Carbon Project Financing
**The Problem:** Lenders perceive carbon markets to be risky, and therefore heavily or completely discount future revenues from carbon offset sales.

**Key Risks:**
- **Execution Risk** – Will projects generate credits as anticipated?
- **Market Risk** – If so, what will those credits be worth?

**Solution.** The Climate Trust will finance projects that will depend upon revenues from carbon markets, through an *upfront investment*.
Financing Tool #1: Upfront Investment

- **Guarantee minimum carbon value.**
- **Revenue share rewards project developers as carbon prices increase.**

**Investment**
- The Climate Trust “pre-purchases” ten years of the carbon offsets a project is anticipated to generate.
- Capital is made available upfront for new projects.

**Active management**
- The Climate Trust will work with a project to develop a carbon monitoring plan and commercialize credits.

**Revenue share**
- After carbon sales have repaid the pre-purchase, 50% of future carbon revenues are paid to the project and 50% are paid to The Climate Trust and its investors.
Value Proposition: Manage the execution and market risks associated with carbon markets.
Value Proposition: The Climate Trust manages the execution and market risks associated with nascent carbon markets.

Market Risk Mitigation. All structures guarantee a minimum value for carbon credits over the 10 year crediting period of a project.

- Allows projects to leverage The Climate Trust’s existing programs, which have $22 million under management and must purchase and retire credits regardless of what happens in emerging markets.

Delivery Risk Mitigation. The Climate Trust develops a carbon monitoring plan that sets up the methods for data collection, data aggregation and verification. The Climate Trust then works to commercialize credits on behalf of the project in the compliance and voluntary markets.

- Monitoring plan allows projects to benefit from The Climate Trust’s 18 years of experience investing in and managing offset projects.
- Commercialization gives project developers access to The Climate Trust’s buyers network. Projects benefit from The Climate Trust’s portfolio of projects, which allow The Climate Trust to aggregate offsets and mitigate the risks which buyers face.