

CDM

A Banker's point of view

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What needs an EBRD Banker?

- A good project in a good sector with a good Sponsor
- A good sector for CDM: energy efficiency and renewable energy
- A good project: criteria of bankability and cash flow
- A good Sponsor: experience and commitment



CDM as a tool to improve financials

- CDM will not make a project good...
- ... but can make a project better.
 - Incentive for completion
 - Incentive for operating
 - Improved creditworthiness



CDM to decrease Project's risk

- Risk shift: from collection to implementation
- CER's is a low risk product
- Still a need to deliver CERs: operational risk, but not related to tariff but to volume
- “Hard currency” revenue in a Dram's world
- Transparent system of verification and payment
- Low and fixed verification (operating) costs



CDM component – ideal vs. reality

- An ideal case: 100% carbon financing
 - From Company risk to Project implementation risk
 - Cases where CDM can cover 100% of a loan
 - They do exist: azot, cement factories
- The reality
 - 15% / 20% of the Debt Service covered by CDM
 - Still a means to decrease the risk, hence interest rate
- The case for a loan: discounted up-front carbon credits vs. loan



CDM as a multi-sector product

- Electricity generation
- Energy efficiency
- General industries ■
- Gas transit
- Water and municipal waste sector

