



*Financing for Climate
Innovative Solutions and New Markets*

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Risk Transfer Solutions for Carbon Markets

- Carbon revenue has become a main stream funding source for climate change mitigation projects
- Most projects are in developing and emerging countries whereas the offtakers are from developed mostly European countries
- Key risk drivers are:
 - Regulatory risk
 - Volume/production risk
 - Market risk
 - Counterparty credit risk
- Potential solutions and mitigants:
 - unhedgable; insurance products
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 - hedgable; traditional FM risk products
 - difficult to hedge; structural mitigants and CSA