

Experience of KfW with CDM / pCDM

Ecogerma 2009

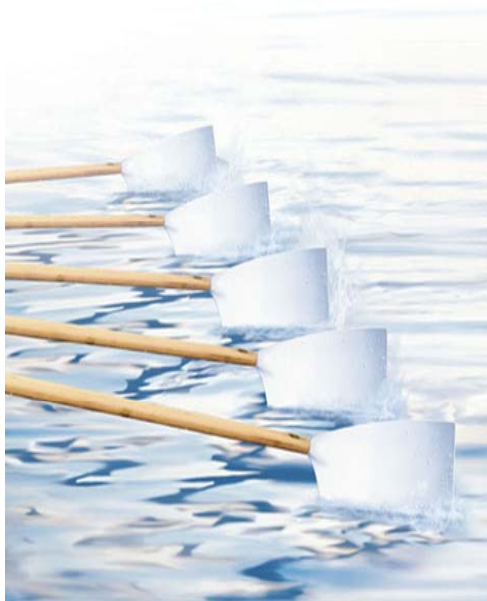
São Paulo – March 13, 2009

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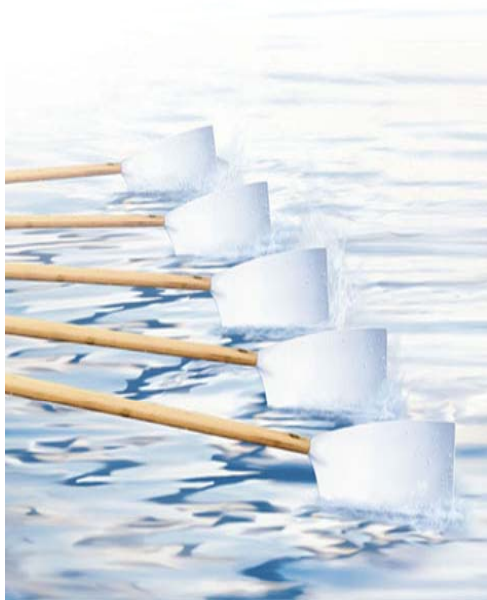
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KfW Bankengruppe in brief.



- Promotional bank of the **Federal Republic of Germany**, founded in 1948
- Shareholders: Federal Republic of Germany (80 %), German federal states (20 %)
- Headquarter: **Frankfurt am Main**; branch offices: Berlin and Bonn
- Representative offices: around 50 offices and representations worldwide – Office in **Brasilia** and **São Paulo**
- Balance sheet total at end 2007: **EUR 354 billion**
- 3,950 employees at the end of 2007.
- Rating: AAA/Aaa/AAA

A broad mission.

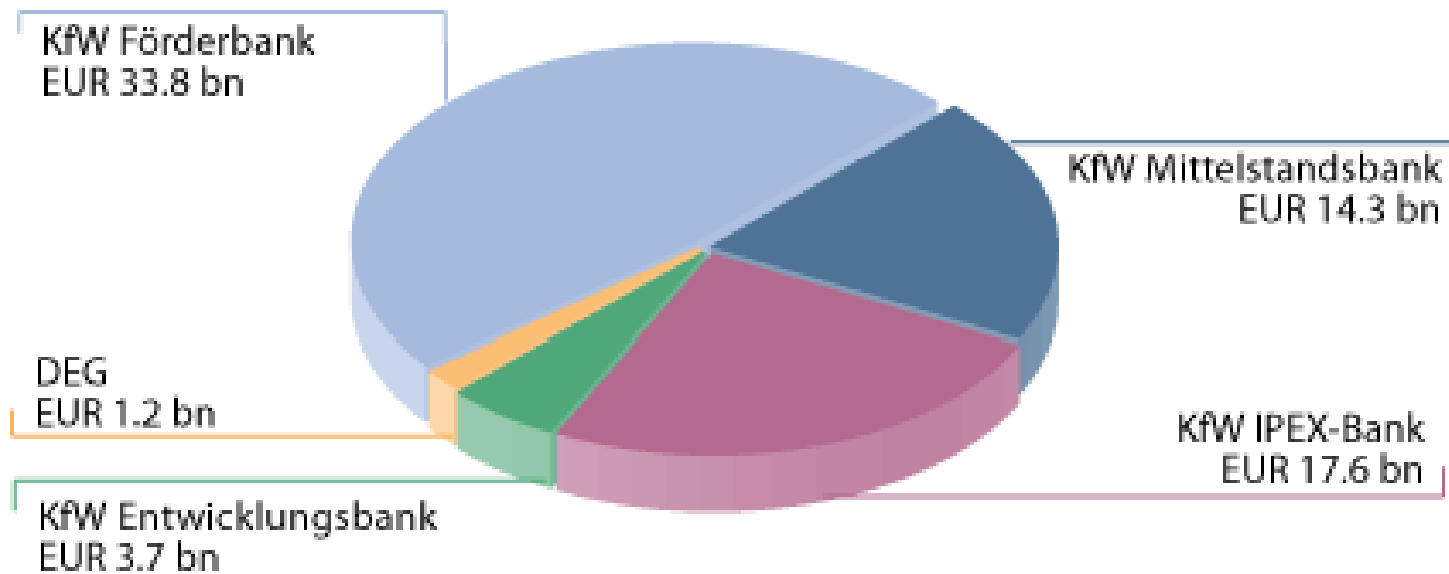


- We give **impulses** to the economy, politics and society.
- We finance **investment in Germany**.
- We provide **international project and export finance**.
- We provide support for developing countries.
- We perform tasks and services on behalf of the **German government**. KfW Bankengruppe is an adviser to the government.
- We raise funds on the international capital markets.

Overview Financing Volume 2008



Total Financing Volume EUR 70.6 bn



 Investment Finance in Germany and Europe: EUR 48.1 bn

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KfW Bankengruppe Brand Structure



Promotion of housing,
environment and
climate protection, education,
infrastructure, social issues



Promotion of SMEs,
business founders,
start-ups



Export and project finance



Promotion of developing
and transition countries



KfW Carbon Fund

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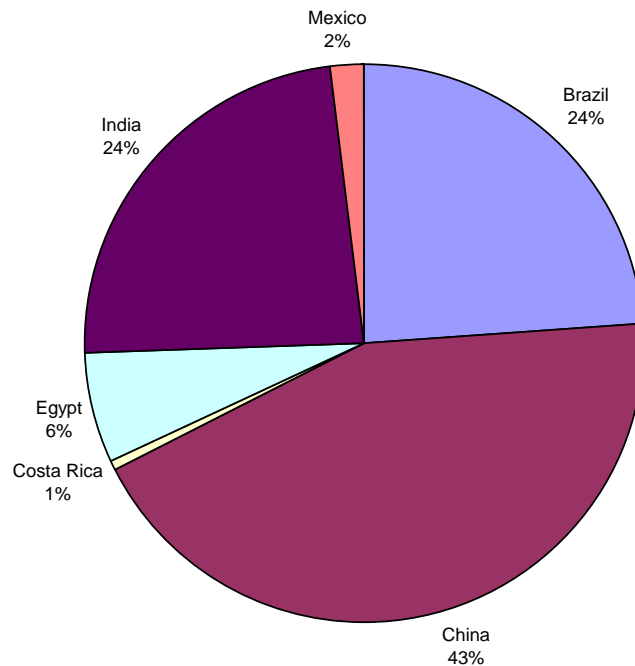
- **Background**
 - Kyoto Protocol, project-based mechanisms
 - European Emissions Trading System (ETS)
- **Long-term off-take contracts (ERPA)**
 - Payment on Delivery + Advance Payments
 - Up to 2012 + Post-2012 credits (EIB Post 2012 Fund, on own risk)
 - Fixed or variable pricing
- **Provide a service instrument for German and European enterprises wanting to use project-based certificates for compliance purposes**

Experience of KfW with CDM*

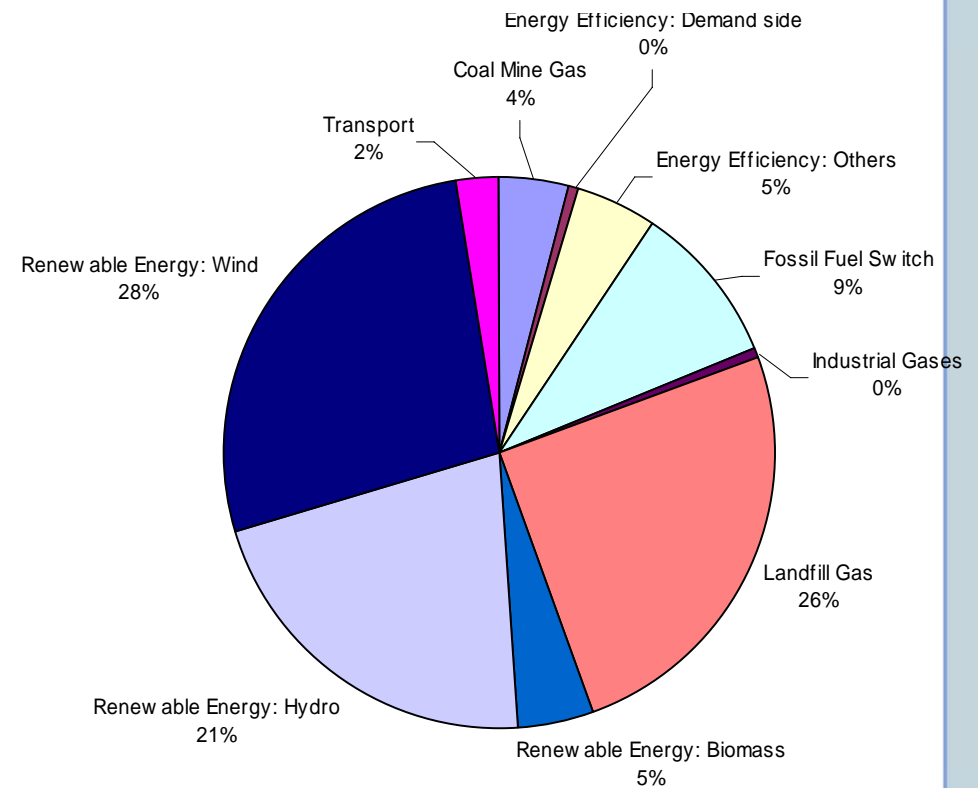
Global Portfolio (21,5 Mio t CO₂e)



- Country allocation
(credits for KfW Carbon Fund)



- Allocation according to **technology**
(credits for KfW Carbon Fund)



7 * CDM = **C**lean **D**evelopment **M**echanism.

Experience of KfW with CDM / Brasil

Example: Bandeirantes and São Joao Landfill Projects



- CO2-Reductions of the projects (p.a.):
 - Sao Joao: 0,8 mil tons,
 - Bandeirantes 1,0 mil. tons
- Energy production of the projects:
 - Sao Joao (24MW)
 - Bandeirantes (20 MW)
- ERPA signed 2007
- KfW purchases until **2013**
- Project **registered in 2006**
- Number of CERs Issued: Sao Joao: 0,5 mil, tons, Bandeirantes 2,5 mil. tons



(3) Experience of KfW with pCDM*

- KfW Support Center Germany created in 2007 (financed by BMU)
- Organized 8 pCDM-Workshops in 8 countries in 2008
- Currently about 20 early PCDM project ideas.

Sector	Region	Operator
Energetic Building Rehabilitation	Eastern Europe	Banks
Household stoves and domestic biogas	South Asia	NGOs, public agencies, MFIs
Fuel switch, Energy efficiency in SMEs, service sector, transport	Asia, Latin America	Banks, public agencies
Small and micro renewables	Africa, Latin America, South Asia	Banks, public agencies
CFLs	Africa, Latin America	Utilities

(4) Experience of KfW with pCDM / Latin America



- pCDM-Workshop in **Peru / Lima** 11/2008
 - 1 MOU signed to develop a pCDM project in the area of **Industrial boiler refurbishment** (improvement of efficiency, replace old equipment)
 - Other interesting areas for pCDM in Latin America
 - **CFL distribution programmes**
- to less intend:
- **Biogas** and **solar water heater** programmes
 - Industrial boiler refurbishment
 - Household cookers (energy efficiency, biogas or solar cookers)

Key Success Factors for CDM / pCDM



- Access to **Equity**
- **Technical & Financial experience** in implementing and operating Projects
- **Stable & predictable regulatory framework** (institutions set by UNFCCC, Post-2012 regime and market prices)
- **Flexibility** at Seller and Buyer Side

Less experience of KfW in the area of pCDM, however evidence shows:

- Strong **Operator** required
- **Economic / financial** competence required
- **Seed funding.**

Support from Strong Partner:

KfW is your partner for CDM/pCDM Projects in Brasil.

Muito Obrigado!

For further information:

www.kfw.de/carbonfund

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