



Frankfurt School  
FS-UNEP Collaborating Centre  
for Climate & Sustainable Energy Finance

# Scaling-up credit supply balancing between environmental integrity and low transaction costs

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# Supply of ITMOs through Article 6

## Supply at the project / programme level

- **Direct** private sector engagement

## Supply at the sectoral / national level (up-scaled supply)

- Requires policy instrument & supportive infrastructure **incentivizing** private sector engagement
- Government can use carbon revenues

**Note:  
Basic  
Financial-  
Market-  
Functions  
needed!**

**Balance: Environmental integrity versus low  
transaction costs**



# Drivers of ITMO supply

**Carbon price &  
revenue**

**Availability of  
domestic capital  
(equity)**

**Mitigation options  
(availability &  
attractiveness)**

**Credit market  
imperfections**

**Risk of carbon  
revenue  
(discounting)**

**Knowledge spillovers**



# Combining Art.6 with Public Finance

- **Results-Based Climate Finance (MFIs):**
  - Can lead to higher demand for ITMOS
  - However: upfront (high) capital expenditures not covered

## → **Blending of ITMO revenues**

- No “iron curtain” between Article 6 and public climate finance
- But no double claiming: ITMOs should be issued for the share of total financing supported by ITMO revenues !



# Thank You!



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