



Forest Carbon Partnership Facility

Pioneering Carbon Asset Creation: The FCPF Carbon Fund in Perspective

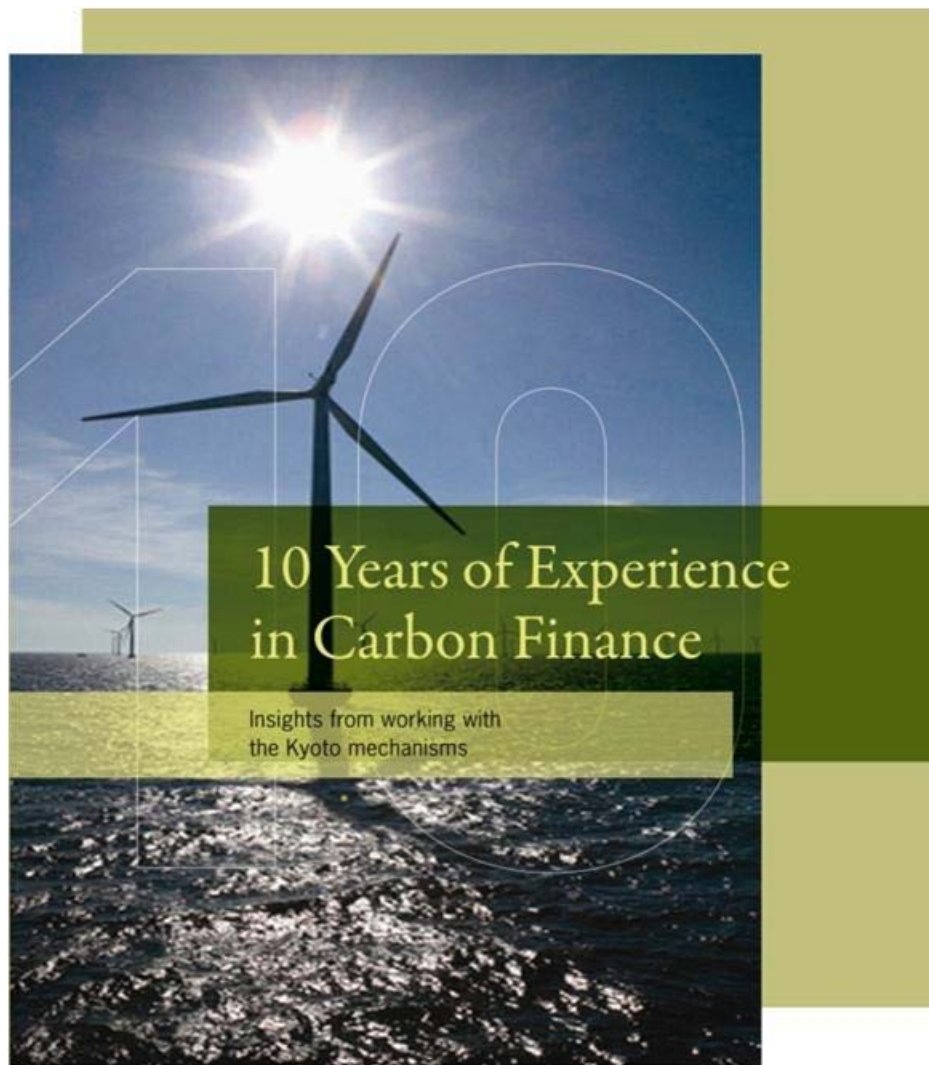
Carbon Fund Design Meeting

Washington, DC

September 16-17, 2010



10 Years of Carbon Finance at the World Bank (1)



10 Years of Carbon Finance at the World Bank (2)

Objectives

- ❑ Strengthen capacity of developing countries to benefit from carbon market
- ❑ Assist in building, sustaining & expanding carbon market
- ❑ Ensure CF contributes to sustain. development

Impact

- ❑ Increasing carbon fund volume over time: from \$160 million in 2000 to ~\$2.5 billion now
 - 16 sovereign governments and 66 private sector participants from 3 continents
- ❑ Developer of – and contributor to – new methodologies

Means

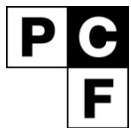
- ❑ Pioneer: The Prototype Carbon Fund (2000)
- ❑ Learning-by-doing approach & diversification
- ❑ Model: create demand through carbon funds – and then originate projects
 - Often purchase post-2012 vintages
 - WB's environmental & social safeguards
- ❑ Investing in capacity building

Global reach – 200 projects in 56 countries...



10 Years of Carbon Finance at the World Bank (3)

Specialty funds/facilities



Prototype Carbon Fund: pioneering Kyoto mechanisms since 2000



Community Development Carbon Fund: Focused on small projects that measurably benefit poor communities



BioCarbon Fund: Focused on land-use, land-use change, and forestry projects



Umbrella Carbon Facility – Tranche 1: Focused on two China HFC 23 projects

Country funds/facilities



Netherlands Clean Development Mechanism Facility



Netherlands European Carbon Facility
(jointly managed with IFC)



Spanish Carbon Fund



Italian Carbon Fund



Danish Carbon Fund



Carbon Fund for Europe *(jointly managed with European Investment Bank)*

Plus 2 new facilities focused on post-2012



FCPF focused on reduced emission from deforestation and degradation (REDD)



CPF focused on long-term investments programs and technologies for transition to low-carbon economy

Pioneering

- **Prototype Carbon Fund (2000)**
 - First global carbon fund (operational 5 years before Kyoto Protocol came into force)
 - Public-private initiative
 - Designed first baseline & monitoring methodologies
 - First-of-a-kind carbon transactions
 - Proof of concept for carbon market
- **BioCarbon Fund (2004)**
 - First carbon fund dedicated to LULUCF
 - First baseline & monitoring methodologies for LULUCF
 - First registered LULUCF projects
 - Tool development, training, awareness raising
 - Piloting 'REDD projects'
 - Piloting soil carbon management projects

FCPF Carbon Fund: Old Challenges

- What's similar?
 - Leader fund to demonstrate a concept
 - Need for public-private partnership to crowd in private sector
 - Market uncertainty
 - Post-2012 void has killed the primary CDM

FCPF Carbon Fund : New Challenges

- What's different?

- There was a Kyoto Protocol (1997) before the PCF (2000)
 - FCPF is paving the way in the absence of regulatory framework (Bali Action Plan and Copenhagen draft)
 - The people building the regulatory framework are at the FCPF table
- Benefit of hindsight (10 years of carbon finance)
- Capacity building incorporated in design (Readiness Fund)
- Governance structure: from buyers' club to partnership
 - FCPF recognizes equal role of 'sellers'
 - Active observers
 - FMT serves all Participants
- Scale: from projects to national programs
 - Creating carbon assets in the context of a national strategy, MRV, REL
- Linkage to UNFCCC
 - FCPF won't strive from emerging policy guidance