



# Forest Carbon Partnership Facility

## 9b. Carbon Fund

Ninth Meeting of the Participants Committee (PC9)

Oslo, Norway, June 20-22, 2011

# Status of the FCPF Carbon Fund

- The Carbon Fund opened for contributions, alongside the Readiness Fund, on June 13, 2008
- Per the Charter, the Operational Date reached in September 2010 – when the minimum threshold of the Charter was signed into Participation Agreements
- CF Participants aimed to have at least two additional private sector Participants before this Organizational Meeting – achieved end of May → Carbon Fund now fully operational
- Target volume of \$200 million very close to being reached, at \$175.1 million to date

# Current Pledges and Commitments

- NEW Pledge of 30 Million Euro (about \$43 m. US) from Germany!!  
(Portion to the Carbon Fund to be determined)

Contributions to the FCPF Carbon Fund as of June 22, 2011 (US\$m)					
	FY09	FY10	FY11*	FY12-15*	Totals*
<b>Australia</b>			12.6		12.6
<b>BP**</b>			5.0		5.0
<b>CDC Climat**</b>			5.0		5.0
<b>European Commission</b>	6.3	0.4			6.7
<b>Germany</b>	7.8		21.1	17.3	46.2
<b>Norway</b>	10.0			50.0	60.0
<b>The Nature Conservancy**</b>	5.0				5.0
<b>United Kingdom</b>			18.6		18.6
<b>United States</b>			10.0		10.0
<b>Committed Funding</b>	<b>29.1</b>	<b>0.4</b>	<b>72.4</b>	<b>67.3</b>	<b>169.1</b>
<b>Switzerland</b>				6.0	6.0
<b>Committed Funding plus Pledges</b>	<b>29.1</b>	<b>0.4</b>	<b>72.4</b>	<b>73.3</b>	<b>175.1</b>

\* Amounts may vary due to exchange rate fluctuations

\*\* Amounts secured in full by Promissory Note

# Pledges and Commitments by Tranche

Contributions to the FCPF Carbon Fund as of June 22, 2011 (US\$m)					
	FY09	FY10	FY11*	FY12-15*	Totals*
<b>Tranche A</b>					
Australia			12.6		12.6
BP**			5.0		5.0
CDC Climat**			5.0		5.0
The Nature Conservancy	5.0				5.0
United States			10.0		10.0
<b>Total Tranche A</b>	<b>5.0</b>	<b>0.0</b>	<b>32.6</b>	<b>0.0</b>	<b>37.6</b>
<b>Tranche B</b>					
United Kingdom			18.6		18.6
European Commission	6.3	0.4			6.7
Germany	7.8		21.1	17.3	46.2
Norway	10.0			50.0	60.0
Switzerland			6.0		6.0
<b>Total Tranche B</b>	<b>24.1</b>	<b>0.4</b>	<b>45.8</b>	<b>67.3</b>	<b>137.5</b>

\* Amounts may vary due to exchange rate fluctuations

\*\* Amounts secured in full by Promissory Note

# FCPF Total Capitalization –

**\$393 Million plus *New 30 M Euro Pledge from Germany!***

## Readiness Fund

Pledged:  
\$218 million\*

Of which  
Committed:  
\$208 million

## Carbon Fund

Pledged:  
\$175 million\*

Of which  
Committed:  
\$169 million

Switzerland  
\* Germany

- Australia
- BP
- CDC Climat
- European Commission
- Germany
- Norway
- The Nature Conservancy
- United Kingdom
- United States

# Action Plan: 6-Month Goals (up to October 2011 Meeting)

- Carbon Fund Participants
  - Agree ER-PIN template
  - Agree Carbon Fund Rules of Procedure
  - Initiate a strategic discussion on the future of the Carbon Fund
- Participants Committee
  - Discusses draft policy guidance on Valuation/Pricing Approach
- Facility Management Team
  - Shares draft Methodological Framework with PC
  - Proposes Readiness Package outline to PC

# Action Plan: 1-Year Goals

- **Participants Committee**
  - Adopts first draft of Readiness Package guidelines and Readiness Package assessment process by PC11
  - Agrees policy guidance on Valuation/Pricing Approach
  - Agrees Methodological Framework
  - Agrees General ERPA Conditions
- **Facility Management Team / Trustee**
  - Signs Participation Agreements with at least 2 additional private Participants (depends on developments in REDD+ regulatory framework)
  - Achieves current capitalization target of US\$200 million
  - Signs Letters of Intent for between 1 and 3 ER Programs

# Action Plan: 3-Year Goals

- Sign at least 3 ERPAs representing a value of approximately 60% of the “available capital for ER Purchases” from the capitalization target of US\$200 million
- Review and revise FCPF framework as necessary (i.e., Methodological Framework, Valuation/Pricing Approach, etc.)
- Capture and disseminate the lessons learned in the first 3 years of fund operations



# Draft Rules of Procedure (1)

- **Agenda**

- FMT prepares the provisional agenda for each Carbon Fund/Tranche Meeting
- Provisional agenda and supporting documents are distributed to:
  - Carbon Fund Participants and observers 14 days before the Carbon Fund Meeting, unless otherwise approved by the Carbon Fund Participants
  - Carbon Fund Participants in the relevant Tranche 14 days before the Tranche Meeting, unless otherwise approved by the Carbon Fund Participants
- Agenda adopted by the relevant Carbon Fund Participants at the beginning of the meeting

# Draft Rules of Procedure (2)

- **Chairperson**

- Carbon Fund Participants select a representative among themselves to serve as a chairperson for a Carbon Fund/Tranche Meeting
- Chairperson may decide to invite speakers to express their views, and may also limit the time allowed to each speaker and the number of times each speaker may speak on a question

# Draft Rules of Procedure (3)

- Meeting through electronic and other means
  - Carbon Fund Participants may decide to conduct a Carbon Fund/Tranche Meeting by videoconference, teleconference, other electronic means, or as provided in Section 12.5 of the Charter (circulation of a consent form)
  - FMT may also propose to conduct meetings by electronic and other means

# Draft Rules of Procedure (4)

- **Observers**

- 3 representatives of REDD Country Participants, selected by the REDD Country Participants that are members of the Bureau of the PC
  - 1) progress by the REDD Country Participant towards REDD+ Readiness, including formal assessment by the PC of the REDD Country Participant's Readiness Preparation Proposal and allocation of a Readiness Preparation Grant by the PC to the REDD Country Participant, signature of the Readiness Preparation Grant agreement, and progress towards the Readiness Package;
  - 2) geographic balance among Africa, Asia and Latin America; and
  - 3) inclusion of the REDD Country Participant into the Carbon Fund.The three representatives will be selected for 1 year at the time of the PC election.
- 1 representative of each category of Observers listed in Section 11.7 of the FCPF Charter
- In consultation with the Carbon Fund Participants, FMT may invite any other entities, provided at least 7 days notice to the Participants and no objection

# Draft Rules of Procedure (5)

- Observers

- Observers can express their views but have no voting rights
- Closed session:
  - Portions of the Carbon Fund Meeting involving confidential deliberations (inclusion of ER Programs in the tranche portfolio; entry into Emission Reductions Payment Agreements (ERPAs) or whether to revise, extend or cancel these ERPAs; approval of annual business plans and budgets; and whether to establish ad hoc Technical Advisory Panels for the Tranche-specific ER Programs or ERPAs.)
  - Any other portion of the Carbon Fund Meetings determined by Chairperson, in consultation with the Carbon Fund Participants
  - Tranche Meetings normally limited to only the Carbon Fund Participants in the relevant Tranche, unless the Chairperson, in consultation with the Carbon Fund Participants in the Tranche, determine whether to invite the Carbon Fund Participants from the other Tranche and, as appropriate, Observers to attend the Tranche meeting

# Draft Rules of Procedure (6)

- Voting method

- Consensus - does not imply unanimity (allows objection)
- Voting, as described in Section 12.4 , normally by written ballot or by show of hands

- Resolution

- At the end of each Carbon Fund/Tranche Meeting, FMT prepares a resolution to be approved by the relevant Carbon Fund Participants at the end of each meeting

# Draft Rules of Procedure (7)

- Language
  - English
  - FMT may arrange for simultaneous translation from English to French and Spanish, as necessary
- Amendment
  - Amended by Carbon Fund participants at any Carbon Fund Meetings, provided the text of the proposed amendment has been circulated at least 14 days prior to the Carbon Fund Participants

# Meetings

- **Frequency:**
  - At least 2 in-person meetings per year
- **Modalities:**
  - An effort will be made to meet by remote means, including through videoconferences (VC) among a small number of regional sites that are part of the Global Development Learning Network (GDLN)
- **Next meetings:**
  - By VC (Washington, Paris, Sydney) in the first half of September 2011 (tentatively September 1-2): Stock-take on progress on the Methodological Framework, Pricing/Valuation Approach, marketing, ER-PIN template
  - In-person: Berlin, in conjunction with PA4/PC10, on October 20-21, 2011



# Carbon Fund Next Steps

- The FMT is seeking PC endorsement today to increase the target size of the Carbon Fund to enable additional contributions
- The FMT would work with CF Participants and return to the World Bank Board to increase the target size this summer
- PC9 feedback is also invited on draft Rules of Procedure
- The FMT will work with the Carbon Fund Participants to finalize the Rules of Procedure
- Next in person meeting of the Carbon Fund Participants will likely be in conjunction with PC11 in Berlin



THANK YOU!

[www.forestcarbonpartnership.org](http://www.forestcarbonpartnership.org)