



Forest Carbon Partnership Facility

Carbon Fund

Long Term Financial Plan

Fifth Meeting of the FCPF Carbon Fund (CF5)

Paris, France

October 16-17, 2012

Background (1)

- Previously presented Carbon Fund LTP at CF2 (Berlin, October 2011)
- Approved Carbon Fund budget for FY13 (Santa Marta, June 2012)
 - Included estimated budget for Shared Costs
 - Recommended exclusion of IP/CSO Program from Shared Costs
- Approved Readiness Fund base budget for FY13 (Santa Marta, June 2012)
 - Agreed to exclude IP/CSO Program from Shared Costs
 - Additional activities not approved (except \$200k for Capacity Building for Social Inclusion)
 - Proposal for additional activities recently submitted to PC13 meeting to be held in Brazzaville on 21/22 October with a budget for FY13 of \$1.3 million

Background (2)

- If ER Program included in pipeline, agreed to allocate a financial envelope up to \$650k (subject to a signed Letter of Intent) to develop an ER-PIN into an ER Program Document (Santa Marta, June 2012)
- Finalized actual expenditures for FY12 for both the Readiness Fund and the Carbon Fund (see Annual Report)
- Prepared LTP for Readiness Fund
 - Including Shared Costs over lifetime of fund
- Note these figures are financial projections to FY20 so they are necessarily approximations

Sources

Contributions to the FCPF Carbon Fund as of September 30, 2012 (US\$m)						
	FY09	FY10	FY11	FY12	FY13-15*	Totals*
Australia			12.7	5.7		18.4
BP Technology Ventures			5.0			5.0
Canada				5.0		5.0
CDC Climat			5.0			5.0
European Commission	6.3	0.4				6.7
Germany	4.0	3.8	21.1	15.4	25.8	70.2
Norway	10.0				51.0	61.0
Switzerland				10.8		10.8
The Nature Conservancy	5.0					5.0
United Kingdom			17.9			17.9
United States of America			10.0		4.0	14.0
Committed Funding	25.4	4.2	71.8	36.9	80.8	219.0

* Amounts may vary due to exchange rate fluctuations

Shared Costs

- ‘Shared Costs’ across both the Readiness Fund and Carbon Fund have included in practice the activities paid out of:
 - FCPF Secretariat
 - REDD Methodology Support
- Consistent with the Charter, from FY12 the Carbon Fund assumes a 35% share of these costs (65% to be covered by the Readiness Fund)
- The PC approved an overall cap of \$12 million that can be charged to the Carbon Fund for Shared Costs over the lifetime of the fund (PC8, Da Lat, March 2011)
- Based on the LTP for the Readiness Fund which assumes a steady operational budget through FY16, with 20% annual cuts thereafter

FY13 Approved Readiness Fund Budget

Overall Budget	FY13 Budget (\$000s)
Readiness Trust Fund Administration	443
FCPF Secretariat	1,456
REDD Methodology Support	1,338
Country Advisory Services	1,045
Sub-total	4,282
Country Implementation Support	5,943
Sub-total	10,225
IP and CSO Program	2,590
Total Operating Costs	12,815

Breakdown of Shared Costs:

Readiness Fund	11,837
Carbon Fund	978
Total	12,815

Shared costs may increase by \$262,000 if the proposed Additional Activities are approved at PC13

Proposed Additional Activities

<i>Activity No</i>	<i>Area of Activity</i>	<i>FY13 Budget (US\$000s)</i>
1	Reference levels and MRV	375
2A	Social inclusion: Training Workshops on Safeguards (SESA/ESMF), Stakeholder Consultations, and Feedback & Grievance Redress Mechanisms	346
2B	Piloting governance diagnostics for REDD+ using PROFOR tool, and setting up feedback and grievance redress mechanisms in 2 FCPF countries	217
3	Linking lessons learnt from activities to address drivers of deforestation at the local level to REDD+ Strategy development	210
4	Country dialogues on the role of the private sector in REDD+	150
5	Registries for REDD+	225
	Total	1,523
	Less previously approved budget for Activity 2A in June 2012 in Santa Marta	(200)
	Proposed total for approval	1,323

Carbon Fund Shared Costs

Carbon Fund Shared Costs (\$000s)							
	Actual	Actual	Actual	Actual	Budget	Projected	
Fixed Costs	FY09	FY10	FY11	FY12	FY13	FY14-20	Total
Shared Costs (paid by Readiness Fund) ¹	635	1,728	1,262				
Shared Costs (with Readiness Fund) ¹ :							
FCPF Secretariat				719	510	3,567	4,796
REDD Methodology Support				350	468	3,830	4,648
Proposed Additional Activities					262		262
Total Shared Costs (\$000s)				1,069	1,240	7,397	9,706
Total Shared Costs (\$m)				1.1	1.2	7.4	9.7

1. Carbon Fund to pay 35% of Shared Costs from FY12 forward

Assumption: Proposed Additional Activities budget of \$1.3 million approved by PC13

Carbon Fund Fixed Costs

Carbon Fund Fixed Costs (\$000s)							
	Actual	Actual	Actual	Actual	Budget	Projected	
Fixed Costs	FY09	FY10	FY11	FY12	FY13	FY14-20	Total
Carbon Fund Administration ¹		183	366	469	665	4,889	6,572
Marketing to the Private Sector				1	255		256
Shared Costs (with Readiness Fund) ²				1,069	1,240	7,397	9,706
Total Fixed Costs (\$000s)		183	366	1,539	2,160	12,286	16,534

Total Fixed Costs (\$m)		0.2	0.4	1.5	2.2	12.3	16.5
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1. Including meeting costs

2. Carbon Fund to pay 35% of Shared Costs from FY12 forward

Assumptions: No further marketing costs after FY13. Reduced number of meetings in later years.

Carbon Fund ER Program Costs (1)

ER Program Costs					
	Cost per year (\$000s)	No of years	Cost per project (\$000s)	No of projects	Total Cost (\$000s)
Program Development - across portfolio					200
Preparation			650	5	3,250
Preparation (dropped)			200	3	600
Supervision	125	5	625	5	3,125
Validation				5	
Verification	50	5	250	5	1,250
Total ER Program Costs				5	8,425

Assumptions

Number of ER Programs: 5

Average ERPA term: 5 years

Program Preparation costs per Program: \$650k

Number of dropped Programs: 3 (at \$200k each)

Supervision Costs per Program: \$625k

Verification Costs per Program: \$250k

Carbon Fund ER Program Costs (2)

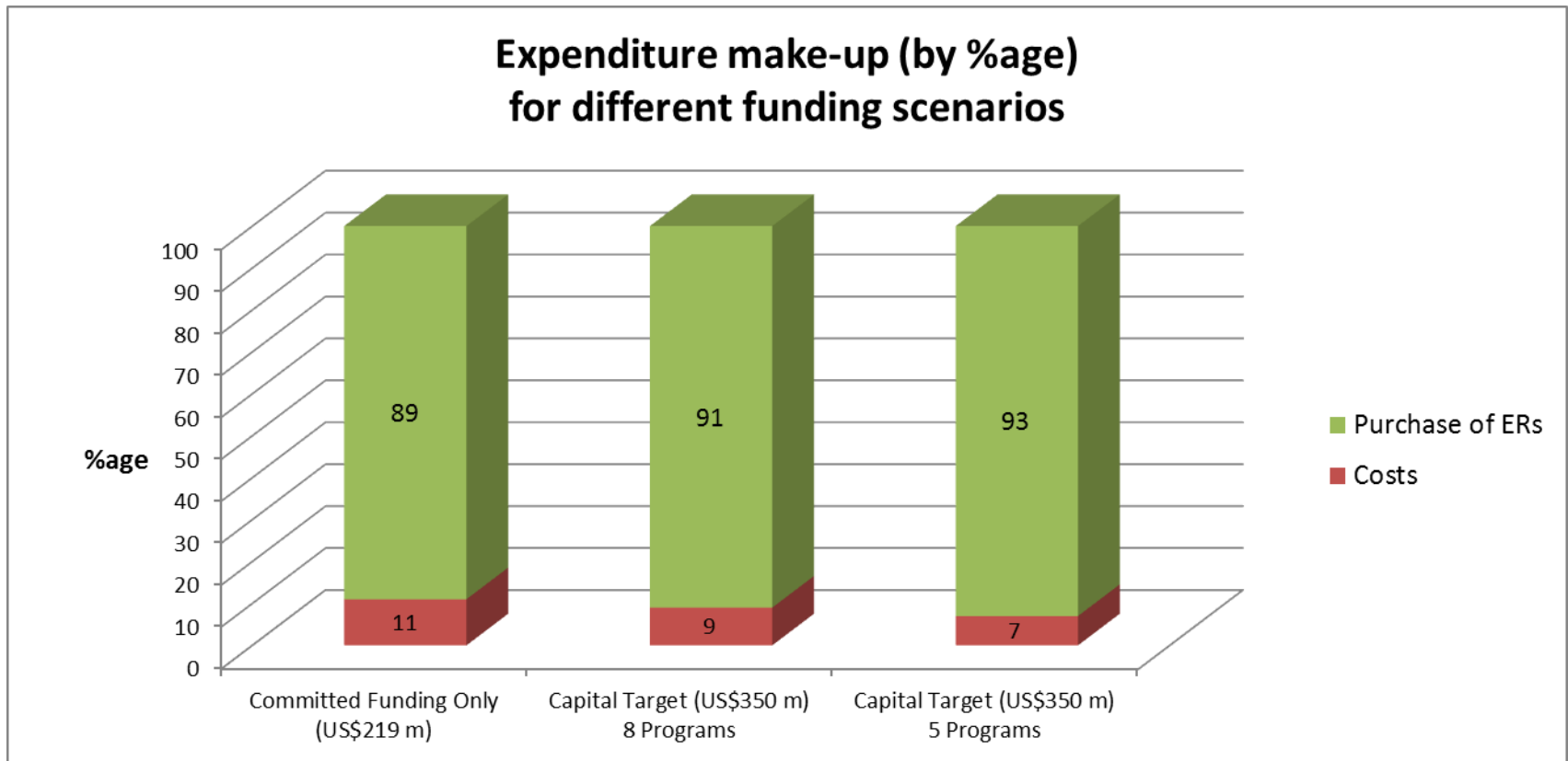
Carbon Fund ER Program Costs (\$000s)			
	Budget	Projected	
ER Program Costs	FY13	FY14-20	Total
Program Development - across portfolio	200		200
Program Preparation	600	3,250	3,850
Supervision		3,125	3,125
Verification		1,250	1,250
Total ER Program Costs (\$000s)	800	7,625	8,425

Total ER Program Costs (\$m)	0.8	7.6	8.4
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Carbon Fund Sources and Uses Summary

Carbon Fund Sources and Uses Summary (\$m)		
	Committed Funding US\$m	Capital Target US\$m
Sources	219.0	350.0
Number of ER Programs	5	5 - 8?
Uses		
Long-Term Fixed Costs (FY10 to FY20)	(16.5)	(16.5)?
ER Program Costs	(8.4)	(8.4) - (13.4)
Total Costs	(24.9)	(24.9) - (29.9)
Available for Purchase of ERs	194.1	320 - 325
As a share of capital (%)	89	91 - 93
Average ER Program (\$m)	39	40 - 65?

Carbon Fund Expenditure Make-Up Chart



Projected Timing of Expenditures and Drawdowns

Carbon Fund Projected Timing of Expenditures (\$millions)										
	Actual	Budget	Projected							
Expenditures	FY10-FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	Total
Fixed Costs	2.1	2.1	1.9	1.9	1.9	1.8	1.7	1.6	1.5	16.5
ER Program Costs		0.8	2.6	1.2	0.9	0.9	0.9	0.8	0.3	8.4
Purchase of ERs				16.0	39.0	39.0	39.0	39.0	22.1	194.1
Total Expenditures	2.1	2.9	4.5	19.1	41.8	41.7	41.6	41.4	23.9	219.0

Prior year drawdown per \$5 million contribution (in \$000s)		114	103	436	954	952	950	945	546	5,000
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Assumptions re timing of payments for emission reductions so these figures are necessarily approximations



THANK YOU!

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