

**Forest Carbon Partnership Facility**  
**Twenty-eighth Meeting of the Carbon Fund (CF28)**  
**Oslo, Norway | June 19-20, 2024**  
**Chair's Summary**

Dear Carbon Fund Participants and Observers,

We 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 28th FCPF Carbon Fund meeting from June 19<sup>th</sup> to 20<sup>th</sup>. I would also like to thank the World Bank Fund Management Team and other colleagues on their efforts in preparing and running this Carbon Fund meeting. I know that a huge amount of work goes into these. I'd also like to thank the tech staff here for their assistance with running the hybrid meeting.

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 CF27, including updates on the social inclusion, gender, MRV, Registry, communications, and knowledge management. CFPs acknowledged the progress made since CF27, including the recent payments to Côte d'Ivoire and Ghana, extension of the Carbon Fund, and the linking of transaction registries to external entities.

**PORTFOLIO MANAGEMENT UPDATE**

The FMT presented an update on implementation and emission reduction delivery of the programs in the FCPF Carbon Fund portfolio. There was overall acknowledgement on the progress made to date by countries showing proof of concept through the completed validation and verifications, payments and initial implementations of Benefit Sharing Plans (BSP). The FMT was requested to provide a deep dive on the ER programs to better understand the delays and bottlenecks during the preparation of ER monitoring reports and validation and verification processes. It was also noted that sometimes the delay in responses by the Validation and Verification Bodies (VVB) could slow down the process and the FMT was requested to work with the VVBs to ensure that they respond in a timely manner in accordance with the VVB guidelines. There was a request to have more opportunities on south-south knowledge exchanges and a deep-dive on BSP implementation.

**Buffer guidelines**

The FMT presented the proposed revisions to the FCPF Buffer Guidelines based on additional consultations carried out since CF27 following the request of CFPs at that session. Proposed revisions

included merging ER Programs' Reversal Buffers with the Pooled Reversal buffer to strengthen the Reversal Management Mechanism and establishing requirements to ensure a fair allocation of reversal liabilities among ER Programs. The FMT explained that seven workshops were conducted for Carbon Fund countries and more than 90 people participated. According to feedback received, explanations on the proposed changes and their impact were deemed clear and understandable, and the countries did not express any concern. The CFPs approved the proposed revisions and adopted **Resolution CFM/28/2024/2**. The importance of continuing to manage the Reversal Management Mechanism, including proactive communications regarding reported reversals by programs, was noted.

### **FCPF Evaluation findings and recommendations**

Le Groupe Conseil Baastel, the firm contracted to undertake the Third Program Evaluation of FCPF, presented a summary of findings, lessons and recommendations from the final evaluation report, which was circulated prior to the meeting. A representative from the Evaluation Oversight Committee (EOC) also provided their perspective of the evaluation process and result on behalf of the EOC, while FMT provided a summary of the management response to the evaluation. During the discussion there was broad acknowledgement of the quality and depth of the evaluation and its usefulness to current FCPF activities as well as future programs such as SCALE. CFPs also commented on the need for further support and/or analysis of additional finance mobilization including from private sector, alignment of non-carbon benefits with SDGs, country-level effectiveness, voice, and validation of results, the criticality of land tenure, ensuring BSP implementation at community level, inclusive governance, and the importance of EnABLE.

### **Flexibility on ERPA arrangements**

The FMT presented options to enhance flexibility in ERPAs to provide qualifying REDD+ countries additional pathways to monetize a portion of their contracted FCPF-issued emission reductions (ERs) in carbon markets. The CFPs expressed their support for high-integrity carbon markets, including both supply-side and demand-side integrity, and were generally supportive of the proposed change in the Carbon Fund's portfolio management strategy to allow for additional ERPA flexibility. As contributors did not achieve a consensus at CF28, CFPs will still need to agree on the issue of demand-side integrity in the context of allowing for additional ERPA flexibility. One carbon fund participant requests this as a pre-requisite. Subject to such agreement among CFPs, CFPs would support the possibility to allow a country to retain a certain volume of ERs generated during a Reporting Period (currently tagged as 'Contract ERs') as Excess ERs ("Retained Excess ERs"). CFPs agreed to continue exploring the option of the proposed floor-price mechanism. Furthermore, CFPs aim to work towards a solution to the demand-side integrity issue urgently and no later than CF29. If a consensus is not reached, CFPs in either tranche may discuss options on alternative paths to allow for ERPA flexibility, taking into account implications for the FCPF as a whole.

### **FCPF Standard**

At CF27, CFPs requested the FMT to conduct further consultations on the need to continue the FCPF Standard as a stand-alone standard. The FMT conducted several online consultations after CF27 and the consultations were concluded with a hybrid FCPF Standard workshop with CFPs, REDD+ countries, and observers held on Tuesday, 18 June, with outcomes presented during CF28. There was consensus that the FCPF Standard should continue beyond the FCPF itself. CFPs requested the FMT to continue exploring the

option to transition the governance of the FCPF Standard to an entity outside of the World Bank where the FCPF Standard could be used by all interested jurisdictional REDD+ programs. CFPs requested the FMT to keep consulting CFPs, REDD+ countries and Observers and clearly define the role of the World Bank under such an arrangement. CFPs indicated their intention to make a final decision on the future of the FCPF Standard as soon as possible, and no later than CF29.

### **Enhancing Country Access to Finance**

The FMT submitted FMT Note 2024-2 to CFPs covering two proposals to enhance country access to finance.

The first proposal consists of a \$5.4m proposal to support countries in their endeavors to monetize their Excess ERs in the carbon market through 1) support to countries in the field of policy and regulatory frameworks on the monetization of Excess ERs, and 2) support to countries, through an intermediary organisation, on the legal and technical aspects of negotiations and carbon market transactions.

CFPs approved the proposed budget of \$5.4 million for the support to countries in their efforts to monetize Excess ERs. It was noted that these funds may also be used for increased ERPA Flexibility, should this be approved by CFPs. The FMT was requested to report back to the CFPs on the progress of the activities on a regular basis, and to consider flexibility in the implementation of country support so as to be able to address increase in demand for country support resulting from additional countries generating Excess ERs as a result of ERPA flexibility.

The second proposal consists of a \$0.45m proposal to pilot a methodology for the certification of non-carbon development outcomes resulting from ER Program interventions.

CFPs requested more information on the proposed activities for the certification of non-carbon development outcomes to make a decision on the allocation for \$450,000, either through virtual no-objection or at CF29.

### **Excess ERs and transactions with third-party buyers**

The FMT presented an update on the ongoing initiatives to support country finance mobilization from the excess ERs generation, transaction with third-party buyers and monetization options. CFPs acknowledged and appreciated the progress achieved in all the activities and recommended caution in some processes related to integrity due diligence processes conducted by external platforms and tokenization options.

### **ADOPTION OF RESOLUTIONS FOR APPROVAL OF THE FY25 ANNUAL BUDGET FOR THE FCPF CARBON FUND and APPROVAL OF ADDITIONAL CHANGES TO THE BUFFER GUIDELINES**

- **Resolution CFM/28/2024/1 on the approval of the FY25 Annual Budget for the FCPF Carbon Fund.**
- **Resolution CFM/28/2024/2 on approval of additional changes to the FCPF Buffer Guidelines.**

### **NEXT MEETING**

The 29th Carbon Fund meeting is scheduled for January 28-30, 2025 in Washington DC, USA. CFPs noted the value of hosting CF30 in a Carbon Fund country and requested the FMT to explore the options.

## IN CLOSING

- CF28 is yet another major step forward for the Carbon Fund: eight programs have completed at least one validation and verification of emission reductions reported through their Emission Reductions Monitoring Reports. Seven of these have also received payment and some Benefit Sharing Plans have started to be implemented. Some countries have already reported full delivery of their total ERPA contract volume. This proof of concept from the FCPF Emission Reductions Programs will continue with an expectation of \$350 million in payments by the end of 2024.
- With the extension of the Carbon Fund to December 2028, countries can have the opportunity to extend their respective ERPA end date which will enable more time to complete the verification, payment, and BSP implementation process for the last reporting period under their ERPAs. The extension also provides the opportunity for countries to realize any excess ERs that could be generated beyond their ERPA contract volumes. Constructive discussions on buffer guidelines, the future of the FCPF Standard, ERPA flexibility, and support for countries in enhancing their access to climate finance are both of immediate benefit to REDD+ countries and the functioning of the facility and help support and shape the future of results-based climate finance beyond the life of the FCPF.
- Looking ahead, we are pleased about the prospect of delivering half of the contracted volume of emission reductions by the end of this calendar year and eager to explore opportunities for countries to engage in the carbon markets, with benefits reaching those who contribute to the emission reductions, including Indigenous Peoples and communities.

If you have any questions or concerns, please feel free to contact the FCPF FMT at [fcpfsecretariat@worldbank.org](mailto:fcpfsecretariat@worldbank.org).

Sincerely,

Henry Parrin

Head, REDD+ Policy and Programmes team,

International Forests Unit, Department of Energy Security and Net Zero, United Kingdom Government.

CF28 Chair