

USAID PROGRAM BRIEF

FOREST CARBON, MARKETS AND COMMUNITIES

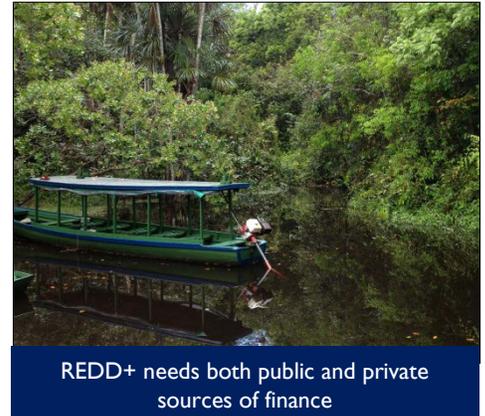
FINANCE AND CARBON MARKETS (FCM)

OVERVIEW

Forest conservation and sustainable forest management are recognized as strategically important for mitigating and adapting to climate change. The global community is developing approaches for reducing emissions from deforestation and degradation and enhancing forest carbon stocks (REDD+). The US Agency for International Development (USAID) launched the Forest Carbon, Markets and Communities (FCMC) Program to provide its missions, partner governments, local and international stakeholders with assistance in developing and implementing REDD+ initiatives.

REDD+ needs predictable, long-term finance. While public funds can provide interim and some ongoing supporting funds, many countries expect to fill the funding gap by engaging the private sector via results-based market mechanisms. International market mechanisms for REDD+ are under negotiation, and a number of countries – and some states and provinces within countries – either already have or are developing emissions trading markets as one type of market mechanism. The voluntary emissions trading market for REDD+ is testing new methodologies and approaches that may link into domestic markets and inform international negotiations. Other types of market mechanisms are being developed and tested, and multilateral and bilateral initiatives are piloting payments for emission reductions and removals from demonstration activities.

FCMC provides assistance and support to the US Government; initiatives with multilateral development banks, such as the Forest Carbon Partnership Facility; public-private partnerships, such as the Tropical Forest Alliance 2020; and developing country governments engaging in REDD+ finance and carbon markets, with a principle focus on Colombia. The assistance is tailored to identified needs and can include analysis on market developments, support to develop market standards, advice on a country's readiness to participate in carbon markets, and development of new financial products.



RECENT ACHIEVEMENTS & ONGOING ACTIVITIES

- Assessment of emerging compliance markets for REDD+ covering market design and potential supply and demand
- Analysis of Colombia's readiness to participate in pay-for-performance and market-based mechanisms and attract private finance for REDD+ (English and Spanish)
- Technical support to the Forest Carbon Partnership Facility's Carbon Fund to advance their methodological framework used to quantify emission reductions and removals
- Support to the REDD Desk to develop online content on REDD+ markets and standards
- Development of a guidance document for the Verified Carbon Standard Jurisdictional and Nested REDD+ standard
- Support to USAID's Development Credit Authority to develop a loan guarantee for debt finance for REDD+
- Research and analysis to support US Government engagement in the Tropical Forest Alliance 2020

FCMC is funded through USAID's Bureau for Economic Growth, Education, and Environment (E3). In-country activities undertaken by FCMC are vetted for approval with the relevant mission and/or bureau. FCMC is committed to ensuring coordination of REDD+ initiatives with host country programs, the international donor community, and non-governmental organizations, as well as USAID-funded activities.

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FCMC is implemented by Prime Contractor Tetra Tech, along with core partners, including Conservation International, Terra Global Capital, Greenhouse Gas Management Institute, and World Resources Institute