

Small scale – BIG deal

Many small-scale projects can benefit local communities as well as abate **greenhouse gas** emissions. Carbon assets with sustainable development attributes have the opportunity to command a premium in the market. The Fund therefore uses this opportunity to **link** small-scale projects that promote sustainable livelihoods, with carbon finance.

Evening the odds

The World Bank is committed to supporting least developed countries, poorer communities, and small and medium-scale enterprises (SMEs) in all developing countries that are likely to be bypassed by carbon investors, because of higher risk and higher transaction costs.

Combining efforts

By **streamlining** procedures and working through local **intermediaries** such as banks, micro-credit organizations, and NGOs, the Fund seeks to lower transaction costs and risks in developing and financing small-scale projects. Contracted prices for emission reductions are currently expected to fall in the range of \$3.50-\$5.50 per ton of carbon dioxide equivalent.

Advisory Group

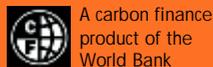
An advisory group comprised of people external to the World Bank, will monitor and report publicly on the performance of the Fund in achieving its objectives.



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Community Development Carbon Fund

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*Carbon
 with a
 human
 face*



The Community Development Carbon Fund (CDCF) is a public-private partnership which purchases emission reductions (ERs) from small-scale projects which seek to improve the livelihoods of local communities as well as to generate emission reductions.

The World Bank, in collaboration with the International Emissions Trading Association (IETA), and the UN Climate Change Secretariat launched the CDCF to provide carbon finance to small-scale projects in the least-developed countries (LDCs), and poorer areas of the developing world.

Development + Carbon

Participants in the Fund support **projects** that measurably **benefit** the **poor** and receive in return verified emission reductions (ERs). These 'Development + Carbon' ERs are likely to be recognized under most emerging global, regional, and



national greenhouse gas emission reduction programs. They are expected to be among the most attractive forms of "hard currency" on the global carbon market.

World Bank Trust

The Fund will be a **public-private** initiative established as a trust fund, similar to the Prototype Carbon Fund (PCF), and will be administered by the World Bank. The target size for the first tranche of the Fund is US\$100 million and is expected to close by mid-July 2004. The minimum contribution for the first tranche is US\$2.5 million for private sector Participants and US\$5 million for public sector Participants, with an annual draw-down schedule.

Capacity Building

The Fund **mobilizes** resources from donors to support technical assistance and project preparation.



POTENTIAL PROJECTS

Energy Services: Micro-hydro developed by an NGO provides electricity for small community agricultural cooperatives.

Electricity from Agricultural Waste: Power plant uses crop wastes such as empty palm oil fruit bunches, sugar cane bagasse and rice husks as fuel.

Combined Wind and Mini-hydropower: Local utility using wind turbines and run-of-river hydropower provides energy services to unserved customers, and supports local manufacturing enterprises that can only survive with reliable and cost-effective power.

Urban Landfill Gas: Towns capture methane gas for electric power or industrial uses to mitigate environmental impacts of open-dump sites and improve the welfare of surrounding communities.

This information is being provided to you for illustration purposes only and is incomplete and subject to change without notice. This information does not constitute an offer of any of the products or transactions described herein.

FUND BENEFITS TO PARTICIPANTS

All Participants

- For their contribution, Participants are entitled to emission reductions as well as measurable community development benefits. In addition, Participants have the opportunity to demonstrate support for sustainable development, diversify their ER portfolios, and learn about creating and bundling carbon assets.

Private Sector & Corporate

- Companies can obtain ERs, advance their corporate responsibility agendas, learn about carbon market instruments, and potentially gain a competitive advantage.
- Emissions brokers have the opportunity to receive a supply of high quality, relatively low regulatory risk ERs for their retail businesses, particularly if they are purchasing for socially responsible buyers.



Public Sector and Public Interest

- National, state, and local governments have the opportunity to access a robust portfolio of ERs to back-stop their climate commitments.
- Technical assistance provided by governments, foundations, NGOs, and the World Bank gives the opportunity to leverage private investment to help equitably distribute the benefits of carbon finance.

FUND BENEFITS TO HOST COUNTRIES AND COMMUNITIES

Financial Resources

- The Fund leverages and directs carbon finance to projects that benefit poorer communities and small and medium-scale enterprises (SMEs).

Technology

- Host countries and communities have the opportunity to implement cleaner technologies and create opportunities to reduce poverty.

Implementation Capacity

- Local communities, SMEs, and other organizations build capacity to bundle small transactions to lower market entry barriers and costs.



Key Steps

The Fund was announced in September 2002 at the World Summit on Sustainable Development in Johannesburg (WSSD) and became operational in July 2003 with initial contributions of almost \$30 million.

Further information on participation in the Fund is available at www.carbonfinance.org.

Photos: The World Bank

