



Attractive Loan Conditions for Renewable Energy Projects

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The presentation is about....

-who we are
-what do we do in the area of Renewables
-some Objectives in the Energy Sector
-and, off course, Financing Possibilities, like
 - Concessionary Financing,
 - Special Facility for Renewable Energy and Energy Efficiency (“4 E“),
 - Private Sector Financing via DEG,
 - Export and Project Finance via IPEX
-as well as on Innovative Instruments, like the
 - KfW Carbon Fund

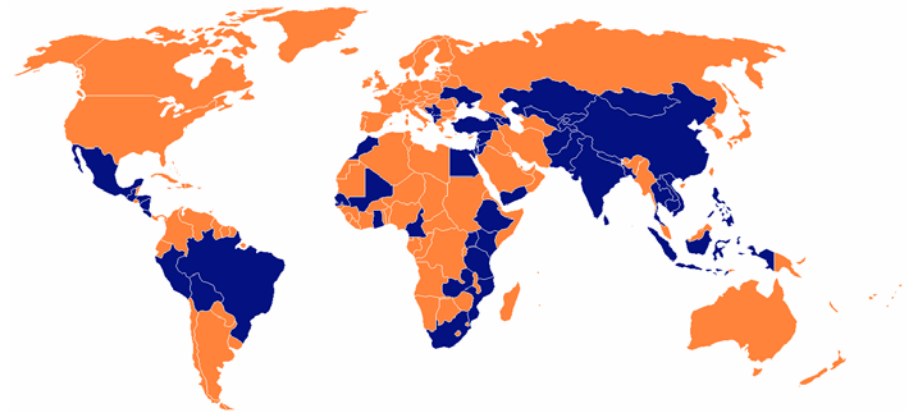


KfW banking group

Who we are and where we are:



- Promotional bank of the Federal Republic of Germany.
- Some 50 offices worldwide
- Headquarters: Frankfurt am Main; Branch offices: Berlin and Bonn.
- Balance sheet total (2005): EUR 341 billion.
- Employees (2005): 3,700.
- KfW bonds have been assigned the highest rating by Standard & Poor's, Moody's and Fitch Ratings.



KfW Development Bank - Renewable Energy Portfolio and Examples



Total Renewable Commitment (2001-2005): EURO 780 million (50 % of total Energy Commitment), trend rising

Examples

- **Windparks** e.g. Egypt (4 projects 160 MW, new windpark under preparation), Morocco (3 projects 205 MW)
- **Geothermal power plant:** Kenya (Olkaria) (170 MW)
- **Biogas power plant:** Turkey (4 MW)
- **Hydro power projects** in various countries, e.g. Egypt (construction / modernisation 2,200 MW), Morocco (construction / modernisation 340 MW)
- **Solar power** South Africa (SHS 30,000 kits), Morocco (SHS 53,000 kits), China (hybrid systems with mini grid)

Some Objectives in the Energy Sector



- **Increase efficiency in all stages of generation, transmission and distribution of energy, as well as rational use**
- **To achieve this provide a level playing field (no subsidies to fossil fuels) and charge tariffs which cover costs (consumer pays principle)**
- **To achieve social objectives provide only clearly targeted subsidies to poor consumers for improved access; do not subsidize consumption**
- **Use renewable energy technologies whenever possible and affordable**
- **Use less polluting and carbon-intensive energy sources: fuel substitution**



Financing from KfW Group

1. Concessionary Financing



- Financial cooperation (soft loans or grants from German Government budget / BMZ)
- Study & Expert Fund for preparatory activities (grant)
- Development loans with interest rates below commercial rates (ODA-financing)
- Special Fund for Renewable Energy and Energy Efficiency (interest subsidized loan)
- Cooperation with German Technical co-operation (GTZ) and bi- and multilateral financial institutions (attractive package solutions)



Financing from KfW Group

2. Special Facility for Renewable Energies and Energy Efficiency



- **Means**

- EUR 500 million on behalf of German Government from 2005 to 2009
- Loans with subsidized interest rates

- **Eligibility**

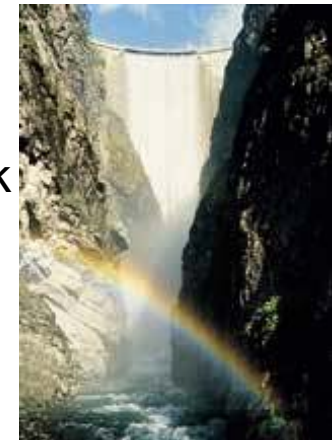
- Projects using renewable energy sources (no restrictions)
- Projects with significant efficiency improvements

- **General Conditions**

- Term of up to 10 years and grace period of up to 3 years
- Interest rate depending on type of project and country risk
- Government Guarantee required
- International competitive bidding for goods and services

- **Status**

- Already commitments for 5 Projects (e.g. Morocco)
- Further projects in the pipeline



Financing from KfW Group

3. DEG - Partner of the private sector



- **Goals:**
 - establishing and expanding private-sector structures in developing and reforming countries
 - setting the basis for sustainable economic growth
 - durably improving the quality of life of the people in developing countries
- **Areas of promotion:**
 - profitable, sustainable and effective projects in all economic sectors (agriculture, manufacturing, services, infrastructure)
 - investments in local financial market to provide reliable access to capital in the countries
- **Forms of financing:** long-term loans, mezzanine finance, equity participations, guarantees

Financing from KfW Group

4. KfW IPEX-Bank



Services

- International project and corporate finance as well as trade and export finance.

Financing products:

- Export Finance, Project Finance, Structured Finance, Acquisition Finance, Corporate Finance, Trade Finance

Examples

- ECA-covered local currency project finance for the first private Wind Power Project (**Taiwan**)
- Wind power project finance (**GB, Italy, Spain, USA**)
- ECA-covered export loans for biomass plants (**Brazil**)



Innovative Instruments

KfW Carbon Fund



- **Volume:**
 - EUR 90 million
- **Purpose:**
 - Provide a service instrument for German and European enterprises wanting to use project-based certificates for compliance purposes under EU-Emissions Trading System.
 - Revenue source for renewable energy projects in Dev. Countries
- **Project acquisition**
 - Present status: about 150 project proposals received
 - 20 projects pre-qualified,
 - offered volume 15 million tons CO₂ equivalents
 - Three purchase agreements concluded, two more in final stage
 - Conclusion of all purchase agreements for first tranche until mid 2007

Get in touch with us – www.kfw.de



Thank you for your attention !

Further Information:

www.kfw.de

www.kfw-entwicklungsbank.de

www.deginvest.de

www.kfw.de/carbonfund

