# FOREST CARBON PARTNERSHIP FACILITY (FCPF) FOURTEENTH CARBON FUND MEETING

June 20-22, 2016 Paris, France

### Resolution CFM/14/2016/2

## Selection of Emission Reductions Program Document of Costa Rica into the Portfolio of the Carbon Fund of the FCPF

#### Whereas:

- 1. As per Resolution CFM/6/2013/1, the Carbon Fund (Carbon Fund) of the Forest Carbon Partnership Facility (FCPF) selected Costa Rica's Emission Reductions Program Idea Note (ER-PIN) into the pipeline of the Carbon Fund and provided additional funding for Costa Rica to develop an Emission Reductions Program Document (ER-PD) for the 'FONAFIFO Carbon Fund Emission Reductions Program in Costa Rica' (ER Program).
- 2. On November 5, 2015, as per Resolution PC/20/2015/4, the Participants Committee of the FCPF endorsed Costa Rica's Readiness Package.
- 3. Costa Rica issued its draft ER-PD on October 30, 2015. The Technical Advisory Panel (TAP) reviewed the ER-PD against the ER-PD requirements in the Carbon Fund's Methodological Framework dated December 20, 2013 and issued its TAP Review document on December 8, 2015. The Carbon Fund Participants reviewed the draft ER-PD and the TAP Review document and submitted their consolidated comments to the FCPF Facility Management Team (FMT) in December 2015. Based on the findings of the TAP Review and the comments of Carbon Fund Participants, Costa Rica submitted to the FMT a final ER-PD on May 24, 2016. The TAP reviewed such final ER-PD and issued its final TAP Review document to the FMT on May 30, 2016.
- 4. Costa Rica has presented its final ER-PD during this meeting.

### The Carbon Fund Participants,

- 1. Acknowledge the extensive efforts made by Costa Rica, and the high quality of the ER-PD.
- 2. Decide to provisionally include Costa Rica's ER-PD into the portfolio of both Tranche A and Tranche B of the Carbon Fund, provided that any commercial terms (such as advance payments, price etc.) included in the ER-PD are subject to subsequent negotiations of the Emission Reductions Payment Agreements (ERPAs).
- 3. Provisionally authorize the International Bank for Reconstruction and Development (Bank), as trustee of Tranche A and Tranche B of the Carbon Fund (Trustee), to lead the ERPA negotiations with Costa Rica for the ER Program, in accordance with the ERPA negotiation process presented and agreed during this meeting and subject to completion of Bank due diligence and final Bank approval, provided that ERPA negotiations shall not start before Bank management has appraised the ER Program.

4. The provisional inclusion of Costa Rica's ER-PD into the portfolio of both Tranche A and Tranche B of the Carbon Fund and the provisional authorization of the Trustee to lead the ERPA negotiations with Costa Rica are deemed approved upon fulfillment of the following condition:

Revision of ER-PD: Revision by Costa Rica of the ER-PD and submission of such revised ER-PD to the FMT (1) preferably as soon as possible after this meeting but, in any case, by no later than May 1, 2017 and (2) in substance satisfactory to the TAP, with the consent of the Carbon Fund Participants on a four week no objection basis. The revised ER-PD shall address the following issue:

- An updated reference level, including (a) additional information on how degradation has been assessed and accounted for in accordance with the Carbon Fund's Methodological Framework; (b) the use of Costa Rica's latest measurement, reporting and verification protocol, including a revision of the forest category "new forests"; and (c) the continued use of the 2011 end date of the reference period.
- 5. Unless decided otherwise by Carbon Fund Participants and subject to fulfilment of the condition in paragraph 4 above, commit to nominate, prior to the start of ERPA negotiations, for each Tranche of the Carbon Fund one (1) representative to act as Carbon Fund Representative of the respective Tranche of the Carbon Fund throughout the ERPA negotiation process and notify the FMT accordingly.
- 6. Encourage Costa Rica to further develop the additional issues identified by the Carbon Fund Participants in the Chair's Summary for this meeting, not listed under paragraph 4 above, and inform the FMT about corresponding developments, if any, to be shared with the Carbon Fund Participants and Observers, prior to ERPA signature.