

**FOREST CARBON PARTNERSHIP FACILITY (FCPF)
FIFTH CARBON FUND MEETING
October 16-17, 2012
Paris, France**

Resolution CFM/5/2012/1

Costa Rica's Emission Reductions Program Idea Note

Whereas:

1. The Carbon Fund Participants at their Fourth Meeting adopted Resolution CFM/4/2012/1 on the selection criteria of Emission Reductions Program Idea Notes (ER-PINs);
2. FMT Note CF-2012-1-Rev. lays out the detailed process guidelines for the Carbon Fund, including the selection of ER-PINs; and
3. In accordance with the FMT Note CF-2012-1-Rev., Costa Rica submitted its ER-PIN to the Facility Management Team (FMT) in September 2012, which was reviewed by the World Bank and forwarded to the Carbon Fund Participants.

The Carbon Fund Meeting (CFM),

1. Acknowledged the extensive efforts made by Costa Rica, and the high quality of the ER-PIN;
2. Allocates up to US\$200,000 to help Costa Rica revise the ER-PIN, reflecting the key issues identified by the Carbon Fund Participants in the Annex to this Resolution. Once the ER-PIN has been revised, Costa Rica is invited to submit it to the FMT. The FMT shall then submit it to the Carbon Fund Participants, together with a draft Carbon Fund Meeting Resolution for a 14 day review period. If necessary, the Carbon Fund Participants may have meetings through electronic and other means, in accordance with Article VII of the Rules of Procedure. If, at the end of the 14 day review period, the Carbon Fund Participants have no objection, the Resolution will be adopted to include the revised ER-PIN in the pipelines of the respective Tranches of the Carbon Fund;
3. Provisionally allocates up to an additional US\$450,000, subject to the adoption of the Resolution referred to in paragraph 2 above, to support Costa Rica in developing its ER-PIN into an ER Program Document and fund the costs associated with such development, including the World Bank's due diligence;
4. Upon the adoption of the Resolution referred to in paragraph 2 above, the Trustee shall enter into a Letter of Intent with Costa Rica; and
5. In accordance with FMT Note CF-2012-1-Rev., acknowledges that the allocations stated in paragraphs 2 and 3 above are subject to the Carbon Fund's annual budget approval process and semi-annual reporting by the World Bank to the Carbon Fund Participants.

Annex

Key issues to be reflected in the revised ER-PIN

The following are the key issues that Costa Rica needs to reflect in the revised ER- PIN:

1. Progress towards Readiness (criterion (i)):
 - Clarify timing of the submission of the Mid-term Progress Report and the R-Package, and the linkage with the Readiness Preparation activities funded under the Readiness Fund
2. Methodological Framework / Technical Soundness (criteria (iii) and (v)):
 - Include a more detailed description of the potential for displacement of emission outside of the targeted lands of the ER Program
 - Specify the historical reference period for setting the reference level, and provide the details on how the reference level was estimated and the key assumptions made
 - Improve the description of the consistency of the MRV system and reference level with the existing and emerging frameworks under IPCC and UNFCCC
 - Explain the key assumptions underlying the estimated ERs for each of the proposed options
 - Describe the eligibility of the wood substitution component as a REDD+ activity under the UNFCCC definition and its contribution to the estimated ER volume offered to FCPF, if any
 - To the extent possible at this stage, clarify the expected level of precision in the proposed measurement of carbon stocks and estimation of ERs
 - Enhance the description of the plans to ensure environmental and social sustainability of the management of natural forests and forest plantations
 - Provide more information on the cost estimates for each of the proposed options, especially Option D, in the financial plan