

Project Based Carbon Market Lessons

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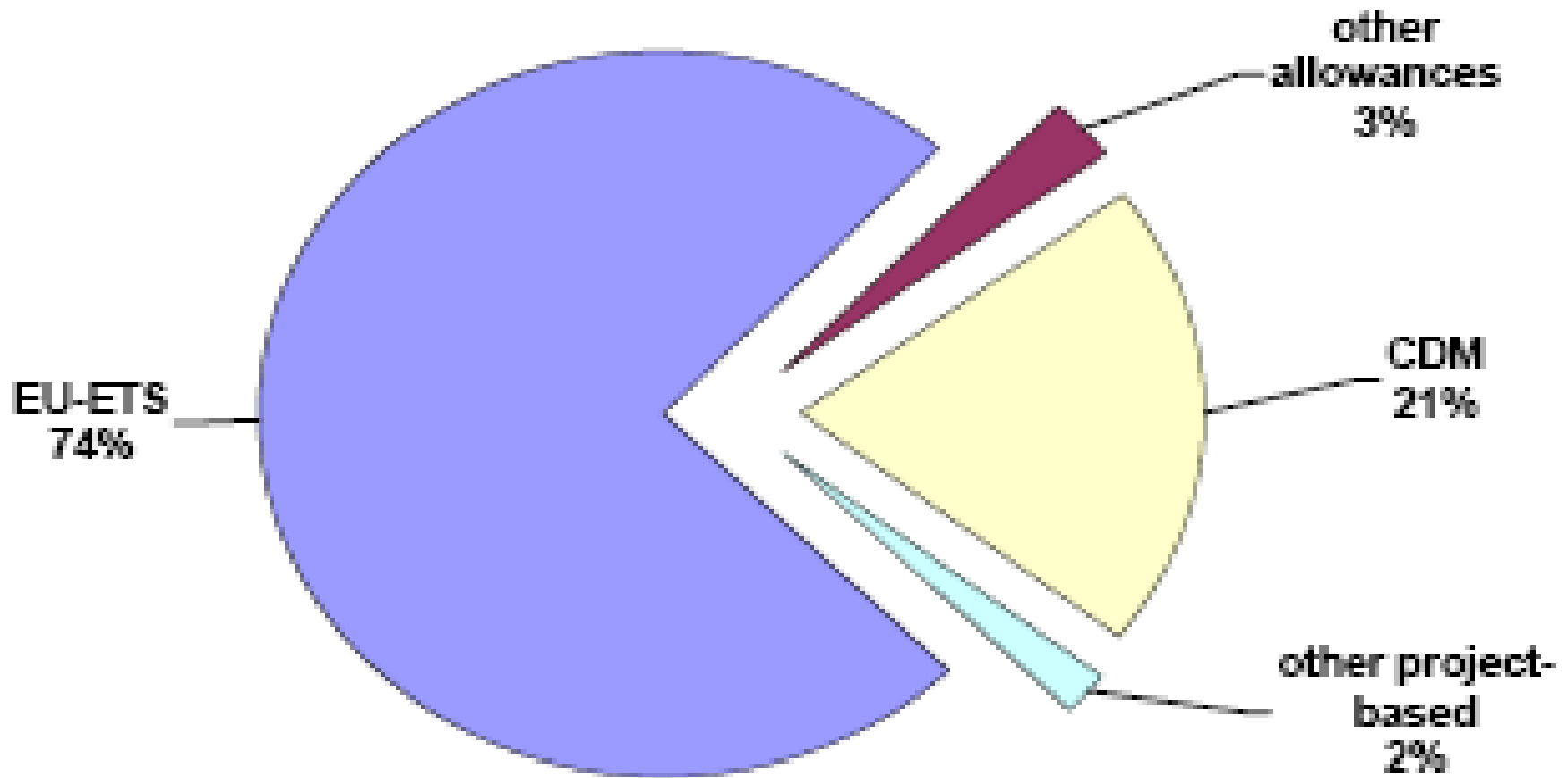
Carbon Finance, Legal Department

World Bank

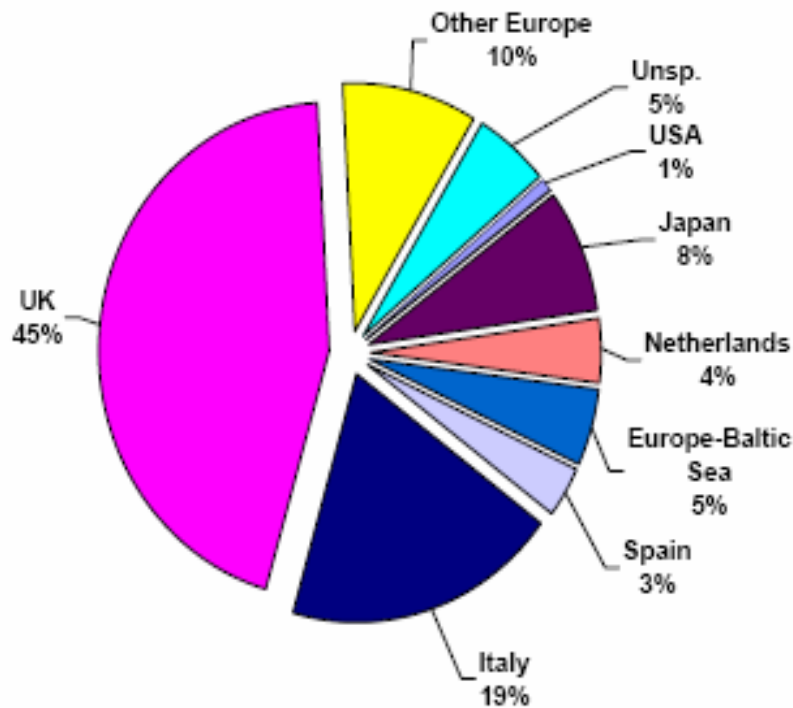
Dublin

March 8-9, 2007

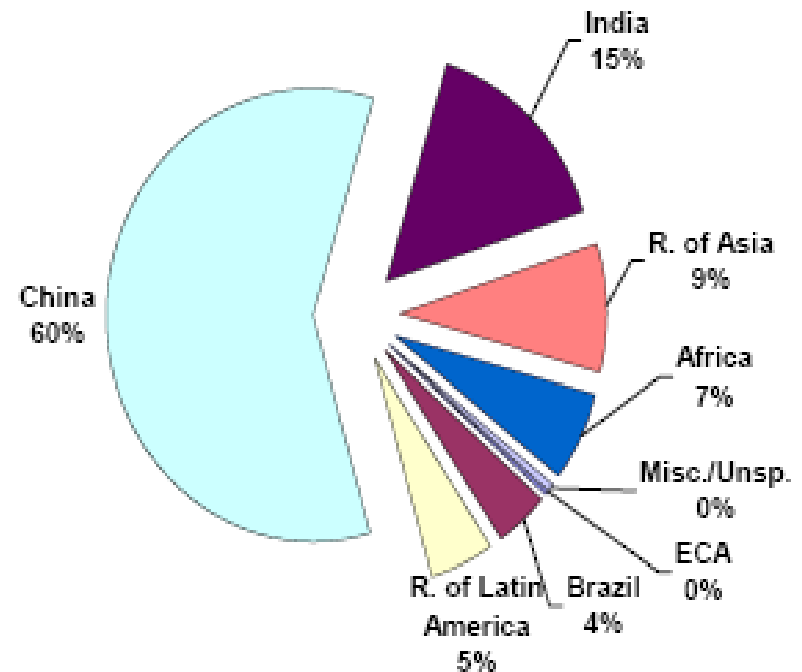
Carbon Market (2006 until September 30)



Project Based Market: Who is Buying Who is Selling



2006 (until September 30)
Overall volume: 234.1 million tCO₂e



2006 (until September 30)

Different Approaches to Attracting CDM Projects

- **China's Approval Process and CDM Regulatory Framework**
 - CDM Regulation
 - Designated National Authority's (DNA) central control and price intervention
 - Channeling projects to priority areas through taxation (65% tax on CER revenue from HFC23 projects; 30% from N2O projects)
- **India**
 - DNA non-intervention
 - Active private sector

Constraints of Current Project-Based Mechanisms

- While the Project-Based Market is growing, it is small compared with resources needed to help countries switch to low carbon economy
- Current CDM Operation:
 - Lack of scale
 - In sector with limited impact with low tech (e.g.F- gas destruction)
 - Post 2012 uncertainty

World Bank's New Initiatives

- **Carbon Finance as an important financing vehicle for clean energy investment framework**
 - **A New Carbon Facility is under consideration**
- **Avoided Deforestation (Voluntary Market)**