

## Costa Rica - CF14 - Progress update on Chair's Summary issues

- Revisit the buffer approach presented, taking into account that CFPs reiterated (as noted in their consolidated comments of December 2015) that they would consider only ERs generated during the term of the ERPA as part of the buffer and contract ER volume.

See section 11.3. of the October 2018 ERPD and in the ERPD version of 2019 available in the FCPF website

[11.3. Reversal management mechanism, where Costa Rica has chosen option 2, as a reversal management mechanism](#)

ERs from the ER Program will be deposited in an ER Program-specific buffer, managed by the FCPF Registry System (ER Program CF Buffer), and based on a Reversal risk assessment. CR has issued a Letter on Reversal Management Mechanism because the country opted for the Carbon Fund Buffer Management, a letter indicating this preference is attached.

- Reconsider the percentage of advance payments requested. In this context, CFPs indicated that advanced payments are still under discussion and subject to ERPA negotiations. However, CFPs indicated that the percentage currently proposed is above what they are prepared to accept, assuming they decide to allow for advance payments.

Costa Rica is not requesting advance payments. This was a verbal request, Costa Rica never formally included it in the ERPD or any other document.

- Advance development of a transaction registry and address potential issues related to double counting.

Attached you will find the letter where Costa Rica authorizes the use of the FCPF Registry.

- Explore mechanisms for increasing the percentage of ERs to be transferred to the Carbon Fund.

See Benefit Sharing Plan, section on Cash Flow, Figure 4 and **Table on preliminary estimate of benefits distribution by type of ERs Owners and distribution of benefits through different sharing mechanisms**. Preliminary estimate of the distribution of the area that would meet the eligibility criteria according to the type of land ownership. Also, Term Sheet concurred by CFP and Country PE is committing 12 million contract ERs which is maximum volume in the Letter of Intent, plus 5 million tons ERs in the modality of Call Option ERs

- Provide clarification on the discrepancy in the reference level calculation between the first and second drafts of the ER-PD.

The discrepancy originated in the first draft of the ERPD presented (prior to 2016) which had a reference level ending in 2009; since in that year there was no reference map. For this reason, the TAP requested that 2011 be used as the final date. See TAP report indicators 11.2 and 13.1 on the FCPF website.



República de Costa Rica  
Ministerio de Ambiente y Energía  
Despacho del Ministro

San José, February 24, 2020  
DM-0252-2020

**Mr.  
Simon Whitehouse  
Fund Manager  
Forest Carbon Partnership Facility  
World Bank**

Dear Sir,

I am pleased to address you on Costa Rica's position regarding criteria 19 and 38 of the Forest Carbon Partnership Fund Methodological Framework.

*Criterion 19 of the FCPF Carbon Fund (CF) Methodological Framework provides ER Programs the option (2) to manage reversal risks using an ER Program CF Buffer managed by a Buffer manager. Likewise, Criterion 22 indicates that this ER Program CF Buffer will also be used to set aside a specific percentage of ERs in order to address uncertainty risks. For this purpose, the FCPF CF has adopted ER Program Buffer Guidelines to clarify the rules and procedures of such ER Program CF Buffer. The Government of Costa Rica has decided to use the ER Program CF Buffer, in accordance with the ER Program Buffer Guidelines, as a reversal and uncertainty risk mitigation mechanisms for Costa Rica's FCPF ER Program and agrees to the Trustee of the CF acting as the buffer manager.*

*Criterion 38 of the FCPF CF Methodological Framework states that the ER Program host country must select an appropriate arrangement to avoid double accounting/issuing or double-selling/claiming of any ERs from REDD+ activities under the ER Program. For this purpose, an ER transaction registry based on Indicators 38.1-38.4 must be used. The Government of Costa Rica has decided to use the FCPF ER Transaction Registry in conjunction with its own national registry, which is currently being developed as part of the National Climate Change Metrics System (Sistema Nacional de Métrica de Cambio Climático, SINAMECC). As part of the measures to avoid double counting of ERs generated from Costa Rica FCPF ER Program in the national transaction registry and the FCPF ER Transaction Registry, once the national registry is operational the Government of Costa Rica will only recognize, including for purposes of reporting to the Trustee, authorization and/or corresponding adjustments units that are duly registered in the Costa Rican national registry. Both Parties will take all reasonable efforts to ensure that the Costa Rican national registry component of SINAMECC and the FCPF ER Transaction Registry will incorporate all features necessary to enable communication and operational compatibility between the systems.*

Thanks for your attention.

Sincerely,

Carlos Manuel  
Rodríguez  
Echandi

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por Carlos Manuel  
Rodríguez Echandi  
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MSc. Carlos Manuel Rodríguez  
Minister