

New IFC Delivery Guarantee to Boost Returns for Carbon Credits in India, Sub-Saharan Africa

Signed a deal for 850,000 carbon credits from Rain CII Carbon (India) Limited in India - Agreement covers up to 900,000 carbon credits from Omnia in South Africa

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IFC, a member of the World Bank Group, has signed its first carbon delivery guarantee agreements in India and Sub-Saharan Africa. The new carbon finance product is expected to give companies selling carbon credits the chance to access a wider range of potential buyers by mitigating country and project risk, and it therefore helps to boost the carbon market in these regions.

In India, IFC signed a deal for 850,000 carbon credits from Rain CII Carbon (India) Limited (formerly Rain Calcining Limited), an IFC client for over 15 years and now the largest merchant of calcined coke in the world with production in India and the United States. In South Africa, IFC's agreement covers up to 900,000 carbon credits from Omnia, one of the country's leading fertilizer producers.

Under the new carbon delivery guarantee, IFC facilitates delivery of carbon credits from companies in developing countries to buyers in developed countries. IFC acts as an intermediary, selling companies' credits in the market and passing an attractive price back to the projects. Clients profit from IFC's AAA credit rating by gaining access to markets and benefit from full price transparency. For buyers in developed countries, IFC also eliminates the risk of not receiving the promised carbon credits.

'IFC is in a unique position to help clients maximize the benefits of the carbon credit market, given our experience in the carbon market and our financial strength,' said **IFC Executive Vice President and CEO Lars Thunell**. 'We are eager to work with companies in developing countries who want to undertake climate friendly projects and commercialize carbon assets.'

Under the Clean Development Mechanism of the Kyoto Protocol, companies in developing countries can qualify to sell carbon credits, known as Certified Emission Reductions, in global commodity markets when they reduce their output of environmentally harmful substances. The process aims to decouple economic growth from an increase in the greenhouse gases that cause global warming.

IFC is actively pursuing carbon delivery guarantee deals throughout the developing world. In Rain's case, the Indian company used IFC financing to install waste heat recovery facilities that help eliminate its dependence on fossil fuels for power generation and generate carbon credits as a result.

Omnia's emission reductions will come from a nitrous oxide destruction facility that will significantly reduce emissions. Nitrous dioxide and other greenhouse gases are considered the leading cause of global climate change.

IFC has been active in the carbon market since 2002, largely through the IFC-Netherlands Carbon Facility and the Netherlands European Carbon Facility. IFC purchases emissions reductions in developing countries on behalf of the Dutch government, which, in turn, uses the emissions

reductions to comply with its Kyoto Protocol commitment.

The new carbon delivery guarantee is an integral part of IFC's climate change strategy, through which IFC helps its clients maximize their potential for clean energy, including by generating carbon credits.

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About IFC

IFC, a member of the World Bank Group, fosters sustainable economic growth in developing countries by financing private sector investment, mobilizing private capital in local and international financial markets, and providing advisory and risk mitigation services to businesses and governments. IFC's vision is that people should have the opportunity to escape poverty and improve their lives. In FY07, IFC committed \$8.2 billion and mobilized an additional \$3.9 billion through syndications and structured finance for 299 investments in 69 developing countries. IFC also provided advisory services in 97 countries. For more information, visit www.ifc.org.

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