





The
World Bank



News Release

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Mission Accomplished:

\$180 Million Prototype Carbon Fund Meets Portfolio Targets

Carbon Expo, Cologne, GERMANY, May 3, 2007—The Prototype Carbon Fund (PCF), the world's first global carbon fund and a pioneer effort by the World Bank, announced today that it had fulfilled its mission by completing its US\$180 million portfolio.

Conceived in the late 1990s and established in 2000 as a means to kick-start the global carbon market, the PCF attracted six governments and 17 companies who became the de facto pioneers of the carbon finance business—taking an extraordinary leap of faith five years before the Kyoto Protocol came into force which only then formally established the carbon market.

“The main reason why the PCF’s participants joined was that the PCF promised to become the first learning-by-doing experience in order to better understand the Flexible Mechanisms of the Kyoto Protocol,” said **Hans-Georg Adam, of RWE and Chair of the PCF Participants’ Committee.**

“From its inception, the PCF was much more than just a platform to develop and agree on rules for a new kind of business. The open discussions the PCF members had with the representatives of host countries helped considerably to understand the perspectives and expectations of either side.”

As the PCF completes its portfolio, it is looking at 24 projects that span the globe and represent a variety of greenhouse gas reducing technologies and methodologies—from South Africa and the first landfill gas to energy project registered under the Clean Development Mechanism (CDM) on the African continent, to sustainable cement production in Indonesia. In most cases, the PCF forged new territory in the infant stages of the global carbon market.

“The World Bank was critical to establishing the carbon offset market at a time of significant uncertainty when the private sector was not prepared to invest,” said **Jack Cogen, President of Natsouce,** an environmental products asset manager. *“The PCF bravely went into an investment space with no rules established and helped to discover what worked and what did not. I believe that the CDM may have failed without the PCF.”*

The PCF's mission was to pioneer the market for project-based greenhouse gas emission reductions within the framework of the Kyoto Protocol and to contribute to sustainable development. Today the global carbon market is worth more than US\$30 billion according to the latest *State and Trends of the Carbon Market* released by the Bank at Carbon Expo, and the CDM and JI segment of the market worth more than US\$5 billion.

Joelle Chassard is manager of the World Bank's Carbon Finance Unit. *"Learning by doing, and catalyzing the market were the key words for the early PCF team. In 2007, the carbon market exists, but we are still learning,"* said Chassard. *"Today we are learning how to deliver carbon finance in a much more competitive market environment; we are learning how carbon finance can be fully integrated into the mainstream activities of international financial institutions and commercial banks, and we are learning how the regulatory systems for carbon finance need to be improved. But foremost, we are looking at options for scaling up carbon finance operations to make significant contributions to mitigation of greenhouse gases worldwide."*

Both inside and outside the World Bank, the PCF has demonstrated that carbon finance can be a powerful new tool for financing sustainable development and an important asset to help reduce greenhouse gas emissions that are responsible for climate change and threaten the human future.

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