



# Forest Carbon Partnership Facility

## 2a. General Update on the Carbon Fund

Organizational Meeting of the Carbon Fund

Barcelona, Spain

May 31, 2011



# Outline

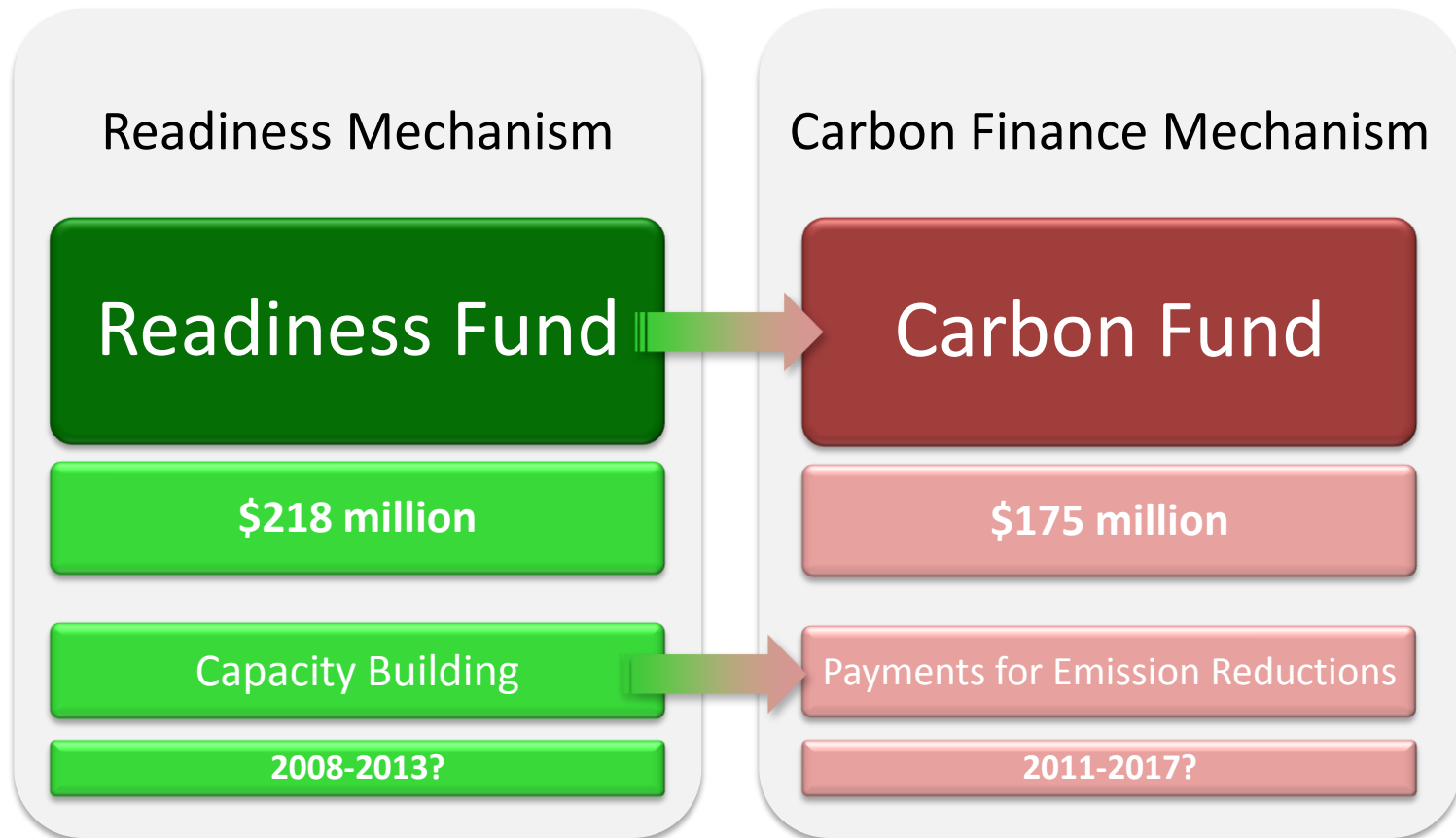
1. Refresher on Carbon Fund
2. Issues Note
3. Shared Costs Cap



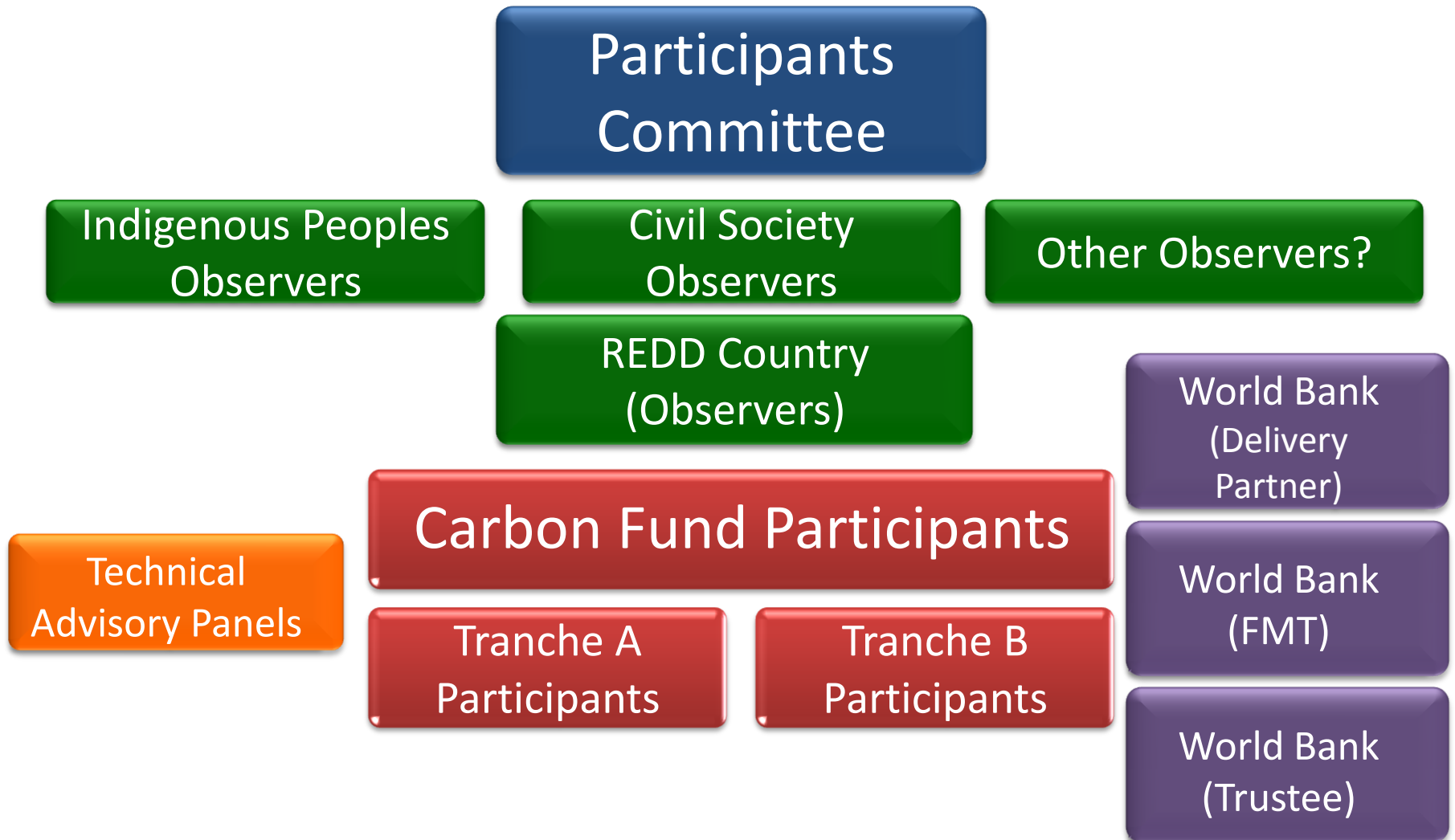
# Outline

1. Refresher on Carbon Fund
2. Issues Note
3. Shared Costs Cap

# FCPF Structure



# Carbon Fund Governance



# Update on Issues Note and Shared Costs Cap

- To Update All Participants and Observers on recent developments in the Carbon Fund
  - Issues Note (December 2010)
  - PC Resolution to Cap Shared Costs (March 2011)
  - Charter Amendment (May 2011)





# Outline

1. Refresher on Carbon Fund
- 2. Issues Note**
3. Shared Costs Cap

# Issues Note (1)

- Feedback/comments received from various PC meetings, existing and prospective Carbon Fund Participants and observers
- Final agreement and issuance on December 22, 2010
- Includes:
  - A definition of Emissions under the Carbon Fund
  - 19-step process to Emission Reduction Creation
  - Criteria that will apply to the selection of ER Programs into the portfolio of the Carbon Fund, including criteria for sub-national ER Programs
  - Risks, including Non-Permanence and Leakage, and ways of mitigating risks
  - Additional Benefits of ER Programs (Non-Carbon Values)



## Issues Note (2)

- Also includes:
  - Valuation/Pricing – valuation guidelines to be developed and adopted
  - Confirmation that the Carbon Fund may establish TAPs in the same way as the Readiness Fund
  - Statement on Safeguards – will be expected to comply with the Bank's Operational Policies and Procedures (confirmation of Charter)
  - Structure and Governance including:
    - the two Tranche structure (later included in Charter amendment)
    - a statement on observers (to be regulated through Rules of Procedure)



# Outline

1. Refresher on Carbon Fund
2. Issues Note
3. **Shared Costs Cap**

# Cap on Shared Costs (1)

- What are Shared Costs?
  - Costs and expenses incurred in the administration of the Facility which include, but are not limited to, the PA, PC and the activities undertaken by the FMT for both the Readiness Fund and the Carbon Fund (per definitions in Charter)
  - FCPF Secretariat Costs and REDD Methodology Support Costs (in practice)



## Cap on Shared Costs (2)

- **Apportionment of Shared Costs:**
  - 65% charged to Readiness Fund, 35% charged to Carbon Fund
  - Only to be charged to Carbon Fund once operational
- **Why is the cap necessary?**
  - Shared Costs are approved by the PC so are not within the control of Carbon Fund Participants
- **What is the cap?**
  - US\$12 million to the Carbon Fund over the lifetime of the fund (up to December 31, 2020)
  - Provides sufficient leeway to cover costs but Shared Costs are limited for the Carbon Fund Participants



THANK YOU!

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