

Success of Carbon Trading Scheme

The World Bank has announced that its Prototype Carbon Fund (PCF), which was launched in January 2000 to transfer finance and technology to developing countries to help them reduce greenhouse gas emissions, has closed its first subscription period with more money and corporate interest than anticipated.

The Fund is a first attempt by the World Bank and participating governments and companies to experiment with the creation of a market in emissions reduction under the Kyoto Protocol's "flexibility" provisions. Fund participants receive emissions credits based on the size of gas emission

cuts achieved through the projects they finance.

In the fledgling emissions trading programme, companies operating in participating States can continue to emit high amounts of carbon dioxide while they purchase credits equal to a portion of their emissions.

The Fund originated to finance projects reducing greenhouse gas emissions in developing countries. The primary focus reportedly is on installing renewable energy technology, such as wind, small hydropower, and biomass energy technology, that could not be justified simply on the basis of profitability without support from the Fund.

