

Forest Carbon Partnership Facility
Twenty-ninth Meeting of the Carbon Fund (CF29)
Abidjan & San Pedro, Côte d'Ivoire | January 27-30, 2025
Chair's Summary

Dear Carbon Fund Participants and Observers,

I would like to thank the Carbon Fund Participants and Observers – from REDD Country Participants, Indigenous Peoples' organizations, civil society, UNFCCC, and the private sector – who took part in the 29th FCPF Carbon Fund meeting from January 27th to January 29th, followed by a field trip on January 30th. Particularly, I am grateful for the participation of the Côte d'Ivoire Minister of Environment and Sustainable Development, his excellency Konan Jacques Assahore, Vice Cabinet Director of the Ministry of Finance and Budget, his excellency Vasogbo Bamba, the Costa Rica Vice Minister of Environment, his excellency Jorge Mario Rodríguez Zúñiga, and the World Bank Country Director Marie-Chantal Uwanyiligira. I would also like to thank the World Bank Facility Management Team and other colleagues for their efforts in preparing and running this Carbon Fund meeting. Furthermore, I would like to thank the technical staff here for their assistance with running the hybrid meeting. Finally, on behalf of CF29 participants, the Chair wishes to express her deep appreciation and gratitude to the Government of Côte d'Ivoire, and the Minister for Environment and Sustainable Development in particular, for hosting the 29th meeting of the FCPF Carbon Fund.

Please find below the main conclusions from the meeting. All relevant materials from this meeting (including this summary as well as background resources, presentations, and resolutions) are available on the FCPF website at <https://www.forestcarbonpartnership.org/meetings>.

UPDATE ON CARBON FUND PROGRESS

The FMT presented progress made under the Carbon Fund since CF28, including updates on communications and knowledge management, social inclusion and gender, MRV, and the Bank's Registry. CFPs acknowledged the progress made since CF28, including the recent payments to Lao PDR (July 2024), Costa Rica (October 2024) and Chile (December 2024), as well as the first monetization of FCPF Emission Reductions in carbon markets by an FCPF country. CFPs highlighted the importance to progress with the application to CORSIA's first phase.

PORTFOLIO MANAGEMENT UPDATE

The FMT presented an update on implementation and emission reduction delivery of the ER Programs in the FCPF Carbon Fund portfolio. CFPs appreciated progress made by countries, with more than half of the countries in the portfolio now having received at least first ER payments and encouraged other countries to expedite the validation and verification process to enable them to receive the first payment.

Monetization of Excess ERs

CFPs noted the progress made on the efforts in monetizing excess ERs and commended Costa Rica for their successful monetization pilot, resulting in 100,000 FCPF emission reductions being sold to a third-party buyer. With more Excess ERs under verification and public pledges by several FCPF countries to monetize verified excess ERs, CFPs look forward to learning about future monetization efforts and outcomes. CFPs express their appreciation for the update provided by UNFCCC on Article 6 decisions, and especially Article 6.4.

ERPA Flexibility

The FMT presented a revised proposal for ERPA flexibility that incorporates inputs received from CFPs since CF28. The CFPs thanked the FMT for revising the proposal and reiterated their support for countries to maximize the amount of climate finance they can mobilize.

The CFPs agreed for ERPA flexibility to be treated on a case-by-case basis (Option 1) where countries would present their requests for ERPA flexibility, committing to sharing the benefits received for the 'released' contracted ERs following the FCPF-approved Benefit Sharing Plan and to ensuring demand-side integrity.

CFPs invite all countries wishing to include additional flexibility to their existing ERPAs, to make their requests as soon as possible, noting the recent example of Costa Rica's successful 'released' contracted ER monetization as a case that has been accepted by CFPs. CFPs requested the FMT to make a proposal on how to streamline and expedite the approval process of the requests made by countries so as to reduce transaction costs.

Impactful BSP

FMT presented the outcomes of a study on impactful benefit sharing conducted jointly with CIFOR-ICRAF. CFPs were pleased to learn about the development of a methodological approach on how to design such mechanisms, and implement allocation and distribution of proceeds, benefits, and impacts in emission reduction programs. The study highlighted challenges, opportunities, and lessons learned. The methodology presents key principles for impactful benefit sharing arrangements' design and implementation. CFPs welcome the use of the study to design a training manual on impactful benefit sharing.

FCPF Standard

FMT provided an update on progress made since CF28 in the creation of a standalone FCPF Standard. As requested by CFPs in CF28, the FMT explored different options for transferring the FCPF Standard to a third-party entity and clarified the WB's role. The FMT conducted several consultations and analyses, and determined that the best option was to transfer the FCPF Standard to a third-party entity. In December 2024, CFPs approved the transfer of the FCPF Standard from the World Bank to the third-party entity. Initial approval within the World Bank has been received to make this transfer, subject to further approval, with a Cooperation Agreement being drafted. CFPs stressed the importance of rapid progress in transferring the Standard to ensure consultations can take place and countries are provided a clear path forward for their ER Programs should they choose to continue.

CFPs stressed the importance of providing countries an exit-strategy, including adequate time to implement it. In this light, CFPs reiterated their support to the extension of all country ERPAs and expressed concern about the status of extensions of ERPAs, which are currently all scheduled to terminate on 31 December 2025. CFPs requested the FMT to regularly update them on the status of ERPA extensions, and to encourage countries to initiate the ERPA extension process as soon as possible if they wish to do so.

Deep Dive Learning Sessions

At the request of CFPs, included in the Chair Summary of CF28, FMT organized deep dive sessions on five topics of particular interest, as identified by CF28 participants: 1) ER Program design and implementation; 2) ER Monitoring Report Preparation; 3) Verification; 4) Transfer of Title; and 5) BSP implementation. CFPs appreciate the presentations and the knowledge and lessons learned as shared by countries, observers, and World Bank staff, as well as the rich discussions and opportunity to exchange ideas.

NEXT MEETING

The 30th Carbon Fund meeting is scheduled for June 11-12, 2025 in Paris, France. CFPs expressed their appreciation for the chance to visit a Carbon Fund country and their ER Program areas and requested FMT to explore additional options for future CF meetings to be hosted by a Carbon Fund country.

IN CLOSING

- At CF29 the FCPF has crossed the threshold of making payments to at least half the countries in the fund, with several countries now receiving multiple payments. A total of \$179 million has been disbursed for almost 36 million emission reductions, and the first monetization of FCPF emission reductions by an FCPF country took place, while others have expressed their intent to do the same. This marks a major milestone in the fund, and CFPs congratulate Costa Rica on this progress made. CFPs invite other countries to consider taking a similar path to pilot monetization of ERs and will consider such proposals on a case-by-case basis.
- The start of the year 2025 also marks the end of all the Crediting Periods under the ERPAs (on 31 December 2024), while the ERPAs themselves are all scheduled to expire at the end of this calendar year. The extension of these ERPAs is becoming a time sensitive matter, and a more crucial one in light of an exit strategy for post-FCPF carbon crediting by countries. CFPs strongly recommend the extension of ERPAs be processed as soon as possible. The transfer of the FCPF Standard to a third-party entity is a welcome step in this exit strategy, and CFPs look forward to receiving updates on this process and are keen to ensure critical elements, including the very partnership-oriented characteristic of the fund and its inclusive nature, are maintained in a future FCPF Standard.
- In looking forward, CFPs see a crucial year ahead in which the bulk of payments for Contract ERs are expected, while a clear exit strategy is developed for countries. At the same time, CFPs look forward to the increasing flow of benefits to the FCPF stakeholders, most notably participating communities, including Indigenous Peoples, local communities, and women.

If you have any questions or concerns, please feel free to contact the FCPF FMT at fcpfsecretariat@worldbank.org.

Sincerely,

Frédérique Willard
France
CF29 Chair