

Forest Carbon Partnership Facility (FCPF)

Objectives

The Forest Carbon Partnership Facility (FCPF), which became operational in June 2008, is a global partnership focused on reducing emissions from deforestation and forest degradation, forest carbon stock conservation, sustainable management of forests and enhancement of forest carbon stocks (REDD+). The FCPF complements the UNFCCC negotiations on REDD+ by demonstrating how REDD+ can be applied at the country level and by learning lessons from this early implementation phase.

The FCPF has created a framework and processes for REDD+ readiness, which helps countries get ready for future systems of financial incentives for REDD+. Using this framework, each participating country develops an understanding of what it means to become ready for REDD+, in particular by developing reference scenarios, adopting a REDD+ strategy, designing monitoring systems and setting up REDD+ national management arrangements, in ways that are inclusive of the key national stakeholders.

Governance

The FCPF currently has thirty six REDD Country Participants (13 in Africa, 15 in Latin America and the Caribbean, and eight in Asia-Pacific). The partnership relies on an effective and inclusive governance structure, with the Participants Assembly and the Participants Committee at its core.

The Participants Assembly, which is comprised of all the countries and organizations participating in the FCPF, meets annually and elects the Participants Committee. The Participants Committee is made up of an equal number of forest (REDD+) countries (14) and financial contributors (14), and is also comprised of observers representing indigenous peoples, civil society, international organizations, the UN-REDD Programme, the UNFCCC Secretariat and the private sector. The Committee is the main decision-making body of the FCPF. It reviews country submissions, decides on grant resource allocation, approves budgets inter alia.

The World Bank assumes the functions of trustee and secretariat. The World Bank, the Inter-American Development Bank and United Nations Development Programme are Delivery Partners under the Readiness Fund and responsible for providing REDD+ readiness support services to distinct countries.

Readiness Fund

With assistance from the Readiness Fund (currently about US\$258 million committed or pledged by 15 public donors, each having provided at least US\$5 million), each participating country prepares itself for REDD+ by developing the necessary policies and systems, in particular by adopting national strategies; developing reference emission levels; designing measurement, reporting and verification (MRV) systems; and setting up REDD+ national management arrangements, including the proper safeguards.

The focus of the FCPF to date has been on REDD+ readiness. A total of 33 countries have already prepared their Readiness Preparation Proposals, of which 26 for formal assessment, and nine have received grants to implement these proposals.

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In the readiness phase, significant cooperation has been developed between the FCPF and the UN-REDD Programme, the Forest Investment Program and the Global Environment Facility. In addition, a common approach to environmental and social safeguards has been developed, which allows the proceeds of the FCPF Readiness Fund to flow through the various Delivery Partners.

Carbon Fund

The Carbon Fund, the second fund of the FCPF became operational in May 2011. It will provide payments for verified emission reductions from REDD+ programs in countries that have made considerable progress towards REDD+ readiness. About five REDD Country Participants will qualify for the Carbon Fund based on a progress assessment by the FCPF Participants Committee.

Programs submitted to the Carbon Fund (currently about US\$390 million committed or pledged by ten public and private contributors, each having provided at least US\$5 million) will have to meet the following criteria:

- Focus on results, namely high-quality and sustainable emissions reductions including social and environmental benefits;
- Sufficient scale of implementation, e.g., at the level of an administrative jurisdiction within a country or at the national level;
- Consistency with emerging compliance standards under the UNFCCC and other regimes;
- Diversity, so as to generate learning value for the FCPF and other Participants;
- Clear mechanisms so that the incentives for REDD+ reach those who need them; and
- Transparent stakeholder consultations.

In addition, programs implemented at the sub-national scale will need to be consistent with the emerging national strategies, reference emission levels and MRV systems, and be accompanied by measures to assess and minimize the risk of leakage.

The Carbon Fund is intended to play a catalytic role for REDD+, building on the experience of pioneering initiatives such as the BioCarbon Fund. Accordingly, Carbon Fund commitments should be made early enough to provide incentives to countries to adopt the necessary policies and systems and undertake the necessary investments. Consistent with the UNFCCC decision on REDD+ adopted in Cancun in December 2010, the readiness, investment and performance-based payment phases are not purely sequential but will instead overlap to a large extent. Nevertheless, to ensure that carbon finance builds on readiness achievements, the FCPF Participants Committee must have assessed a country's Readiness Package before the country can enter into an Emission Reductions Payment Agreement with the Carbon Fund.

The Carbon Fund will deliver emission reductions to the financial contributors to the fund pro rata to the capital share.

Main Activities

In the year ahead, the FCPF will advance its work on critical issues at the interface between readiness and carbon finance, in particular the readiness package assessment framework, reference levels and

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MRV for sub-national emission reductions programs, valuation approaches for emission reductions, and the methodological and pricing approach to govern the Carbon Fund.

More information on the FCPF is available at www.forestcarbonpartnership.org.