Carbon Finance Support Facility: 
LANDBANK Experience in CDM PoA Development

MR. PRUDENCIO E. CALADO III
Department Manager
Environmental Program and Management Department

THIRD WORKSHOP ON ENHANCING THE REGIONAL DISTRIBUTION OF CDM PROJECTS IN ASIA AND THE PACIFIC
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OUTLINE

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II. Carbon Finance Support Facility (CFSF)
III. CDM Programs of Activities under CFSF
   - Animal Waste-to-Energy projects
   - Landfill Gas-to-Energy projects
   - Mini-Hydro projects
IV. Experiences, Challenges and Lessons
V. Way Forward
LANDBANK’S PROFILE

Ownership
100% National Government
Principal depository of the Philippine government

CAMELS Rating
4

Industry Ranking
4th largest bank in the Philippines

Asset Size:
PhP 640.3B OR ~ US$ 15.2B

Reach and Network
329 Branches/Bank Units and 962 ATMs

International Standard Certifications
ISO 14001:2004 Environmental Management System (EMS)
ISO 9001:2000 Quality Management System (QMS)

LANDBANK’s Core Business Goals and Corporate Environmental Policy

Pursuing the mandate as a countryside development financial institution

Providing quality customer service and products as a financial service company

INSTITUTIONAL VIABILITY
Ensuring long-term institutional stability and viability as a universal bank
Financing Facilities for Renewable Energy Projects

**Project Preparation Fund (PPF) Program**
Assist Renewable Energy (RE) project developers in paying for the high cost of project preparation activities

**Renewable Energy for Wiser and Accelerated Resources Development (REWARD)**
Promote the development of alternative fuel/energy sources of renewable energy and financial assistance to entities that will engage in RE projects.

**Support for Strategic Local Development and Investment Project (S2LDIP)**
Provide local infrastructure services for Local Government Units (LGUs) and public utilities and private operators

**Other Internal funding/Special Financing Programs for environment-related projects**

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**LANDBANK RE Loan Portfolio**
(as of March 2012)

- **Biomass**
  - PhP 581,606M
  - 42%
- **Biofuel**
  - PhP 501,421M
  - 37%
- **Hydro**
  - PhP 290,425M
  - 21%

Total: PhP 1.37 B
Or US$ 32.70 M
**Carbon Finance Support Facility (CFSF)**

**CFSF Objective:**
To promote climate change-mitigating activities to the clients by providing financing and other services within the context of Clean Development Mechanism (CDM).

LANDBANK, as the Coordinating and Managing Entity (C/ME) for the PoAs, conducts due diligence activities, facilitates DNA endorsement, provides support and assistance on CDM documentation, verification and monitoring, among others.

**LANDBANK CDM Programs of Activity (PoAs)**
- Landfill Gas Recovery and Combustion from Sanitary Landfill Sites
- Philippines Mini-Hydro PoA
- Landfill Gas Recovery and Combustion from Sanitary Landfill Sites

**Clients’ benefits from joining the PoA:**
- Additional income from the sales of the CERs
- Lower CDM transaction costs
- Simplified CDM documentation, validation and verification processes
- Cleaner production/compliance to environmental laws and regulations
- Supportive to the sustainable development of the project
- Possible recipient of technical and capacity building assistance
**CFSF Framework / Programmatic Approach**

- **Carbon Buyer**
- **Certified Emission Reduction (CER)**
- **Emission Reduction Purchase Agreement (ERPA)**
- **LANDBANK as PoA's CDM Coordinating/Managing Entity**
- **Technical Assistance**
- **Multilateral / Bilateral Partners**

**MOA and Sub-project Agreement**

- **CDM Program Activity (CPA)**
  - CPA 1
  - CPA 2
  - CPA ...
  - CPA ...
  - CPA (n)

**LANDBANK as PoA's CDM Coordinating/Managing Entity**

**PoA for Animal Waste-to-Energy Project**

- **PoA Title:**

- **Methodologies Used:**
  - AMS III.D v.17
  - AMS I.F v.2

- **1st CPA:**
  - Project Name: Marcela Farms
  - Capacity: 4,100 sow level
  - Location: Lourdes, Cortes, Bohol
  - Est. CERs: 23,105 tCO2e/yr (7 yrs)

- **Carbon Buyer:**
  - WB (as Trustee of Spanish Carbon Fund)
POA for Animal Waste-to-Energy Project

Status
- Submitted to CDM Executive Board with request for registration

POA for Landfill Gas-to-Energy Project

PoA Title:

Methodology Used:
- ACM0001 v.11

1st CPA:
- Project Name: VGPuyat Bulacan Engineered Sanitary Landfill
- Capacity: Max. waste receiving rate of 4,958 MT/day
- Location: City of San Jose del Monte, Bulacan
- Est. CERs: 4.5M tCO2e for 10 years
- CPA Implementer: VGPuyat Group, Inc.

Carbon Buyer:
- WB (as Trustee of Spanish Carbon Fund)
POA for Landfill Gas-to-Energy Project

- Status
  - Secured Letters of Approval from Philippines and Spain DNAs
  - Completed technical review by the DOE
  - For submission to UNFCCC for registration

POA Mini-Hydro Projects

- PoA Title:
  - Philippines Mini-hydro POA
- Methodology Used:
  - AMS I.D v.17 (Grid-connected renewable energy generation)
- 1st CPA:
  - Project Name: Carit-an Mini-Hydropower Plant
  - Capacity: 0.84MW
  - Location: Barangay Abiera, Sebaste, Antique
  - Est. CERs: 2,094.58 tCO2e/yr (10 years)
  - CPA Implementer: Antique Electric Cooperative
- Carbon Buyer:
  - KfW of Germany
POA Mini-Hydro Projects

Status of the PoA
- Securing Letters of Approval from Philippines and Germany DNAs
- Currently under Technical Review of the DOE

Experiences/Challenges/Lessons

- Establishment of additionality at POA level
  - Availability of sectoral data/studies
  - Support of competent consultants/team

- Selection of the first CPA
  - Readiness to invest
  - Project timeline
  - Sharing of data and information
  - Willingness to conduct stakeholders consultation
  - Compliance with environmental laws and regulations

- Frequent changes in the approved methodology
Experiences / Challenges / Lessons

Selection of DOE
- Long queuing for the hiring of DOE
- Determine costs for validation, inclusion and verification activities
- Strict implementation of agreed timeline
- Quick turn-around time

On Animal Waste-to-Energy PoA
- Absence of standard design & technology for relatively small-scale projects
- Limitation of POA inclusion (300 sow level and up), excluding relatively smaller pig farms
Experiences / Challenges / Lessons

On Landfill Gas-to-Energy PoA

- Investment decision/financial viability vs. waste acceptance rate
- Project implementation/completion is dependent on the term of local executives

On Mini-Hydro PoA

- Long gestation period for project development
- High investment vs. relatively low ERs
- Approval of Feed-In Tariff rates as an investment decision
KEY SUCCESS FACTORS

- Management support
- Continuous capacity building for account officers and clients
- Strategic alliances with World Bank, KfW, GMI and other CDM partners
- Competent and dedicated core team
- Supportive DNA
- Working pilot project

Way Forward

- Strengthen in-house capability as Coordinating/Managing Entity of the PoA (e.g., monitoring of project implementation)
- Promotion of POAs in the lending programs of the Bank and in the country
- Continuous CDM capacity building for Bank’s account officers and clients
THANK YOU!

- Environmental Program and Management Department (EPMD)
  - 27th Floor, LANDBANK Plaza, 1598 M. H. del Pilar cor Dr. J. Quintos Sts., Malate Manila
  - Tel (+63-2) 405-7539, 405-7736
  - Fax (+63-2) 528-8484