

Two New World Bank Carbon Facilities Will Help Fight Climate Change And Deforestation

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WASHINGTON, October 11, 2007—The World Bank is working to increase significantly the world's ability to tackle global climate change and deforestation with two new carbon finance facilities to benefit developing countries.

An innovative Forest Carbon Partnership Facility (FCPF) would prevent deforestation by compensating developing countries for carbon dioxide reductions realized by maintaining their forests.

Details are being finalized on that facility, as well as a new Carbon Partnership Facility (CPF). Both aim to support developing countries in their moves towards lower carbon development paths, by helping remove heat trapping gases from the atmosphere which are changing the climate.

*“Developing countries will earn money and obtain clean technology in exchange for the greenhouse gas emission reductions they will sell to developed countries,” said **World Bank Group President, Robert B. Zoellick**. “Both facilities will pilot ways to ratchet up the fight against climate change by adopting a larger-scale, longer-term approach to greenhouse gas emission reductions. They will also build on the World Bank Group’s traditional relationship with developing countries, and the new relationships it has forged over the past decade as a pioneer in carbon finance.”*

The Carbon Partnership Facility is expected to be used in areas such as power sector development, energy efficiency, gas flaring, transport, and urban development, including integrated waste management systems.

*“The CPF is significant because instead of purchasing greenhouse gas emission reductions from one project at a time, say reducing methane emissions from a landfill, we will be able to work on 10 projects simultaneously across a country or a region,” said **Katherine Sierra, World Bank Vice President for Sustainable Development**. “We will also be able to purchase greenhouse gas emissions far beyond 2012, which will help to remove some of the uncertainty currently surrounding the post-Kyoto Protocol era.”*

Most of the forest rich countries are among the poorest in the world. The Forest Carbon Partnership Facility will support programs targeting the real drivers of deforestation and develop concrete activities to reach out to poor people who depend on forests to improve their livelihoods. It will also help developing countries build the technical, regulatory, and sustainable forestry capacity to reduce emissions from deforestation and degradation.

These emissions now account for an estimated 18 to 25 percent of all global greenhouse gas emissions.

Already almost 20 countries from Latin America, the Congo Basin, and East Asia and the Pacific have requested an opportunity to take part in the FCPF. Several developed countries have also already indicated their interest or intent to participate. The two facilities are designed so their resources could be used under any new climate change regime negotiated after 2012.

The CPF and FCPF have been approved by the Bank Group's Board of Executive Directors.

They are expected to be officially launched by Mr. Zoellick in December 2007, during the 13th session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (UNFCCC) in Bali, Indonesia.

The Carbon Partnership Facility and the Forest Carbon Partnership Facility are being developed as part of the World Bank's Investment Framework for Clean Energy and Development (CEIF).

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For more information on Carbon Finance at the World Bank, please visit the website: www.carbonfinance.org

ANNEX 1:

Facts on the Carbon Partnership Facility (CPF)

- The partnership (buyers and sellers) would entail two trust funds: (i) the Carbon Asset Development Fund (CADF) to prepare emission-reduction programs, and (ii) the Carbon Fund (CF) to purchase carbon credits from a pool of emission-reduction programs.
- The CPF would target long-term emission reductions. To do this, the CPF would purchase emission reductions for at least 10 years beyond 2012.
- The CPF would become operational when purchase commitments reach US\$500 million and similar sales commitments have been made.

ANNEX 2:

Facts on the Forest Carbon Partnership Facility (FCPF)

- The FCPF would comprise two separate trust funds: (i) the Readiness Fund that would provide grants to support a significant technical assistance program for about 20 interested developing countries, with the goal of arriving at a credible estimate of their respective national forest carbon stocks and sources of forest emissions, as well as likely national reference scenarios for future emissions; and (ii) the Carbon Fund that would focus on piloting emission-reduction purchases in about five REDD (Reduce Emissions from Deforestation and land Degradation) Participant Countries.
- The minimum size of the Readiness Fund is expected to be US\$10 million, with contributions of at least US\$5 million per participant expected from governments and other public and private entities. Its target size is US\$100 million.

- The minimum operational size of the Carbon Fund is set at about US\$20 million; its target size is US\$200 million. Contributions to the Carbon Fund of at least US\$5 million per participant are expected to come from governments and other public and private entities.

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