

FOREST CARBON PARTNERSHIP FACILITY (FCPF)

EIGHTH PARTICIPANTS COMMITTEE MEETING

March 23-25, 2011

Dalat, Vietnam

Resolution PC/8/2011/8

Capping Shared Costs for the Carbon Fund

Whereas,

1. Section 1.1(69) of the Charter Establishing the FCPF (the “Charter”) defines Shared Costs as the costs and expenses incurred in the administration of the Facility which include, but are not limited to, the Participants Assembly, meetings of the Participants Committee, Steering Committee and the activities undertaken by the Facility Management Team for both the Readiness Fund and the Carbon Fund.
2. Section 19.1(b) of the Charter states that, unless the Participants Committee decides otherwise, the Readiness Fund shall bear 65% of the Shared Costs and the Carbon Fund shall bear 35% of the Shared Costs.
3. In approving the FY11 Budget (Resolution PC6/2010/8), the Participants Committee approved that the Readiness Fund would cover 100% of the Shared Costs until the Carbon Fund becomes operational in FY11. After the Carbon Fund becomes operational, the Carbon Fund Participants shall pay 35% of the Shared Costs that are incurred, with the Readiness Fund paying 65% as of that time.
4. Long-term projections of costs indicate total Shared Costs for both funds from the Operational Date of the Carbon Fund over the full term of the Facility (that is, to December 31, 2020) of approximately US\$21 million. On the agreed cost sharing basis, the Shared Costs to be charged to the Carbon Fund over the full term of the Facility (that is, up to December 31, 2020) are therefore estimated at approximately US\$7.4 million.
5. Since the Shared Costs are approved as part of the approval of the Annual Budget of the Facility by the Participants Committee, the Carbon Fund Participants do not have full control of the level of Shared Costs that can be charged to the Carbon Fund. Therefore, the Carbon Fund Participants request the Participants Committee to limit the amount of Shared Costs borne by the Carbon Fund Participants over the term of the Facility.

The Participants Committee,

Decides that Shared Costs charged to the Carbon Fund from the Operational Date of the Carbon Fund over the full term of the Facility will not exceed US\$12 million. Any additional Shared Costs over and above this limit that would normally have been charged to the Carbon Fund under the agreed cost sharing mechanism will be charged to the Readiness Fund.