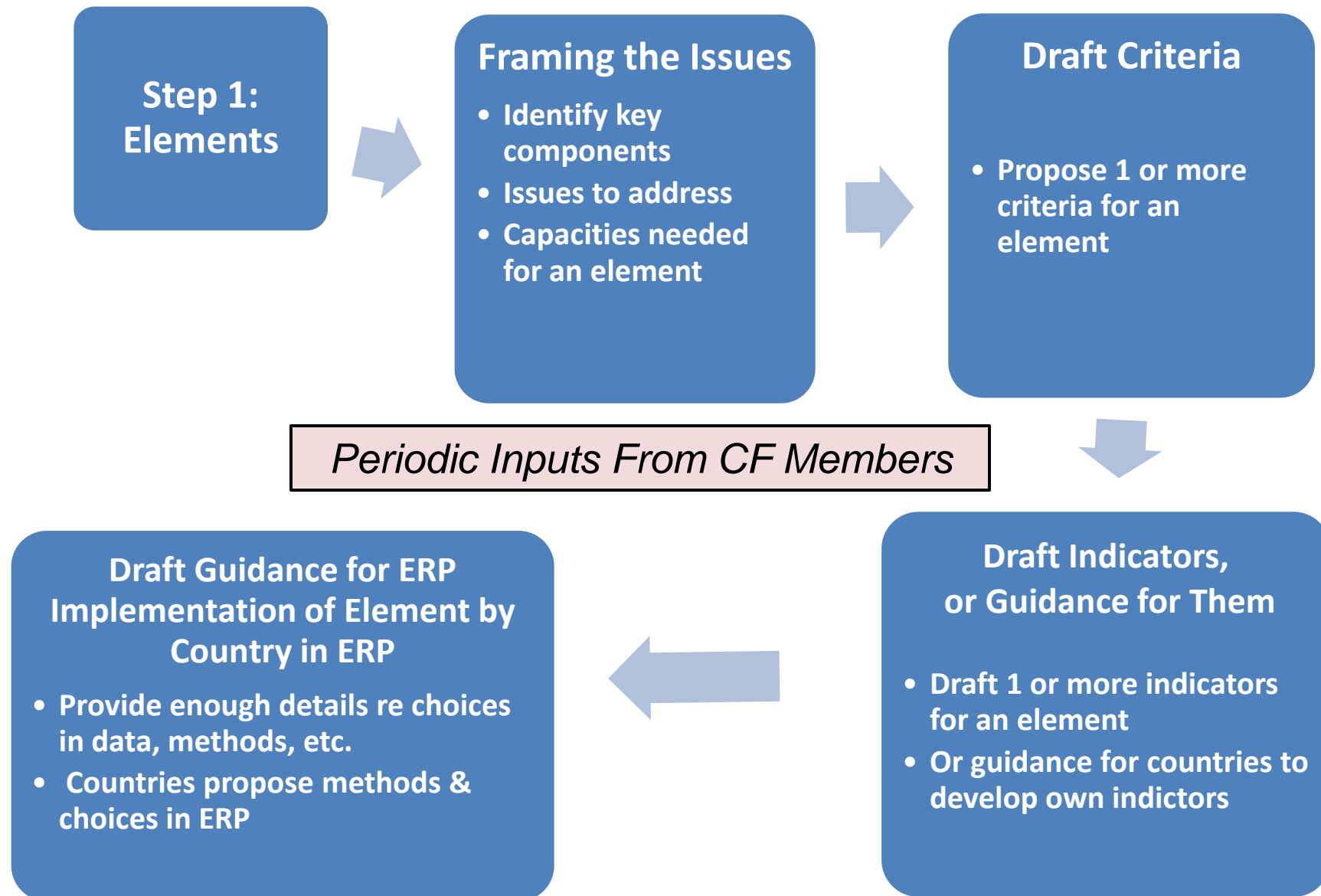
# Anticipated Methodological and Pricing Approach



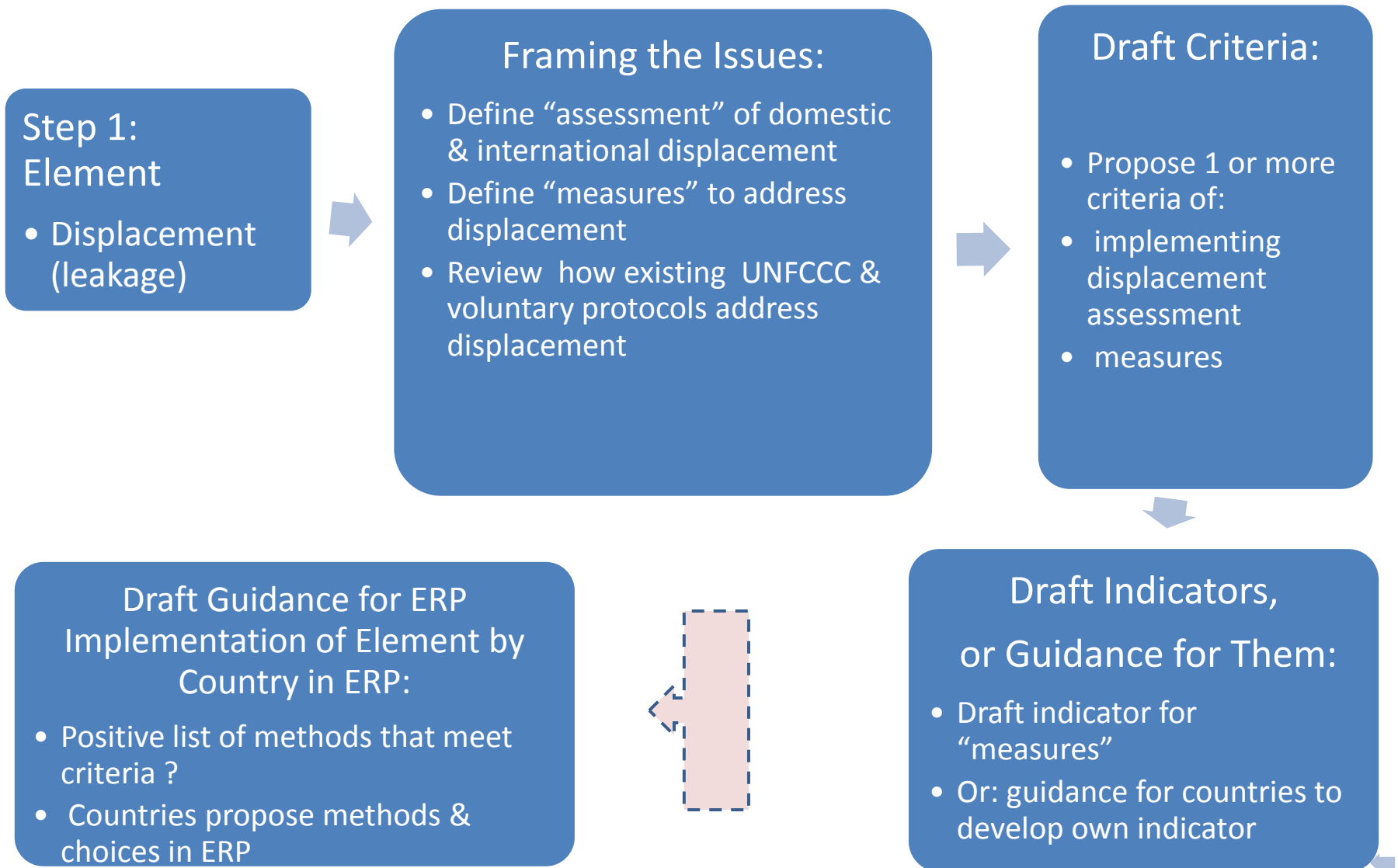
# Early Ideas on Building a Method. Framework ?



# Possible Steps in Building a Method. Framework ?



# Building a Framework?: Conceptual Example of an Element– e.g., Displacement of Emissions





# Proposed Creation of TAPs

- **FMT has proposed to establish 2 ad hoc TAPs:**
  1. **By the CF Participants: mid-term issues**
  2. **By the FMT: short-term issues, to feed discussion of the WG**
- **Alternative: Create only 1 TAP managed by the FMT, with reports to**
  1. **the CF Participants**
  2. **the WG**





# Role of TAP: 1

## CF TAP Covers Some Topics, FMT TAP Other Topics

Topic	Carbon Fund Participants' TAP	FMT's TAP
Carbon accounting in other climate initiatives	<ul style="list-style-type: none"><li>• Options for simpler approaches ?</li><li>• ERP reference level consistency with national reference level?</li></ul>	<ul style="list-style-type: none"><li>• Review standards and methods</li><li>• How do initiatives measure and monitor carbon?</li><li>• How do initiatives set reference levels?</li><li>• How handle nesting of subnational projects?</li></ul>
Tracking and reporting in other initiatives	<ul style="list-style-type: none"><li>• -</li></ul>	<ul style="list-style-type: none"><li>• Do they use a registry ?</li><li>• Registry data, cost and capacity requirements?</li></ul>

## Role of TAP: 2

<b>Topic</b>	<b>Carbon Fund Participants' TAP</b>	<b>FMT's TAP</b>
<b>Safeguards and benefit-sharing approaches</b>	<ul style="list-style-type: none"> <li>• How other initiatives address UNFCCC safeguards, and benefit-sharing</li> </ul>	<ul style="list-style-type: none"> <li>• -</li> </ul>
<b>Non-carbon values</b>	<ul style="list-style-type: none"> <li>• Is price differentiation applied in other initiatives?</li> </ul>	<ul style="list-style-type: none"> <li>• Do initiatives pay premia for additional benefits?</li> </ul>
<b>Pricing of carbon assets</b>	<ul style="list-style-type: none"> <li>• Potential use of opportunity or implementation costs in price setting?</li> </ul>	<ul style="list-style-type: none"> <li>• Approaches and data used to set prices in other initiatives?</li> </ul>
<b>Assessment of Emission Reductions Programs</b>	<ul style="list-style-type: none"> <li>• Provide technical review of relationship of ER-PINs or other documents to country's Readiness Package</li> </ul>	<ul style="list-style-type: none"> <li>• Provide technical review of ER-PINs or other documents</li> </ul>

Nominations of expert candidates for TAPs are welcome

# How to Get There: Two Options for Developing Methodological Framework

- **Option 1: Continue the PC Working Group approach**
  - Assuming: Heavy role by CF members in a continuing WG -- monthly conference calls, many shorter issue notes by FMT, protracted debate.
  - Full MF drafted: March or June 2013?
- **Option 2: Switch to a more intensive drafting of a MF by the FMT (with TAP support) with periodic requests for guidance from WG members**
  - Assuming: WG to offer periodic guidance that is implemented into a whole draft MF for review. Fewer notes, calls.
  - Full MF drafted: Draft for review in meeting in September 2012 ?
  - Full draft MF October 2012?

# Methodological Framework Tasks, and Tentative Due Dates

Task	Tentative Date: Option 1	Tentative Date: Option 2
Create ad hoc <u>TAPs</u> to support CF and FMT: review of other regimes' standards, methods; pricing	In process	In process
Agree on <u>elements</u> of the standards approach, and pricing elements	Paraguay? Or June 2012	Paraguay? Or June 2012
[ Propose <u>assessment process and criteria</u> for ER PINs submitted to the Carbon Fund- not part of MF ]	October 2012 ?	June 2012
Propose criteria and indicators of Methodological Framework: draft. Meeting to discuss ?	March 2013 ?	September 2012 ?
<u>Present draft Methodological Framework &amp; pricing approach to CF. Share with PC when appropriate.</u>	June 2013 ?	October 2012 ?



# We Hope to Start Building the Foundation Soon. Comments Welcome



Photo by Rhett A. Butler.