

DRAFT March 11, 2013



**Forest Carbon Partnership Facility (FCPF)
Carbon Fund
Sixth Meeting (CF6) Agenda**

March 15-16, 2013

Washington Plaza Hotel

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<http://www.washingtonplazahotel.com/>

Friday, March 15

1. Opening	
08:30	Welcome, objectives and review of agenda (Mika Bucki as Chair, Benoît Bosquet)
2. ER-PIN Review	
09:00	2. Inclusion of Costa Rica ER Program in CF pipeline (Jorge Mario Rodríguez)
10:00	<i>Coffee break</i>
3. Sharing Early Ideas on ER-PINs	
10:30	3a. Ethiopia (Yitebitu Moges)
11:30	3b. Republic of Congo (Georges Boudzanga and Jean-Dominique Bescond)
12:30	<i>Lunch break</i>
13:45	3c. Vietnam (Pham Manh Cuong)
14:45	3d. Update on development of other ER Programs (Stephanie Tam)
15:15	<i>Coffee break</i>
4. From ER-PINs to ERPAs	
15:45	4a. Discussion of Letter of Intent template (Markus Pohlmann)
16:15	4b. Draft Term Sheet setting out the general principles of a future Emission Reductions Payment Agreement (ERPA) (Markus Pohlmann)
17:15	<i>End of day</i>

Saturday, March 16

5. Building the Methodological Framework and Pricing Approach	
08:30	5a. Update on Progress of the Carbon Fund Working Group and REDD+ Design Forum (Ken Andrasko)
09:15	5b. Update on Pricing Approach (Manelle Ait Sahlia)
10:15	<i>Coffee break</i>
6. Financial and Other Aspects	
10:45	6a. Update on marketing to the private sector (Simon Whitehouse)
11:45	6b. Stocktaking of progress made in achieving objectives of the Carbon Fund (Neeta Hooda)
12:45	<i>Lunch break</i>
14:00	6c. Strategic discussion on use of additional funds (Simon Whitehouse)
15:00	6d. Draft monitoring and evaluation framework (Neeta Hooda) (If resolution not adopted by PC before PC14. TBC)
15:45	<i>Coffee break</i>
7. Closing	
16:15	7a. Adoption of Resolutions (Mika Bucki, Sachiko Morita)
16:45	7b. Conclusions (Mika Bucki)
17:15	<i>End of meeting</i>

ANNOTATIONS

All background documents will be made available on the CF6 page of the FCPF website at <https://www.forestcarbonpartnership.org/node/842> prior to the meeting.

Session 2. Inclusion of Costa Rica ER Program in CF pipeline

At the CF5 meeting in Paris in October 2012, Costa Rica became the first country to submit an ER-PIN for consideration by the Carbon Fund. Participants' reactions reflected a high level of confidence in the proposal and in the Government, highlighting Costa Rica's strong political commitment, long experience with Payment for Environmental Services, stable institutions, clear land tenure which will facilitate carrying out activities, multi-sectoral approach and incorporation of the REDD+ approach into the national strategy, and state-of-the-art technical work (e.g., with respect to MRV). Participants noted a number of issues that required clarification in the ER-PIN. As such, the Participants adopted Resolution CFM/5/2012/1:

1. allocating up to \$200,000 to help Costa Rica revise its ER-PIN to reflect the key issues identified by Participants, as listed in the annex of the Resolution, and
2. provisionally allocating up to an additional \$450,000 to develop the ER-PIN into an ER Program Document, subject to review that the revised ER-PIN clarifies the key issues, and to virtual adoption of a Resolution including the revised ER-PIN in the Carbon Fund pipeline. Upon adoption of such a Resolution, the Trustee will enter into a Letter of Intent with Costa Rica.

Costa Rica will summarize revisions to its Emission Reductions Program Idea Note (ER-PIN) requested by the Carbon Fund.

Background documentation: The revised Costa Rica ER-PIN will be available on the CF6 page.

Expected Carbon Fund Participant (CFP) action: The CFPs are anticipated to discuss revisions to the ER-PIN; and to approve a resolution (if the revisions are found adequate) that: a) includes the revised ER-PIN in the Carbon Fund pipeline, b) releases up to an additional \$450,000 to support development of the ER-PIN into an ER Program Document, and c) asks the Trustee to enter into a Letter of Intent with Costa Rica.

Sessions 3a-c. Ethiopia, Republic of Congo, and Vietnam ER-PIN early ideas

Ethiopia, Republic of Congo, and Vietnam will present their early ideas on potential ER Programs.

Background documentation: The presentations will be available on the CF6 website prior to the meeting.

Expected CFP Action: Given that these will still be informal presentations, no formal decision is expected. However, the CFPs will be invited to provide feedback to the countries on how to improve their ER-PINs with a view to a formal presentation in the future.

Session 3d. Update on development of other ER Programs

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The FMT will provide an update on the development of other potential ER Programs, including the status of program development in countries, how potential programs are being identified and brought to the Carbon Fund, and how the FMT and World Bank are engaging with interested entities.

Background documentation: Early ideas on potential ER Programs have been presented by REDD Countries at previous CF meetings. Materials from previous presentations are available on the CF meeting webpages.

Expected CFP Action: CFPs may wish to provide feedback to the FMT.

Session 4a. Discussion of Letter of Intent template

As specified in FMT Note CF-2012-1, the Letter of Intent (LoI) is the legal document specifying the terms and procedure under which the parties to the LoI intend to negotiate, for a certain time period on the basis of exclusivity, a possible sale and purchase of certain ER volumes to be generated under an ER Program. The draft LoI template was presented at CF5, and was subsequently revised based on feedback received at CF5. The FMT will present the revised draft LoI template.

Background documentation: The draft LoI will be posted on the CF6 page before the meeting.

Expected CFP Action: The CFPs are expected to discuss and agree on the LoI template. No formal resolution is needed.

Session 4b. Draft Term Sheet setting out the general principles of a future Emission Reductions Payment Agreement (ERPA)

As presented at CF5 and discussed during the Pre-PC13 workshop and the PC13 meeting, the Trustee has drafted an FCPF ERPA Term Sheet which includes general principles to be included in a future FCPF ERPA and forms the basis for the subsequent development of a detailed set of ERPA General Conditions under the FCPF Carbon Fund. Since the FCPF ERPA Term Sheet is the first step for the subsequent development of a detailed set of ERPA General Conditions, as per the FCPF Charter, the FCPF ERPA Term Sheet must be endorsed by the PC.

Background documentation: The latest revised draft FCPF ERPA Term Sheet will be posted on the CF6 page before the meeting.

Expected CFP Action: No formal decision by the CFPs is expected, but CFPs will be invited to provide additional feedback. In addition, the CFPs will be asked to provide guidance on how best to conduct the pre-PC14 workshop on the topic to be held March 18. The pre-PC14 workshop and PC14 session on the ERPA Term Sheet will be crucial given that the PC is expected to endorse the ERPA Term Sheet at PC14.

Session 5a. Update on Progress of the CF Working Group and REDD+ Design Forum

CF Working Group members who were present at the CF5 meeting informally discussed the FMT proposal for advancing work on a Methodological Framework (MF) for the Carbon Fund, in the margins of CF5 in October 2012, and the WG held its first meeting at PC13 in October 2012, where a revised schedule of WG and other meetings was discussed and endorsed. The FMT has advanced work on the MF by producing 6 issue papers by TAP experts, and by offering background and early recommendations on how the MF could address key design issues. Two REDD+ Design Forum workshops were held in January and February 2013, where other climate initiatives, experts, and representatives of stakeholders

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and the FMT reviewed early options to address key issues. A third Forum is scheduled for April on other design issues, and the remaining issue papers will be available by late March.

The FMT will update CFPs on progress developing the MF, and key issues and findings from the Forum events and the WG meeting held immediately prior to CF6.

Background documentation: The schedule of the REDD+ Design Forum events and WG meetings is available on the CF6 page.

Expected CFP Action: CFPs will discuss progress to date and key issues under discussion, and the path forward to drafting the MF in time to present a full draft to CF7 in Paris in June.

Session 5b. Update on Pricing Approach

The Participants Committee, in Resolution PC/12/2012/3, adopted the Recommendations of the Working Group on the Methodological Framework and Pricing Approach for the Carbon Fund of the FCPF contained in FMT Note 2012-8, as guiding principles on the key methodological framework and policy guidance on a pricing approach for the Carbon Fund. The session provides an update on pricing issues that are relevant to the Carbon Fund and proposes a way forward for addressing pricing issues in order to help the parties to an ERPA agree on a price for Emission Reductions (ERs) in accordance with the adopted policy guidance on pricing.

Background documentation: Background note "Update on Pricing Issues for the Carbon Fund" will be available on the CF6 page.

Expected CFP action: None expected. The CFPs are invited to provide comments and guidance on the proposed way forward for addressing pricing issues under the Carbon Fund.

Session 6a. Update on marketing to the private sector

The FMT will provide an update on the marketing of the Carbon Fund to the private sector.

Background documentation: The presentation will be posted on the CF6 page before the meeting.

Expected CFP Action: The CFPs are invited to provide feedback and guidance based on the progress reported by the FMT.

Session 6b. Stocktaking of progress made in achieving objectives of the Carbon Fund

This session will review where the Carbon Fund stands with respect to the one-year and three-year objectives established by CFPs at CF1 in May-June 2011, necessary revisions to the anticipated timetable, and challenges encountered or anticipated. The session will also review future objectives of the Carbon Fund, as outlined in the Monitoring and Evaluation Framework.

Background documentation: The one-year and three-year objectives are laid out in the CF1 Decisions, available at

http://www.forestcarbonpartnership.org/sites/forestcarbonpartnership.org/files/Documents/PDF/Jun2011/Decisions_0.pdf.

The final draft Monitoring and Evaluation Framework is available at <https://www.forestcarbonpartnership.org/node/822>.



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Expected CFP Action: The CFPs are invited to provide feedback and guidance based on the information reported by the FMT.

Session 6c. Strategic discussion on use of additional funds

The FMT will report on the funding status of the Carbon Fund, including additional funds received. Given past funding levels, CFPs have aimed at including approximately five ERPAs in the Carbon Fund portfolio. With new contributions coming in, a discussion is needed on whether to use additional funds to support the development of more ER Programs/ERPAs, or to scale up the amount of financing for the approximately five ERPAs.

Background documentation: The presentation will be posted on the CF6 page.

Expected CFP Action: The CFPs will discuss what additional funds should be used for and provide guidance to the FMT. No formal decision is needed.

[Session 6d. Draft monitoring and evaluation framework

This item will only be on the agenda if a PC Resolution is not adopted before PC14.]