

## Forest Carbon Partnership Facility (FCPF)

### Considerations Regarding Possible Extension of the Term of Funds of the FCPF beyond 2020

*This FMT Note is intended to facilitate a discussion in PA7 on the possibility of extending the Term of the FCPF Carbon Fund and/or Readiness Fund beyond 2020.*

#### 1. Background

At the tenth meeting of the Carbon Fund in June 2014 (CF10) the Carbon Fund Participants (CFPs) agreed on the importance of discussing the long-term future of the FCPF Carbon Fund and its role as a pilot mechanism for results-based payments for REDD+. In this context, CFPs also agreed to discuss at the eleventh Carbon Fund meeting in October 2014 (CF11) the Carbon Fund's current termination date of December 31, 2020, with consideration of the implications on the length of ER Program implementation.

The FMT prepared an FMT Note (FMT Note CFM-2014-2) for CF11 and made a presentation at that meeting. Both of these focused on the possible extension of the term of the Carbon Fund, although they also considered an extension of the term of the Readiness Fund. The FMT Note and the presentation are available on the CF11 meeting page on the FCPF website at the following links:

<https://www.forestcarbonpartnership.org/sites/fcp/files/2014/september/FMT%20Note%20CFM%202014-2%20Extending%20the%20Term%20final.pdf>

<https://www.forestcarbonpartnership.org/sites/fcp/files/2014/october/CF11%204b.%20%20Possible%20Extension%20of%20the%20Term%20of%20Funds.pdf>

It is important to note that the term of the Carbon Fund can be extended by unanimous consent of the Carbon Fund Participants (CFPs), whilst the term of the Readiness Fund can only be extended by unanimous consent of all the REDD Country Participants and the Donor Participants.

REDD Country Participants are all those REDD countries that have been selected by the PC and have entered into a Participation Agreement (PA) so, given that the recently selected countries should all have signed a PA soon, any extension of the term of the Readiness Fund will likely require unanimous consent from all 47 REDD Countries.

Donor Participants are those donors who participate in the Readiness Fund. It is important to note that 9 of the 15 Donor Participants are also CFPs, although only 7 of those 9 were present at CF11.

## 2. Outcomes from CF11

- CFPs were generally supportive of an extension of the term of the **Carbon Fund** beyond its current termination date of December 31, 2020, mainly to ensure a reasonable implementation period for Emission Reductions (ER) Programs. Most CFPs mentioned potentially extending up to December 2025.
- However, CFPs highlighted the need to balance a potential extension with incentives to prevent slippage in the development of ER Programs and other milestones. Suggestions included interim deadlines for reaching certain milestones.
- To provide REDD Countries adequate planning horizons for ER Program development, most CFPs supported a decision on the extension at the next Carbon Fund meeting, while a small minority preferred to delay any extension of the term until after the Paris COP when there will hopefully be more signals on REDD+ in the climate discussions.
- It was agreed that a decision on the extension of the **Carbon Fund** would be on the agenda for CF12 (likely in April 2015), which would allow CFPs to solicit feedback from more REDD Countries at the Participants Assembly (PA) meeting and take this feedback into consideration.
- Most CFPs were not supportive of an extension of the **Readiness Fund** at this time as there is currently no urgency to extend the Readiness Fund as there is in the Carbon Fund, and suggested to revisit the consideration at a later stage.
- However, CFPs were interested in hearing a wider range of views, including from more REDD Countries, so it was proposed that the possibility of extending the term of the **Readiness Fund** be raised for initial discussion by the PA at the upcoming meeting in Arusha, Tanzania.

## 3. Discussion at PA7

Bearing in mind the contents of the FMT Note and presentation prepared for CF11 and of this FMT Note, Participants and Observers are asked to provide inputs to the discussion at PA7 on the possibility of extending both the terms of the Carbon Fund and of the Readiness Fund, with emphasis on the Readiness Fund.