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World Bank hikes funding of post-2012 CO2 credits

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* Initial funding will be 68 mln euros

* Tranche fully operational when reaches 105 mln euros

LONDON, Jan 13 (Reuters) - The World Bank said it had opened a new tranche of financing for carbon emissions credits generated after 2012, with initial funding of 68 million euros (\$88.7 million).

The second tranche of the bank's so-called post-2012 "Umbrella Carbon Facility" is now operational, the bank said in a statement. The funding will enable developers of clean energy projects under the U.N.'s Clean Development Mechanism (CDM) to continue selling carbon credits after 2012, when the Kyoto Protocol expires, the bank said.

Under the CDM, companies that invest in clean energy projects in developing nations are rewarded with carbon credits, which can be sold for profit or traded.

The future of the CDM is uncertain after December's U.N. climate talks in Mexico, which failed to agree on whether clean energy projects can earn credits after 2012.

"During a period of regulatory uncertainty, the (second tranche) is helping to maintain demand for post-2012 carbon credits," said Joelle Chassard, manager of the World Bank's carbon finance unit.

"It means we have another tool to help bridge the gap in the carbon markets," she added.

Deutsche Bank (DBKGn.DE: [Quote](#), [Profile](#), [Research](#)), GDF Suez (GSZ.PA: [Quote](#), [Profile](#), [Research](#)) and the Swedish Energy Agency have contributed to the initial funding, the bank said.

It has invited new participants to join the tranche, which will become fully subscribed when it reaches a total capitalisation of 105 million euros.

Seventeen projects and programmes are being considered, with the potential to cut a total of 26 million tonnes of carbon dioxide equivalent during the period 2013-2018, the bank said, adding that the fund intended to buy a portion of the credits generated.

Some of the projects under consideration are in developing countries and include landfill and composting projects, energy efficiency and renewable energy.

(Reporting by Nina Chestney; Editing by Jane Baird)

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