

IETA statement to the Forest Carbon Partnership Facility (FCPF) Participants Assembly Twelfth Meeting (PA12) 11 – 12 November 2019, Dominican Republic

The International Emissions Trading Association (IETA) appreciates the opportunity to provide comments to this meeting. IETA is participating as the Private Sector Observer to the Forest Carbon Partnership Facility (FCPF) and seeks to support the World Bank, FCPF Participants and Carbon Fund Participants by:

1. Leveraging opportunities for the private sector to engage in REDD+ activities, consistent with the objectives of the United Nations Framework Convention on Climate Change, and;
2. Promoting effective market and results-based financing mechanisms for REDD+ that are fair, efficient, accountable, scaled and consistent across national boundaries.

As the Private Sector Observer, IETA welcomes the FCPF's application to be an approved supplier of carbon credits to CORSIA. We feel that this is an important acknowledgement of a new global carbon market. As the rules on international cooperation and market mechanisms are agreed under Article 6 of the Paris Agreement, we hope to see more activity like this.

We also welcome the significant progress made on the development of the Carbon Asset Tracking System (CATS) and the efforts to make it compatible with other registries such as those operated by the UNFCCC and independent standards. Registries are vital pieces of infrastructure that provide credibility, accuracy and assurance to carbon markets, therefore we appreciate the emphasis given to this work.

Going forward we look forward to working with the FMT on developing the Private Sector Strategy and we encourage the FCPF to work with Governments to build climate finance opportunities through tax systems, markets and other incentives.

We also want to highlight the large-scale private sector demand for verified emission reductions that is emerging and will continue to grow, especially from the oil and gas sector. To illustrate this point, I would like to mention two companies; Shell and Total. Together they have pledged to invest \$200 million per year on forest protection and restoration. Just these two companies are therefore voluntarily providing finance at a level similar to some of the larger government donors. We expect both the volume and number of these pledges to increase in the future.

It will be important to ensure this newly pledged capital reaches the ground into projects and jurisdictional programmes. Therefore, it will be critical to identify ways in which the private sector can work alongside programmes financed through the Carbon Fund. As a result, we encourage the FCPF to promote and technically support governments in building nested approaches. This will require Forest Reduction Emission Levels (FRELs), GHG accounting and benefit allocation to operate at a project level within the larger jurisdictional programmes. These issues are very important to private sector investors who need clarity and assurance on the impact of their investment.

To conclude my comments, we're pleased by the progress that has been made and we're excited for what the future holds as ERPAs are being signed and many more expected in the coming months. We look forward to progressing our engagement with all stakeholders and we will continue to encourage the FCPF and the FMT to maximise its ability to 'crowd-in' the private sector and leverage the expertise and finance it can bring.
