

**FOREST CARBON PARTNERSHIP FACILITY (FCPF)  
TWENTY FIRST CARBON FUND MEETING  
January 22-23, 2020  
Paris, France**

**Resolution CFM/21/2020/2  
Revised Emission Reductions Program Buffer Guidelines for the Carbon Fund of the FCPF**

**Whereas:**

1. On January 16, 2016, Carbon Fund Participants adopted the Emission Reductions (ER) Program Buffer Guidelines for the Carbon Fund of the FCPF dated December 2015 per (electronic) Resolution CFM/Electronic/2015/1 through no objection.
2. As per Resolution CFM/Electronic/2015/1, Carbon Fund Participants agreed to review the adopted ER Program Buffer Guidelines, at a time to be agreed by Carbon Fund Participants, to consider any relevant lessons learned from the application of the ER Program Buffer Guidelines by the ER Programs. If necessary, Carbon Fund Participants may consider modifying the ER Program Buffer Guidelines after this review, or at any later time as relevant.
3. Prior to this meeting, the Facility Management Team (FMT) shared with Carbon Fund Participants a proposal for a revision to the ER Program Buffer Guidelines as per FMT Note CF-2020-1 and presented on the proposed revisions during this meeting.
4. At this meeting, Carbon Fund Participants seek to revise the ER Program Buffer Guidelines in line with FMT Note CF-2020-1, in accordance with Resolution CFM/Electronic/2015/1, and approve corresponding revisions to the ER Program Buffer Guidelines.

**The Carbon Fund Participants,**

1. Decide to adopt revisions to the ER Program Buffer Guidelines, as specified in the Annex to this Resolution.
2. Request the FMT to modify the ER Program Buffer Guidelines in line with the revisions approved in paragraph 1 above and submit such modified draft of the ER Program Buffer Guidelines to Carbon Fund Participants for adoption through a 3-week no objection process.

## ANNEX

- Revise Section 11 of the ER Program Buffer Guidelines requiring the Post-ERPA Reversal Management Mechanism to comply with all the following conditions in order to be considered acceptable under Indicator 20.1 of the Methodological Framework:
  1. It is a buffer;
  2. It covers potential reversals of the units generated under the ER Program during the ERPA term;
  3. It allows the transfer of the Buffer ERs from the ER Program Buffer;
  4. The reversal risk set-aside percentage calculated under the Post-ERPA Reversal Management Mechanism is equal to or higher than the actual reversal risk set-aside percentage of the ER Program Buffer; [footnote: The Reversal Risk Set-Aside Percentage calculated under the Post-ERPA Reversal Management Mechanism and the actual reversal risk set-aside percentage of the ER Program Buffer will be determined for the latest reporting period ending before the end of ERPA term, and will be verified by the Independent Reviewer at verification.]
  5. It has in place a periodic monitoring and third-party verification mechanism for a period of at least 15 years following the end of the ERPA term to confirm if there have been Reversals and makes monitoring and verification reports publicly available; and
  6. The Post-ERPA Reversal Management Mechanism is operational and able to address identified Reversals.
- Require that the amount of ERs to be set aside in the Reversal Buffer and Pooled Reversal Buffer accounts is based on the Total ERs (minus the ERs set aside in the Uncertainty Buffer account) and not only on the Contract ERs and Additional ERs.
- Replace the term ‘Trustee’ by ‘World Bank’ where applicable.
- Replace the terms ‘ERPA start date’ and ‘ERPA term’ with the terms ‘Crediting Period Start Date’ (i.e. “Also known as ERPA start date under the FCPF ERPA General Conditions, is the start date of the first Reporting Period under the ER program”) and ‘Crediting Period’ (i.e. “Also known in the FCPF ERPA General Conditions as the ERPA term, is the period between the Crediting Period Start Date and the end date of the last Reporting Period under the ER Program”) and include such definitions in the glossary of terms.
- Add provisions in line with Sections 12.01 (No Reversal of ERs), 13.01 (Notice of Force Majeure Event) and 13.02 (Effect of Force Majeure Event) of the ERPA General Conditions.
- Remove the glossary of terms from the ER Program Buffer Guidelines, move such terms to a separate general reference document “FCPF Glossary of Terms” and refer in the ER Program Buffer Guidelines to such FCPF Glossary of Terms.
- Modify, in consultation with REDD Country Participants, the conditions on the use of the Pooled Reversal Buffer ERs contained in Section 9.6 of the ER Program Buffer Guidelines, namely that the reversal event has been a non-human induced Force Majeure Event, impacting at least 25% of the ER Program Accounting Area, in order to make the Pooled Reversal Buffer more effective.