

Contractual relationships between CMEs and CPAs

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KfW Carbon Fund

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- Promotional bank of the Federal Republic of Germany
- Founded in 1948 as Kreditanstalt für Wiederaufbau
- Shareholders: 80% Federal Republic, 20% federal states
- Headquarters: Frankfurt am Main
Branches: Berlin and Bonn
- Representative offices: around 70 offices and representations worldwide
- Balance sheet total at end 2010: EUR 441.8 billion
- Financing volume 2010: EUR 81.4 billion
- Around 4,530 employees (2010)
- Best rating: AAA/Aaa/AAA



KfW Carbon Fund Team

Domestic promotion

International business

We promote Germany

We ensure internationalisation

We promote development

Business Area Mittelstandsbank

Promotion SMEs, business founders, start-ups

Business Area Privatkundenbank

Promotion construction of new housing and modernisation as well as education

Business Area Kommunalbank

Financing municipal infrastructure projects and global loans Germany/Europe agency business for Federal Government

Business Area Export and Project Finance

International project and export finance

Business Area Promotion of Developing and Transition Countries

Promotion of developing and transition countries

Promotion of environmental and climate protection

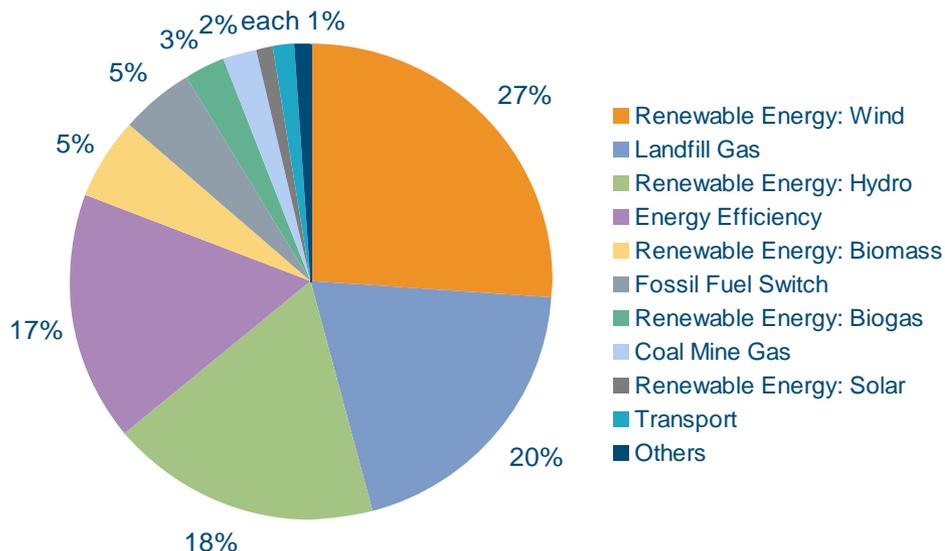


- KfW Carbon Fund (1st Tranche)
 - Volume: EUR 84 million, closed 31 December 2007
- EIB-KfW Carbon Programme I
 - Volume: EUR 88 million, closed 30 June 2009
- Belgian Carbon Purchase Programme
 - Volume: EUR 20 million
- Post-2012 Carbon Credit Fund (together with EIB, CDC, ICO and NIB)
 - Volume: EUR 125 million, external fund manager
- EIB-KfW Carbon Programme II
 - Volume EUR 100 million
 - Purchase up to 2020
 - Focus on PoA and LDCs

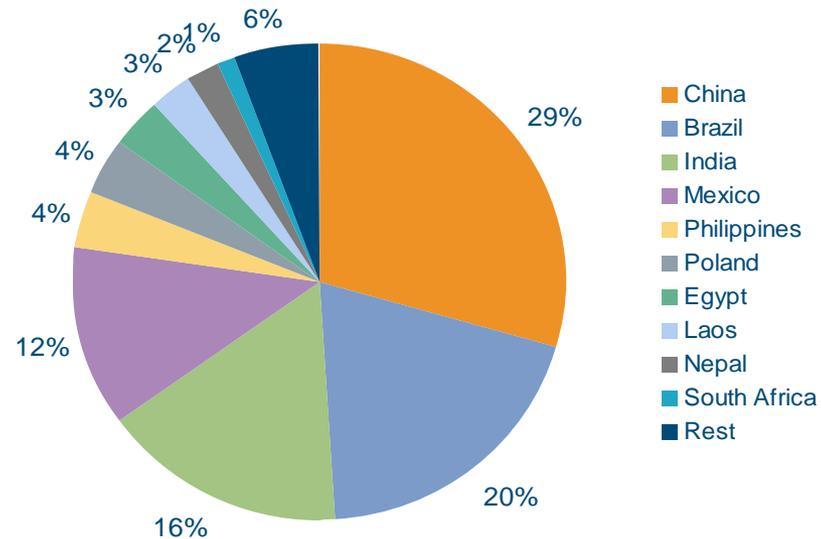
• KfW's portfolio of carbon credits (as of 31 December 2011)

- Number of contracted projects: 92
- Number of contracted carbon credits: over 40 million

Portfolio by sector



Portfolio by country



➤ Since October 2008 on behalf of the German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU)

➤ Advice on:

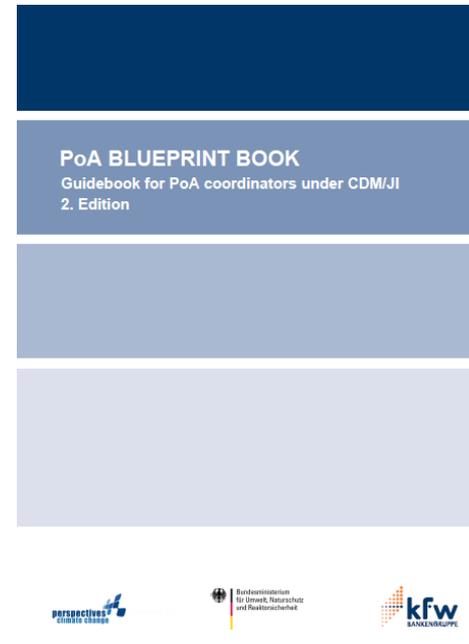
- Identification of pCDM opportunities;
- Check with CDM requirements;
- First economic assessment.

➤ Development of PINs + PDDs + Support for validation

- Technical support
- Financial support

➤ Advice during decision-making progress

➤ Dissemination of Information, Workshops and Publications “Blueprint book”



PoA Support Center

Further activities: PoA Pipeline - PoA Support Center



PoA Pipeline Start of 2012

(40 projects)

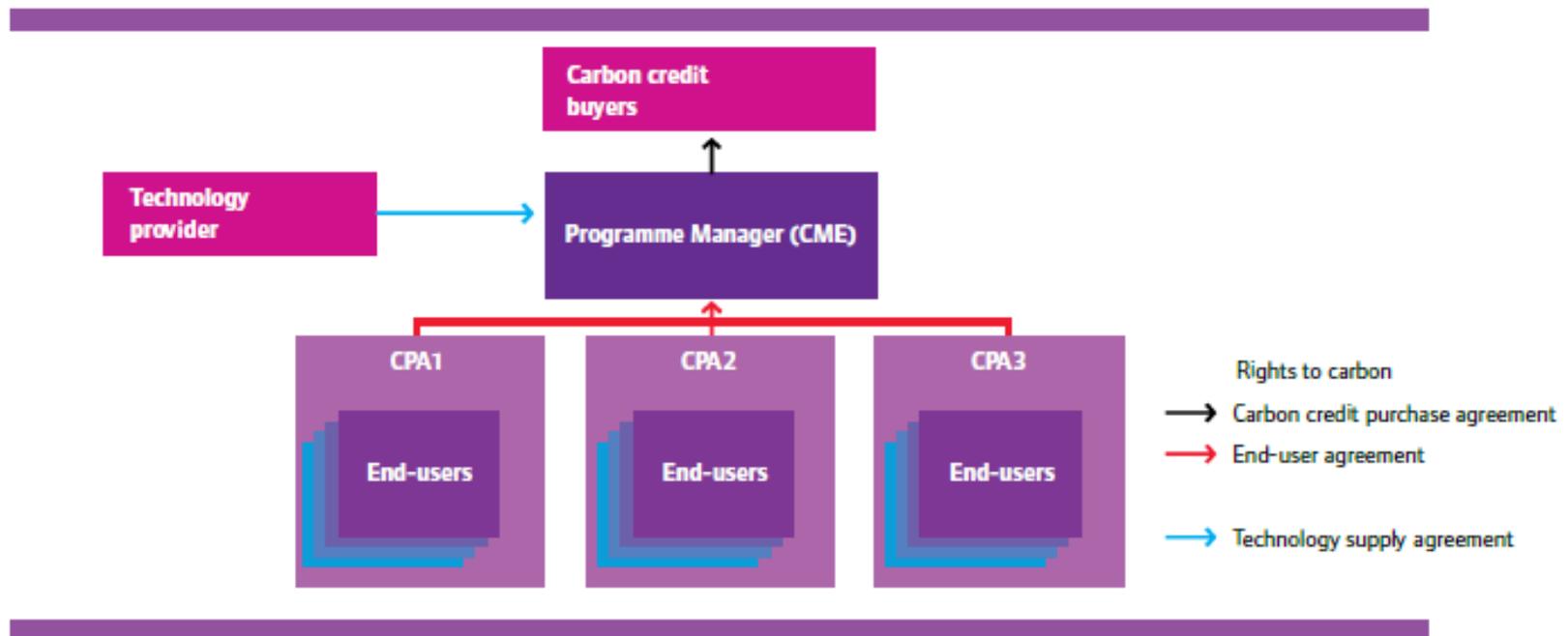
Sector	Region	Operator (CE)
Energy Efficiency in Buildings	Poland, Estonia, Israel	Banks + Public Supply Company
Energy Efficiency in SMEs	Poland, India	Banks
Household Stoves Biogas	Nigeria, Mexico, Ethiopia China, India, West Africa	NGO, Banks Public Institutions
Renewable Energy (Solar Water Heater / Mini Hydro)	South Africa, Central America, Philippines, Nepal Vietnam, East Africa, Kenya	Banks Private companies

- **Founded as a non-profit foundation in December 2012**
- **Established by KfW on behalf of the German Ministry for Environment (BMU)**
- **Current volume: 10 Mio. €, provided by the International Climate Initiative of BMU**
- **Purpose of the foundation:**
 - a) Advance Payments for PoAs
 - b) Promotion of the PoA concept
 - c) Guidance for governments regarding PoAs and climate protection
- **Current status:**
 - Organizational set-up ongoing: First meetings of management board and advisory board held.
 - Target: Start of evaluation of PoAs in 2nd quarter 2012

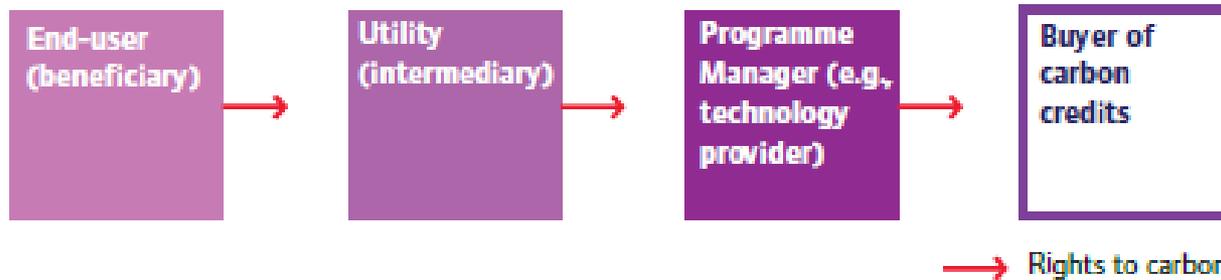
The role of a CME



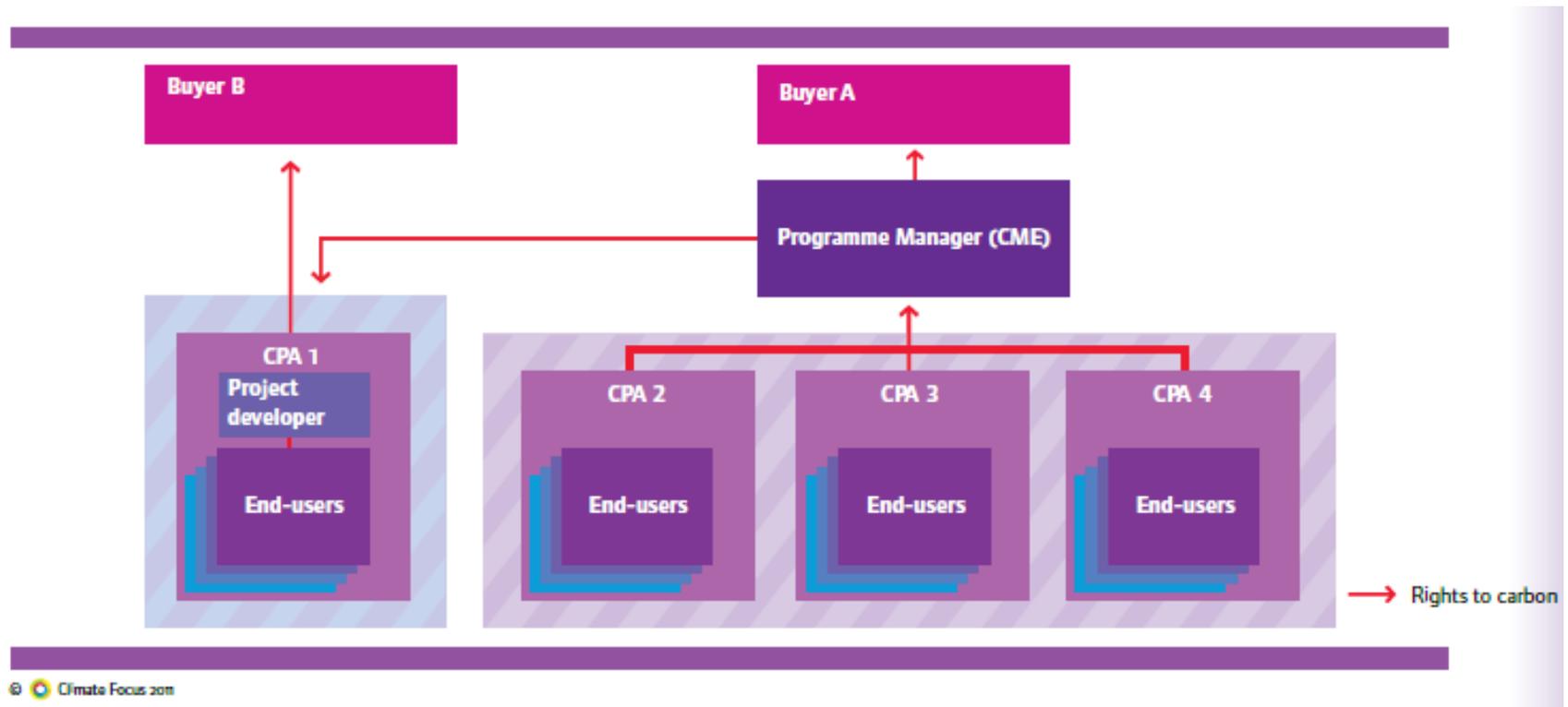
- There are different options for the relationship between CME and CPA
 - The CME is also the CPA implementer



- The CPAs are managed by third parties but the ownership of the CERs is transferred to the CME.



- The CPAs are managed by third parties and the ownership of the CERs stays with the CPA developer



Along with regular contractual provisions, the agreement (contract) will contain the following elements:

- a clear reference to the programme;
- an acknowledgement of voluntary participation;
- an unequivocal statement regarding the transfer of carbon rights;
- a provision to prevent the same household or unit from participating in different emission reductions programmes covering the same emissions (which could lead to double-counting of emission reductions)
- a provision requiring the end-user to use the relevant equipment correctly and not interfere with its operation
- a provision in which end users agree to facilitate any monitoring requirements in the PoA-DD, such as admitting DOEs for periodic inspections of equipment;
- a provision whereby CPAs can be removed from the PoA in case of non-compliance.

Example clause for end-user agreement – title to Emission Reductions

“The [name of the end-user] fully understands and agrees that, by accepting to participate in the [title or reference to the programme], he or she will transfer all rights associated with the climatic benefits arising from the [name or reference to the programme], including the full ownership rights in and to any [Verified/Certified etc] Emission Reductions, to [name of the CME or intermediary].”

Thank you for your attention

Contact



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