



Forest Carbon Partnership Facility

Crediting Period Start Date

November 2020

Introduction and background

Several REDD Countries have requested the possibility of generating FCPF units prior to the first Reporting Period under the Carbon Fund ERPA resulting from the implementation of their ER Programs and have requested to clarify the rules for the Crediting Period Start Date. Allowing REDD Countries to claim pre-ERPA FCPF units could enable REDD Countries to:



Be rewarded



Invest on
implementing
REDD activities



Leverage
supplemental
investments



Remove
transactional
costs

FCPF requirements

Glossary of terms

ERPA General conditions

FMT Note 2019-3

- Crediting Period = “start date of the first Reporting Period under the ER Program”.
- Program Start Date = “the date on which the ER Program or ER Program Measure(s) (including any Sub-Project(s)) begins **generating ERs** contracted for under the ERPA”.
- Start first reporting period =
 - no earlier than the date the ER Program has been selected into the Carbon Fund portfolio and
 - the implementation of at least one of the ER Program Measures has started.

FCPF requirements

- The previous requirements would not allow ER Programs to set Crediting Period Start Dates (=1st Reporting Period start date) prior to inclusion in the CF Portfolio
- The reason for this constraint was that CFPs wanted to ensure that payments are made only for (retroactive) ERs that would not have been achieved without the ER Program, i.e. additionality
- FCPF Requirements presented previously would apply under ERPAs with the Carbon Fund
- If the FCPF is considered a Standard or GHG Program, it would be unclear if these requirements apply to FCPF Units that are not part of the ERPA, i.e. pre-ERPA FCPF Units.
- FCPF Requirements might represent the appetite of CFPs as buyers

Common practice under other Standards

- Definition of crediting period start date under other Standards

STANDARDS	CREDITING PERIOD START DATE
VCS JNR	Date in which program began generating GHG emission reductions or removals
VCS	Date in which project began generating GHG emission reductions or removals
ACR	Date in which project began implementing activities on the field
GS	Earliest date when the first trees are planted
CDM	Date in which project began implementing activities on the field
TREES	No definition. May not overlap with Reference period.
CFTS	Date when sector plan is completed
FCPF	Date in which implementation of at least one of the ER Program Measures has started.

Common practice under other Standards

- Years allowed in the retroactive period in other Standards

STANDARDS	YEARS ALLOWED BEFORE VALIDATION (years)
VCS JNR	5
VCS	5
ACR	3
GS	2
CDM	No limit
TREES	4
CFTS	Not applicable as there is no validation.
FCPF	Not allowed. Only upon validation and registration

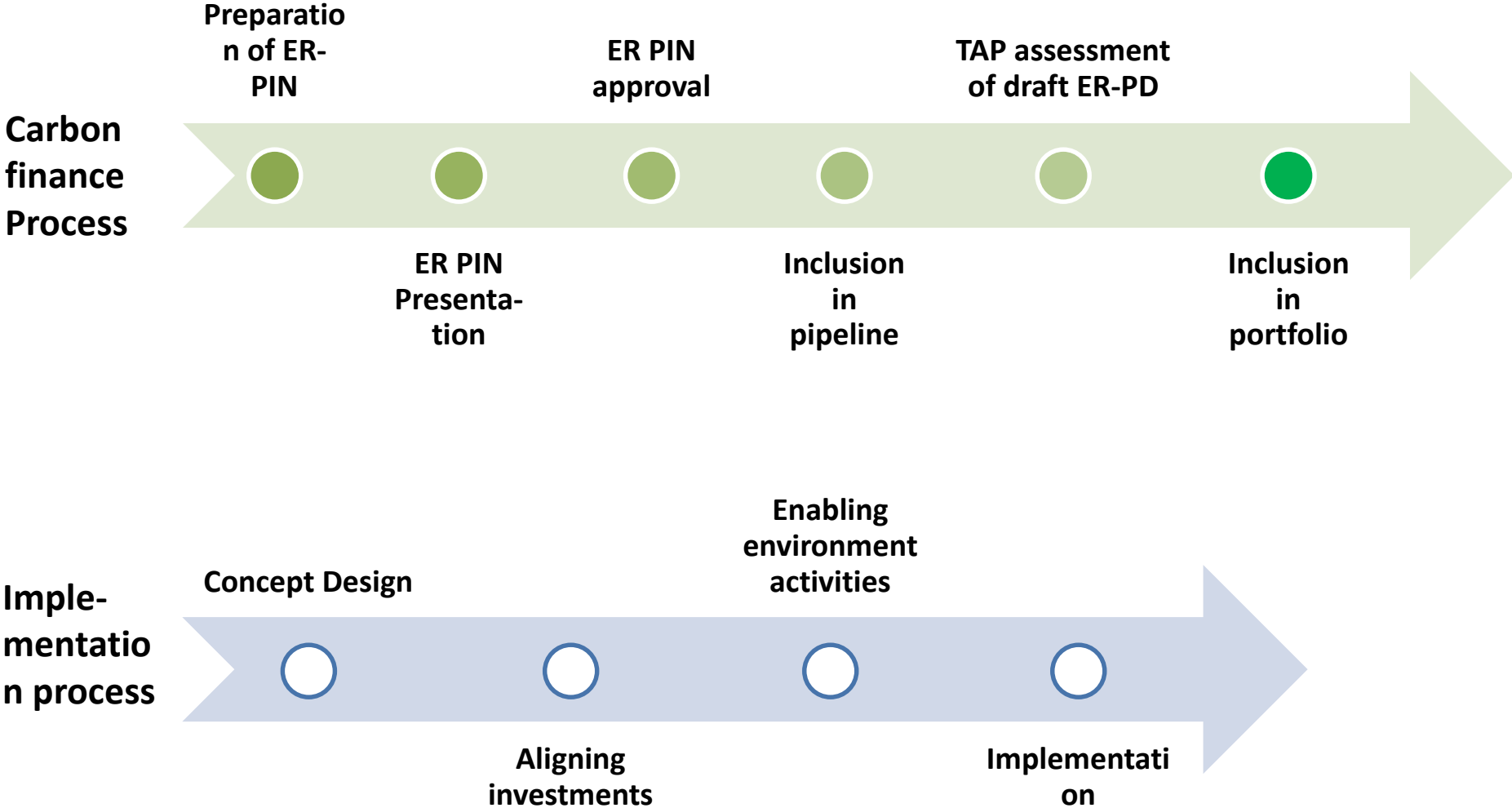
Note: The reason for the flexibility in the years of retroactive issuance before programs/projects are validated/registered is normally because carbon standards understand that forestry-related activities have begun implementation well before the carbon-related documentation (e.g. capacity building for MRV, implementation of inventories) is prepared

Common practice under other Standards

- Additionality demonstration in other standards

Standards	Additionality
VCS JNR	Conservative Baseline
VCS (project)	Use of additionality tool
ACR (project)	Exceed a performance standard/Additionality Tool
GS (project)	Use of additionality tool
CDM (project)	Use of additionality tool
TREES	Conservative Baseline
CFTS	Conservative Baseline
FCPF	Conservative Baseline. Only once it has been selected into the Carbon Fund portfolio unconditionally.

Carbon finance process vs. ER Program Implementation



Proposed Options

- **Option 1 – Start date back to date of presentation of Final ERPD** : Crediting Period start date cannot be earlier than the date REDD countries presented their final ERPD at the Carbon Fund Meeting + other conditions Note 2019-3.
- **Option 2 – Start date back to ER Program Start Date**: Aligned to other Standards.
 1. It is the date on which the first ER Program Measure(s) (including any Sub-Project(s)) begins generating ERs, i.e. first implementation;
 2. It is justified with objective evidence by the ER Program Entity and it is independently assessed by a Validation Verification Body during Validation;
 3. It is not earlier than January 1st 2016;
 4. It does not fall within the Reference period;
 5. It is demonstrated that the ER Program complies with requirements on safeguards, carbon accounting and double counting as specified in the MF since the start date.

Proposed options

- In addition, CFPs could decide that any ERs generated prior to the unconditional acceptance of the ER Program into the portfolio (Option 1 and 2) could either i) be potentially included in an ERPA with CFPs or ii) not be included in an ERPA with CFPs but be issued by the FCPF and be available to parties outside of the ERPAs with CFPs (for example to airlines under CORSIA).
- It is important to note that the above options will not impact negatively the ongoing evaluation process with CORSIA as these changes will not contradict the information provided to CORSIA's TAB for its assessment and the FCPF MF will not be modified, but rather clarified, providing regulatory certainty.

Proposed options

- The definition of Crediting Period Start Date provided in the FCPF Glossary of Terms will be revised in accordance to the Option selected.



Thank you!