

World Bank to ready new carbon funds by mid-2012

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The World Bank said Tuesday it will start to funnel cash towards two of its newest carbon funds by the middle of next year, in a bid to boost the number of credits sourced from the world's poorest countries.

The Washington DC-based multilateral development bank will sign deals on projects from mid-2012 in least developed countries funded through the institution's Carbon Initiative for Development (Ci-Dev) and the third phase of its BioCarbon Fund.

"We hope to declare the opening of these initiatives by the middle of next year," said Brice Quesnel, a senior carbon finance specialist with the World Bank.

Quesnel added that contributions from companies and countries such as Belgium were expected to be delivered in the first half of next year.

The funds, which were reported by Point Carbon News in August but only officially unveiled at U.N. climate talks in Durban, South Africa on Tuesday, will aim to raise the profile of the world's poorest countries in the Kyoto Protocol's Clean Development Mechanism (CDM).

Confirmation of the new funding came as prices for CDM credits in the secondary market slid towards a record low of 4.53 euros for the December 2011 contract on Nov. 25.

The bank said its decision to proceed with the funds despite the carbon market's concerns about the future of the Kyoto Protocol demonstrated the commitment of institutions to support market-based instruments to fight climate change.

The Ci-Dev fund will have a pool of \$120 million to invest in biogas systems in Nepal, cookstoves in Africa, and municipal solid waste in Uganda.

The latest tranche of the World Bank's BioCarbon fund, which could invest \$75 million in forestry and agriculture projects in countries such as the Democratic Republic of Congo and Kenya, is also well suited to very underdeveloped countries, the World Bank said.

This is because the farm economy is dominant as the single-largest source of income, jobs, and livelihoods in the poorest regions, it added.

Corrects donor countries to funds and list of respective projects in Ci-Dev and BioCarbon funds.

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