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## FOREST CARBON PARTNERSHIP FACILITY LAUNCHED AT BALI CLIMATE MEETING

*Facility will Tackle Climate Change and Deforestation*

**BALI, INDONESIA, December 11, 2007**— World Bank Group President Robert B. Zoellick launched a groundbreaking financing mechanism today to combat tropical deforestation and climate change.

The Forest Carbon Partnership Facility (FCPF) was developed because forests are more important left standing than cut. It will reduce deforestation and forest degradation by compensating developing countries for carbon dioxide reductions realized by maintaining their forests.

Deforestation and forest degradation together are the second leading cause of global warming, responsible for about 20% of global greenhouse gas emissions, and the main source of national emissions for countries such as Brazil and Indonesia—70% and 80% respectively. The FCPF will build the capacity of developing countries in tropical and subtropical regions to reduce emissions from deforestation and degradation (REDD) and tap into a future system of positive incentives for REDD.

*“This initiative is a practical pilot to expand the tools for Climate Change negotiations,” said **World Bank President Zoellick**. “The Forest Carbon Partnership Facility signals that the world cares about the global value of forests and is ready to pay for it. This can change the economic options for many people who depend on the forests for their livelihoods. There is now a value to conserving, not just harvesting the forest.”*

Under the FCPF, resources can be used in any new climate change regime negotiated after 2012, when the first commitment period of the Kyoto Protocol ends. The Kyoto Protocol currently does not give carbon finance incentives to developing countries for reducing deforestation and degradation—an issue under discussion at the climate change meetings in Bali, and which may become part of a post-2012 climate change regime. Initiatives to reduce deforestation and degradation have the potential to provide a fresh source of financing for the sustainable use of forest resources and biodiversity conservation, and a new source of revenue for the more than 1.2 billion people who depend on forests for their livelihoods.

Nine developed countries and a non governmental organization have already made financial commitments to the FCPF totaling US\$160 million.

*“We must not lose another day when it comes to climate and forest protection”, said **German Development Minister Heidemarie Wieczorek-Zeul**. “I am very pleased that in our capacity as G8 President, Germany was instrumental in helping to develop the FCPF. Germany will contribute US\$59 million (40 million euros) to help developing countries conserve their forests and mitigate climate change. Forest protection must be a central element in a future agreement on climate change.”*

The other contributors include the United Kingdom (US\$30 million), the Netherlands (US\$22 million), Australia and Japan (US\$10 million each), France and Switzerland (US\$7 million each), Denmark and Finland (US\$5 million each). In addition The Nature Conservancy, a U.S. based non-governmental organization has committed US\$5 million.

*“Japan welcomes the launch of FCPF, said Japan’s **Senior Vice Minister Otohiko Endo**. “We will share our knowledge and expertise gained through bilateral aid in forest management, with FCPF participants.”*

**Bert Koenders, Minister for Development Cooperation of the Kingdom of the Netherlands** noted that *“Forests carry the future of our planet. The Netherlands government supports the Forest Carbon Partnership Facility because it will protect forests, biodiversity and the interests of the poor.”*

Most forest-rich countries are among the poorest in the world. The Forest Carbon Partnership Facility will support programs targeting the 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.

The World Bank and FCPF recognize the special role that indigenous peoples and other forest dwellers play in managing and protecting the forests in which they live and on which they depend. They are given observer status in the FCPF’s governance structure, at the same level as other constituent groups, such as international organizations, non-contributing private sector, and non-governmental organizations.

Said **World Bank President Zoellick**, *“The Forest Carbon Partnership Facility will set the stage for a much larger system of positive incentives and financing flows in the future to achieve the sustainable use of forest resources and conservation of biodiversity. Carbon finance provides a key new incentive for doing better by conservation and overcoming poverty in the forest sector. Clearly new funding sources are needed, and the private sector will be critical to raising the money.”*

Under the terms of the facility, governments will ensure that indigenous peoples dependent on forests, as well as other forest dwellers, will be meaningfully consulted during the drafting of their country’s Readiness Plan and REDD Strategy, and benefit from capacity building.

Many developing countries have expressed their interest in participating in the FCPF. To date, 30 countries from Latin America, Africa and the Asia-Pacific region, have requested an opportunity to participate.

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For more information on Carbon Finance at the World Bank, please visit the website:  
[www.carbonfinance.org](http://www.carbonfinance.org)

ANNEX:

FCPF Mechanisms:

The FCPF consists of two separate mechanisms, each with its own trust fund for which the World Bank will act as Trustee:

The Readiness Mechanism (target size: US\$100 million) will assist approximately 20 countries in preparing themselves to participate in a future, large-scale, system of positive incentives for REDD. This will include some basic “infrastructure capacity building” for these countries such as preparing a national REDD strategy, establishing a baseline (i.e., reference scenario) and putting in place a monitoring system. Indigenous groups and other forest dwellers will participate in the process so they can benefit from future carbon finance flows.

The Carbon Finance Mechanism (target size: US\$200 million) will enable an initial group of these countries that will have successfully participated in the Readiness Mechanism to pilot incentive payments for REDD. The Carbon Fund will remunerate the selected countries or actors within the selected countries, in accordance with negotiated contracts, for emissions reductions that are verified independently.