

Forest Carbon Partnership Facility (FCPF)

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.

Thirty-seven forest developing countries (14 in Africa, 15 in Latin America and the Caribbean, and eight in Asia-Pacific) have so far been selected in the partnership. The FCPF relies on an effective and inclusive governance structure, with the Participants Committee at its core. This committee is made up of an equal number of forest countries and financial contributors, 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 World Bank assumes the functions of trustee, secretariat and delivery partner.

With assistance from the Readiness Fund (currently \$232 million committed or pledged by 14 public donors), 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 26 countries have already prepared their Readiness Preparation Proposals, of which 19 for formal assessment, and three have received grants to implement these proposals.

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 will allow the proceeds of the FCPF Readiness Fund to flow through multiple delivery partners, including some multilateral development banks and UN agencies, alongside the World Bank.

The Carbon Fund, the second fund of the FCPF, has now also become operational. 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 \$215 million committed or pledged by ten public and private contributors) 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

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- 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+. 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.

In the year ahead, the FCPF will advance its work on critical issues at the interface between readiness and carbon finance, in particular reference levels and MRV for sub-national emission reductions programs, and valuation approaches for emission reductions.

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