



Forest Carbon Partnership Facility

Consequences of Closing the Readiness Fund

Thirtieth Meeting of the Participants Committee (PC30)
December, 2021

Outline of Presentation

- Legal consequences of closing of RF
- Implications for Observers
- Implications for Knowledge Sharing
- Inputs/Discussion

Legal consequences (1)

- Readiness Fund (RF) and the Carbon Fund (CF), were initially designed to terminate at the same time (Dec 31, 2020)
- However, funds extended to different dates, the RF to Dec 31, 2022 and the CF to Dec 31, 2025 (see Sec. 22.1(a) and (b) of the FCPF Charter)
- The FCPF itself as a Facility only terminates upon termination of both RF and CF (Sec. 22.1(c) of the Charter)
- Any termination of one fund (here: RF) before the other fund (here: CF) will not affect the operation of the other fund in the Facility (Sec. 22.5 of the Charter)

Legal consequences (2)

- After the RF ends, the Trustee shall no longer carry out any RF business, except for the purpose of winding up its affairs (Sec. 24(a)(i) of the Charter)
- When RF terminated, return to the Donor Participants of the RF on a pro rata basis any uncommitted balance of their contributions (Sec. 24(a)(iii) of the Charter)
- When RF terminated, all REDD Country Participation Agreements and Donor Participation Agreements automatically terminate in accordance with their terms

Legal consequences (3)

- As a result, all REDD Country Participants and Donor Participants cease to be “Participants” in the FCPF (see Art. 6 of standard REDD Country Participation Agreements and Art. IX of standard Donor Participation Agreements) and, therefore, are no longer part of the overall governance of the Participants Assembly (PA) and the Participants Committee (PC). The only remaining participants in the FCPF will be the Carbon Fund Participants (CFPs) – the financial contributors to the CF
- As a result, the PA (Article 10 of Charter) and PC (Article 11), including the PC Bureau, will become redundant governance bodies as the business of the FCPF will be limited to the Carbon Fund which has its own governance structure (under Article 12)

Implications for Observers (1)

- CF Meetings of the CFPs may be open to participation by 'Observers' (Sec. 12.7 of Charter), as set forth in the CF's Rules of Procedure (referred to in Section 12.8 of Charter)
- Section 8.01 of the CF's Rules of Procedure provides for three self-selected **REDD Country Participants** to be invited to CF Meetings, subject to certain criteria
- **BUT REDD Country Participants** cease to exist after closing of RF
- Under Section 8.02 of the CF's Rules of Procedure, other listed observers, incl. IO, NGO, IP, private sector, UN REDD and UNFCCC reps would continue to be observers at CF Meetings

Implications for Observers (2)

- Section 8.03 of the CF's Rules of Procedure allows the FMT, following consultation with CFPs, to invite “any other entity” to participate in a CF Meeting as an observer provided there has been at least seven (7) days prior notice given to the CFPs of the proposed invitees and that CFPs do not object to said invitation
- CFPs could agree in their Feb 2022 CF Meeting to invite 3 **former REDD Country Participants** to all future CF Meetings

Implications for Knowledge Sharing

- With the termination of the RF and PC/PA meetings the normal avenues and funding mechanisms for Knowledge Sharing under the FCPF disappear
- There are a variety of ways knowledge can be shared but it requires funding
- Obviously the cost is greater if it involves large in-person events
- REDD Methodology Support costs under the RF include some knowledge sharing costs and 35% of REDD Methodology Support costs are shared with the CF through Shared Costs. This cross-charge will stop when the RF closes
- Sharing knowledge is included in the design of the CERF

For inputs/discussion

- Thoughts on continuation of REDD country observers in CF Meetings
- How can we continue to share knowledge for the period from 2023 to 2025 (when the CF closes)?
 - Questions/ideas/proposals please



THANK YOU!

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