



ICS-CDM / TGO & TEI Workshop
KfW Carbon Fund in South East Asia

Rayong, Thailand / July 7th, 2008



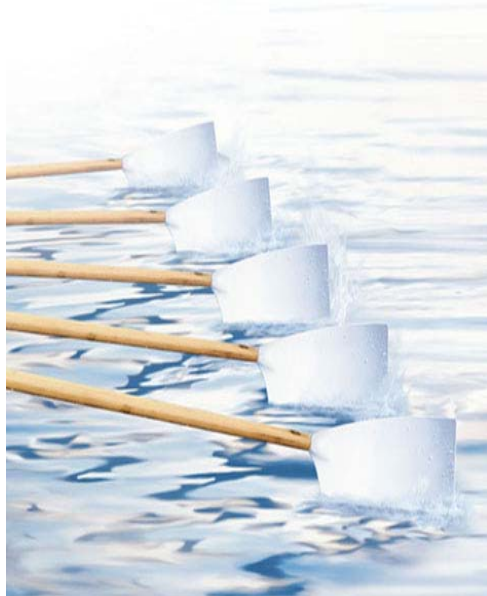
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KfW Bankengruppe



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%).
- Headquarters: Frankfurt am Main; branch offices: Berlin and Bonn.
- Foreign representations: Brussels and around 50 offices and representations worldwide
- Balance-sheet total at the end of 2007: EUR 354 billion.
- 3,800 employees at the end of 2007.
- Rating: AAA/Aaa/AAA.

KfW Bankengruppe Brand Structure



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

KfW Carbon Fund



**Promotional
Bank**

Promotion of SMEs,
business founders,
start-ups



SME Bank

Export and project finance



IPEX

Promotion of developing
and transition countries



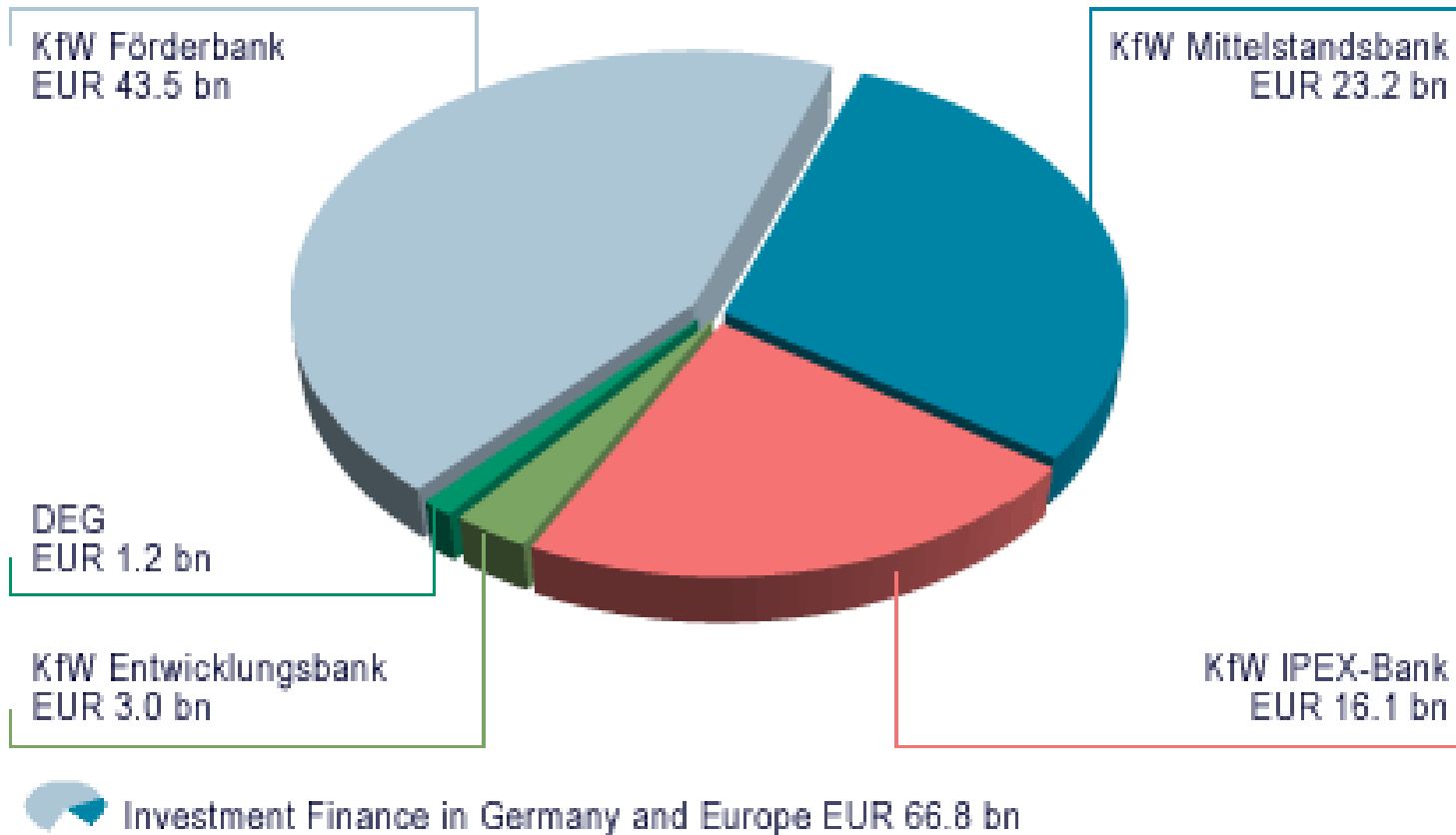
**International
Development
Financing**

Overview Financing Volume 2007



Total Financing Volume EUR 87.1 bn

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The KfW Carbon Fund



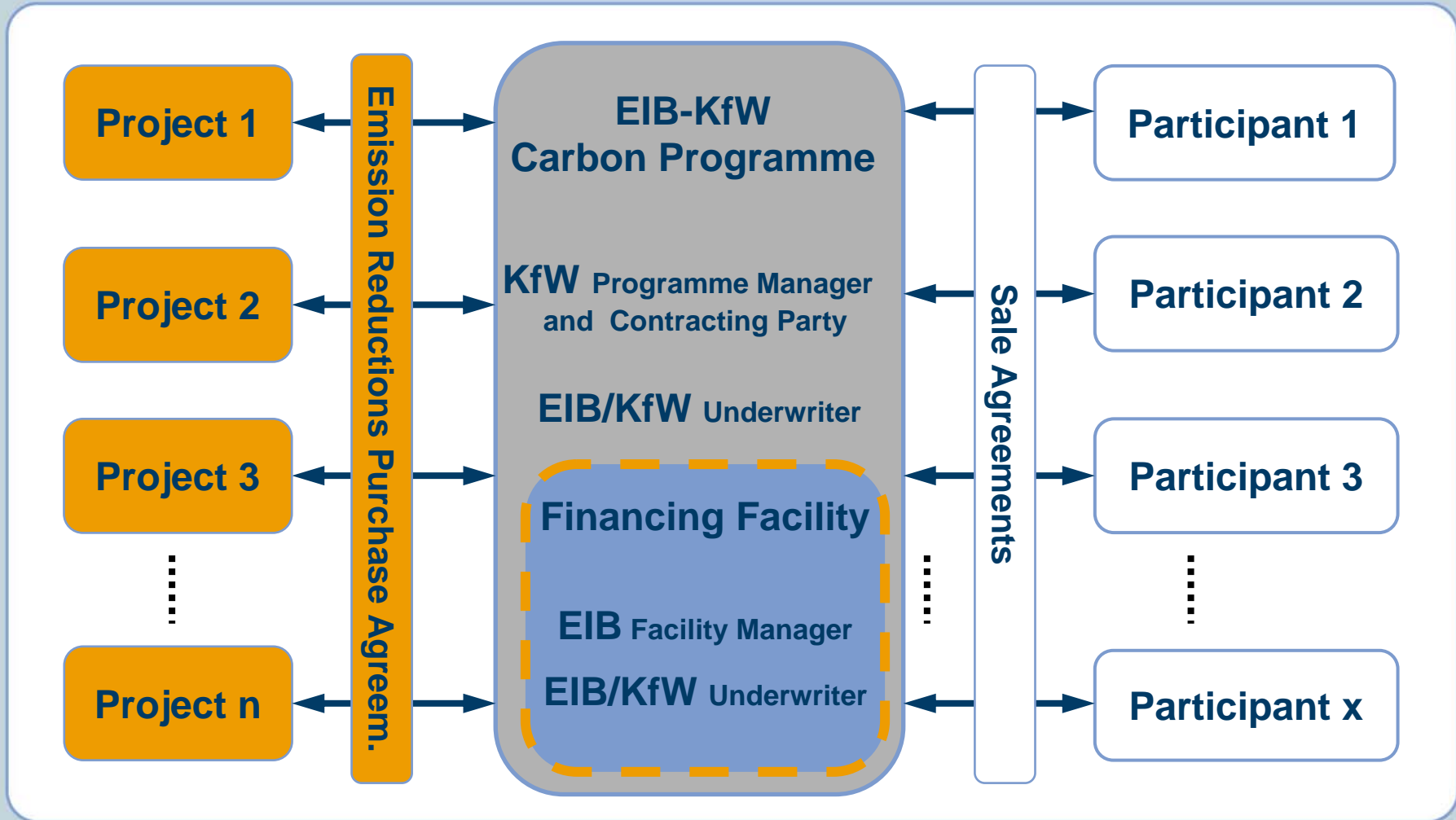
KfW Carbon Fund The Concept



- **Purchase programme for Carbon Credits (JI/CDM)**
- **KfW acts as a trustee for European Programme Participants**
 - German and European enterprises, who
 - want to make use of JI and CDM for compliance purposes and
 - do not have own access to projects abroad
- **KfW concludes purchase contracts for Forward or Issued Carbon Credits with Sellers**
 - payment on delivery, advance payment possible
 - up to 2012 with option to extend
 - fixed or variable pricing

Contractual Structure

EIB-KfW Carbon Programme



KfW Carbon Fund Carbon Programmes



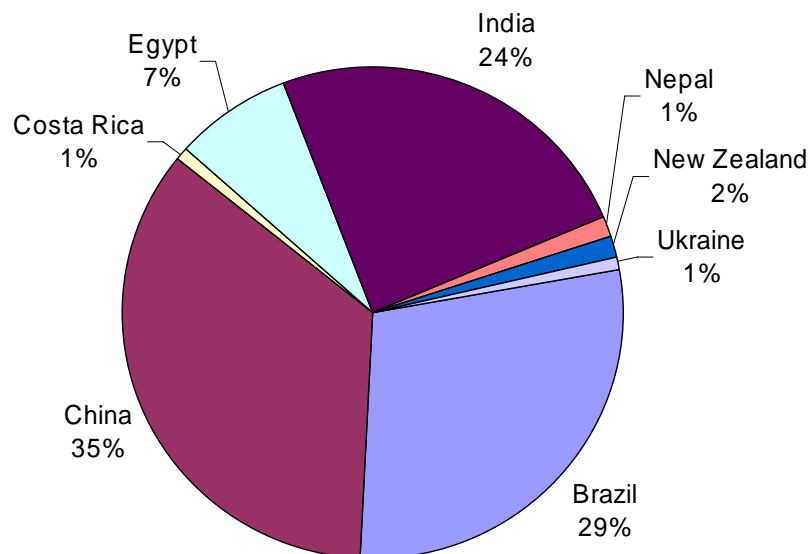
- **KfW Carbon Programme (1st Tranche)**
 - Volume: EUR 84 million, closed 31 December 2007
- **EIB-KfW Carbon Programme**
 - Volume: EUR 100 million
- **Government of Belgium Carbon Fund, managed by KfW**
 - Volume: EUR 25 million
- **EIB Post-2012 Carbon Fund (together with EIB, CDC, ICO and NIB)**
 - Total Volume: EUR 125 million
- Participation in other Carbon Reduction Programmes

KfW Carbon Fund Acquired Projects (April 2008)

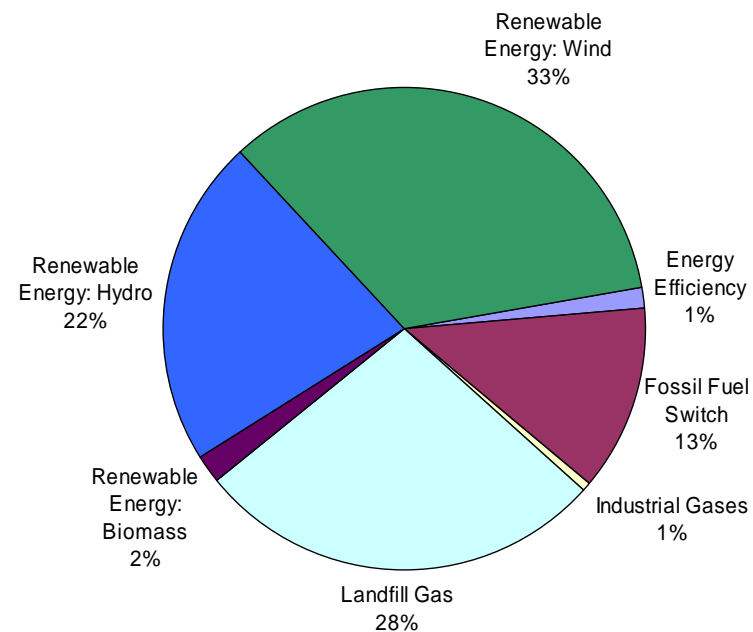


- Portfolio (ERPAs and Lols) with total amount of 18.059.658 t CO₂e

- Country allocation
(credits for KfW Carbon Fund)



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



Services for Carbon Sellers (I)



- Obligations are backed up by KfW and its AAA rating:
 - Maximum security for the seller
 - Enhances the creditworthiness of the project
- Possibility to buy Post-Kyoto emission certificates
- Financing support of up to € 50,000 for project preparation
- Advance Payment on ERPA
- Joint purchase with other buyers or syndication

- Financing solutions via KfW Group
 - KfW Banking Group has long lasting experience in project financing
 - KfW Carbon Fund will initiate the contact with the relevant financing department within KfW Banking Group
- Member of European leading Energy Exchanges (ECX and EEX)
 - Platform to trade issued CERs at market prices
- Expertise in structuring Programmatic CDM approaches
- Local Presences in South East Asia

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Experiences in CDM in South East Asia



- SEA in total emerging market with large potential and implemented CDM framework
 - Countries: Thailand, Malaysia, and Indonesia with largest potential
 - Technology: Landfill, Agriculture, Biomass, Biogas, Hydro, Geothermal with largest potential by number of projects and CERs
 - Only small number of projects in the area of industrial gases
 - On average smaller CER amounts per project than in countries like China or India

CDM experiences in SEA (II)



- Extended due diligence required for projects in connection with palm oil (Methane avoidance, Biomass) due to risk of tropic deforestation
- Lack of financing due to missing experience of local banks in new project types and technologies

Our Advantages



- Strong financial standing with highest credit quality (AAA/aaa) attested by the rating agencies Moody's, Standard&Poor's and Fitch
- Mission of promoting climate protection projects worldwide and support of small CDM projects in project development and financing
- Close relationship with governments, DOEs, and relevant consulting companies etc.
- Strong project financing ability
- Strong interest in long term business partnerships in the region
- Professional and dedicated experts

The KfW Carbon Fund

For more information: www.kfw.de/carbonfund

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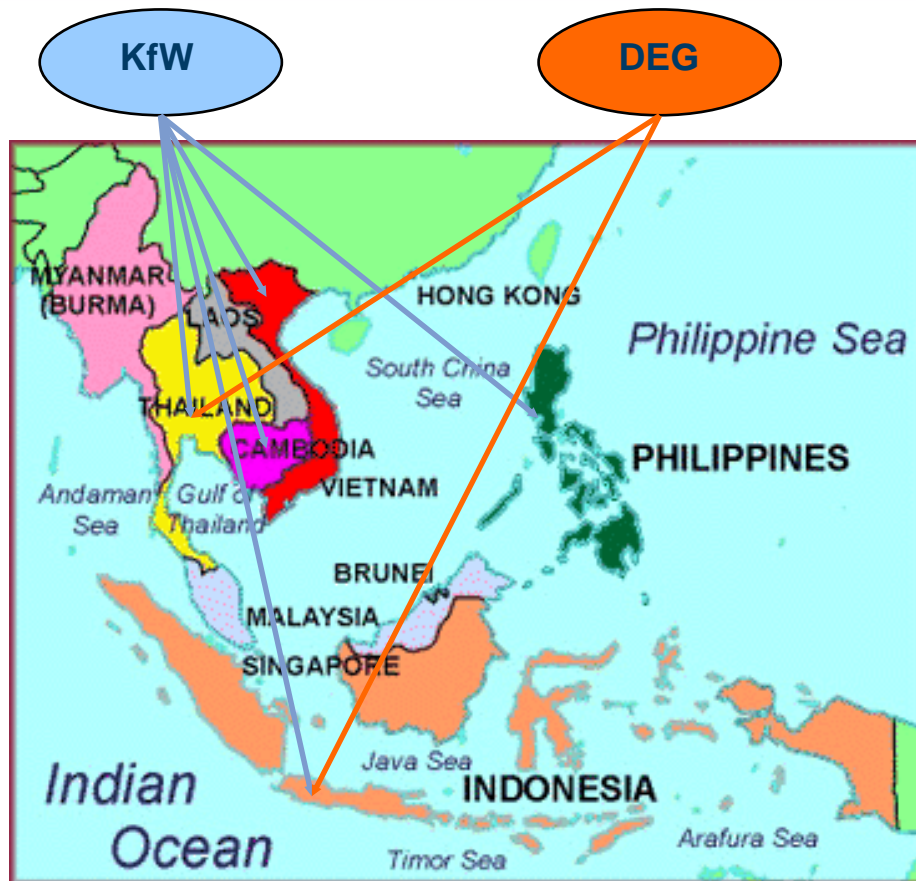
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KfW Bankengruppe Offices in South East Asia



- KfW Offices in Indonesia, Philippines, Vietnam, Cambodia for Financial Cooperation
- KfW IPEX-Bank Office in Thailand; also in charge for Malaysia
- DEG Offices in Thailand and Indonesia