# Forest Carbon Partnership Facility (FCPF)
# Carbon Fund
# Fifth Meeting (CF5) Agenda

**October 16-17, 2012**

**World Bank Paris Office**

**66, Avenue d'Iéna, 75116 Paris, France, Tel +33 1 40 69 30 00**

## Tuesday, October 16

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| **1. Opening** | |
| 09:00 | Welcome, objectives and review of agenda (Jürgen Blaser, Benoît Bosquet) |
| **2. ER-PIN Review** | |
| 09:15 | 2. Costa Rica (Jorge Mario Rodriguez and German Obando) *Resolution sought* |
| 12:00 | *Lunch break* |
| **3. Sharing Early Ideas on ER-PINs** | |
| 13:30 | 3. Vietnam (Cuong Pham Manh) |
| **4. Building the Methodological Framework and Pricing Approach** | |
| 14:30 | 4. Update on Progress on the Carbon Fund Working Group and REDD+ Design Forum (Ken Andrasko) |
| 15:30 | *Coffee break* |
| **5. From ER-PINs to ERPAs** | |
| 16:00 | 5a. World Bank due diligence (Kenn Rapp) |
| 17:30 | *End of first day* |
| 17:30-19:00 | *Preparatory discussions for the first meeting of the Carbon Fund Working Group on the Methodological and Pricing Approach* |

## Wednesday, October 17

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| **5. From ER-PINs to ERPAs (continued)** | |
| 09:00 | 5b. Draft Term Sheet setting out the general principles of a future Emission Reductions Payment Agreement (ERPA) (Markus Pohlmann) |
| 11:00 | *Coffee break* |
| 11:30 | 5c. Proposed content of a Letter of Intent (Markus Pohlmann) |
| 12:30 | 5d. Origination for the Carbon Fund (Ken Andrasko) |
| 13:15 | *Lunch break* |
| **6. Financial and Other Aspects** | |
| 14:30 | 6a. Update on marketing to the private sector (Simon Whitehouse, Justin Adams from Lion's Head Global Partners, and Richard Vögeli from BHP Brugger and Partners) |
| 15:15 | 6b. Long-term financial plan (Simon Whitehouse and Erin Conner) |
| 16:00 | *Coffee break* |
| 16:30 | 6c. Draft monitoring and evaluation framework (Neeta Hooda and Alain Lafontaine of Baastel) |
| **7. Closing** | |
| 17:30 | 7a. Adoption of Resolution (Chair, Sachiko Morita) |
| 18:30 | 7b. Conclusions (Jürgen Blaser) |
| 19:00 | *End of meeting* |

# ANNOTATIONS

All background documents will be made available on the CF5 page of the FCPF website at https://www.forestcarbonpartnership.org/fcp/node/646 prior to the meeting

**Session 2. Costa Rica ER-PIN**

Costa Rica will present its full Emission Reductions Program Idea Note (ER-PIN), proposing a quasi-national approach that builds on informal presentations by Costa Rica at previous CF meetings. It will discuss work planning underway for the R-PP process and its relationship to the ER-PIN proposal; its vision of how the ER Program contributes to and is integrated with national carbon neutrality goals and programs; and how it will mobilize financial and human resources to develop the ER Program. Presenters will consider the implications of taking a jurisdictional approach within a national system; how new land classes can be incorporated into existing Payments for Environmental Services programs; and how a national R-PP SESA process can be tailored to the specific requirements of a land mosaic approach to an ER Program.

Background documentation: The ER-PIN is expected to be available on the CF5 page during the week of September 17th.

Expected CFP Action: Decide on whether: 1) to include the ER-PIN in the respective Tranche's pipeline; 2) to allocate budget of up to $200,000 to support revisions to the ER-PIN, with a view to the ER-PIN being considered for inclusion in the pipeline at a later stage; or 3) not to include the ER-PIN. ER-PINs not included may still be modified and presented again in a subsequent batch.

**Session 3. Vietnam ER-PIN early ideas**

Vietnam will present its refined ideas following a first presentation made at CF4 in June 2012.

Background documentation: The presentation will be available on the CF5 website prior to the meeting.

Expected CFP Action: Given that this will still be an informal presentation, no formal decision is expected. However, the CFPs will be invited to provide feedback to Vietnam on how to improve its ER-PIN with a view to a formal presentation in the future.

**Session 4. Update on Progress on the Carbon Fund Working Group on the Methodological Framework and Pricing Approach, and REDD+ Design Forum**

The FMT will update the CF on progress organizing development of the Methodological Framework (MF) and TAP support for this work. The key decision on the general approach for the MF will be discussed, pivotal design issues for the MF will be identified, and the schedule and process to resolve them presented through June 2013.

The members of the new Carbon Fund Working Group on the Methodological and Pricing Approach were communicated to CF Participants in an email from FCPC Secretariat on September 11, 2012 in a detailed description of the proposed process and schedule moving forward. WG members and the FMT will have an opportunity to discuss the work program informally on the margins of CF5 in Paris and of PC13 in Brazzaville. The schedule for WG input on specific design issues (e.g., MRV design) will be reviewed, looking forward to CF6 in March 2013, when a draft Methodological Framework (MF) is to be presented, and to CF6 in June 2013, when a final MF is anticipated to be presented. The first of about 4 or 5 meetings of the REDD Design Forum is anticipated in late December, to offer a forum for WG members, TAP experts, the FMT and invited stakeholder representatives to share early TAP technical work on key building block topics for the MF, as well as to hear how other climate initiatives like VCS or the Governor's Climate Change Task Force on Forests address issues. The December Forum is tentatively scheduled to focus on the scope of ER Programs, reference levels, and MRV design considerations. The full schedule of the REDD+ Design Forum and other WG activities and CF events to advance thinking on the MF issues will be presented.

Background documentation: Schedule of the REDD+ Design Forum events has been sent to CF Participants from the FCPF Secretariat, and will be posted on the CF5 page

Expected CFP Action: no action anticipated

**Session 5a. World Bank due diligence**

While an ER Program develops from an ER-PIN into an ER Program Document, the World Bank conducts its due diligence to determine compliance of the ER Program with the Bank's policies and procedures, including but not limited to the safeguard policies, and provide advice to the ER Program developer on how to improve the design.

Background documentation: A presentation on the Bank's due diligence process will be posted on the CF5 page before the meeting.

Expected CFP Action: None. This session is for information only.

***Preparatory discussions for the first meeting of the Working Group on the Methodological and Pricing Approach***

This session offers an opportunity for informal discussion among those WG members who are present and the FMT of: 1) the FMT presentation on plans for the Carbon Fund's new Working Group on the Methodological Framework and Pricing Approach; 2) how the Framework will be developed; 3) the proposed schedule and products identified (a set of TAP issue papers, the REDD+ Design Forum events, submissions by anyone interested); and early discussion of the general approach the Methodological Framework should take (e.g., (a) a strictly standards and indicators approach; (b) this approach combined with methods guidance in more detail; or (c) a positive list approach, wherein a Emissions Reductions Program that meets an existing standard for a given topic (e.g., VCS on MRV, or SES for safeguards) would be considered to have met the CF standard for this topic).

**Session 5b. ERPA Term Sheet**

As decided at CF4, the Trustee is drafting a 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 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 ERPA term sheet also has to be endorsed by the PC.

Background documentation: The draft term sheet will be posted on the CF5 page before the meeting.

Expected CFP Action: No formal decision by the CFPs is expected, but they will be invited to provide feedback in addition to the feedback expected from the preparatory videoconference session to be held in September. In addition, the CFPs will be asked to provide guidance on how best to conduct the pre-PC13 workshop on the topic on October 20. The pre-PC13 workshop and PC13 session(s) on the Term Sheet will be important given that the PC is expected to endorse the Term Sheet at PC13.

**Session 5c. Proposed content of a Letter of Intent**

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.

Background documentation: The draft LoI will be posted on the CF5 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 5d. Origination for the Carbon Fund**

Some CFPs have expressed the need to shed light on the way that ER Programs are identified and brought to the Carbon Fund. The FMT will summarize the situation to date and invite suggestions from the CFPs to ensure the most transparent and practical origination process possible.

Expected CFP Action: The CFPs are expected to discuss options and provide guidance to the FMT

**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 CF5 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. Long-term financial plan**

The FMT will present the latest long-term financial plan of the Carbon Fund, which provides a projection up to 2020 of the sources and uses of funds.

Background documentation: The presentation will be posted on the CF5 page before the meeting.

Expected CFP Action: The CFPs are invited to provide feedback and guidance. The long-term financial plan is not subject to approval by the CFPs, in contrast to the annual budget (which was approved at CF4 in June 2012).

**Session 6c. Draft monitoring and evaluation framework**

As requested at CF3 and CF4, the FMT is drafting a monitoring and evaluation (M&E) framework for the FCPF, which includes a component on the Carbon Fund. At PC11 the FMT presented to the PC the revised draft logical framework (log frame) that attempted to present the priorities for the FCPF for the next three years and serve as a potential framework for FCPF M&E. Based on the discussions, the PC requested the FMT to finalize the log frame for internal purposes only and focus its efforts on the design of an M&E framework, taking into consideration the relevant elements of the log frame and the previous draft M&E framework that was first developed at the time of the FCPF evaluation. The FMT procured the services of Mr. Alain Lafontaine (of Baastel) to lead the process of developing the M&E Framework, with technical support provided by Mr. Dietrich Busacker and Ms. Cornelia Sepp (Eco Consult) hired by GIZ.

The consultants will present the draft M&E framework, which includes two key components: the conceptual basis and the monitoring framework.

Background documentation: The draft M&E Framework has been developed and will be available on the CF5 webpage prior to the CF meeting in English, Spanish and French.

Expected CFP Action: The Carbon Fund Participants are expected to provide guidance to the FMT with a view to the further development of the M&E framework. The framework will also be presented to the FCPF Participants Committee at PC13 October 21-22, 2012 and the PC is expected to provide feedback. Depending on the nature of the comments received, two options are available: (i) If the overall feedback is positive, the consultants will incorporate the comments received and the final draft M&E framework will be made available by the FMT for virtual approval by the PC on a 'no objection basis' **before PC14 (March 2013)**. (ii) If however the comments received are substantial, the PC may wish to request a presentation of the revised framework for approval by the PC **at PC14** in March 2012.

**Session 7a. Adoption of Resolutions**

The CFPs are expected to adopt a Resolution on the Costa Rica ER-PIN.