

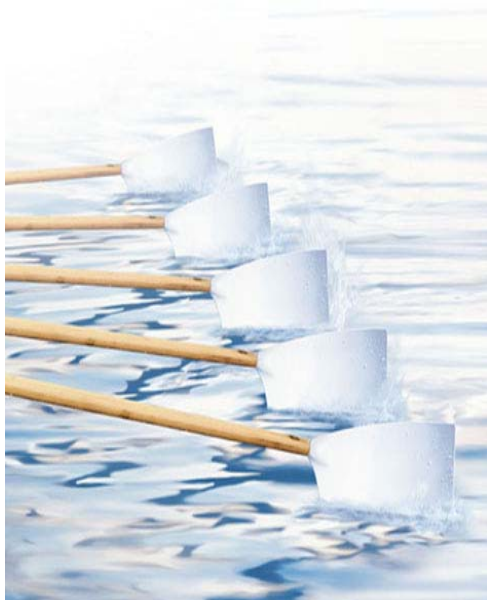
Mobilisation of Funds to Finance Environmental Projects

TSKB Conference

Istanbul, December 5, 2007

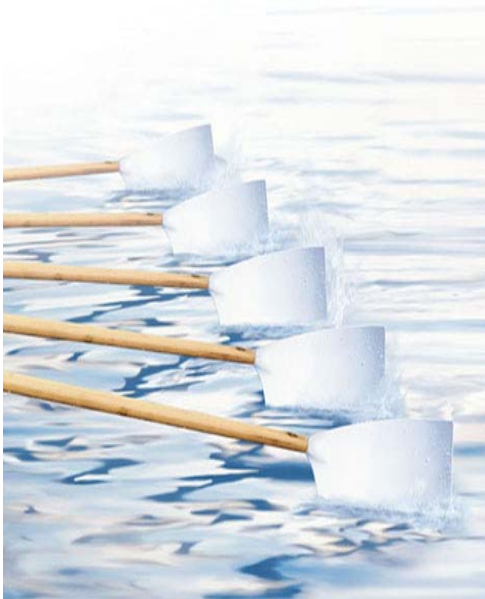
Melih Çadırcı
KfW Office Ankara

KfW Bankengruppe in brief



- Promotional bank of the Federal Republic of Germany
- Founded in 1948
- Shareholders: Federal Republic of Germany (80%), German federal states (20%)
- Headquarters: Frankfurt am Main; branch offices: Berlin and Bonn
- Representative offices: around 50 offices and representations worldwide
- Balance sheet total at end-2006: EUR 360 billion
- Average number of employees in 2006: 3,600
- Rating: AAA/Aaa/AAA.

A broad mission



- We give impetuses to the economy, politics and society.
- We finance investments in Germany.
- We provide international project and export finance.
- We provide support for developing countries.
- We perform tasks and services on behalf of the German government. KfW Bankengruppe is an adviser to the government.
- We raise funds on the international capital markets.
- Five strong brands stand for the expertise and experience of KfW Bankengruppe.

Brand structure



Promotion of housing,
environment and
climate protection, education,
infrastructure, social issues



Promotion of SMEs,
business founders,
start-ups



International project and
export finance



Promotion of developing
and transition countries



Turkey Portfolio of KfW Bankengruppe



EUR 4,1 bn



EUR 3,9 bn



EUR 0,3 Mrd



Total Commitment of KfW Bankengruppe: EUR 8,3 billion

Financial Cooperation with the Republic of Turkey



- **Focal Areas of Cooperation**

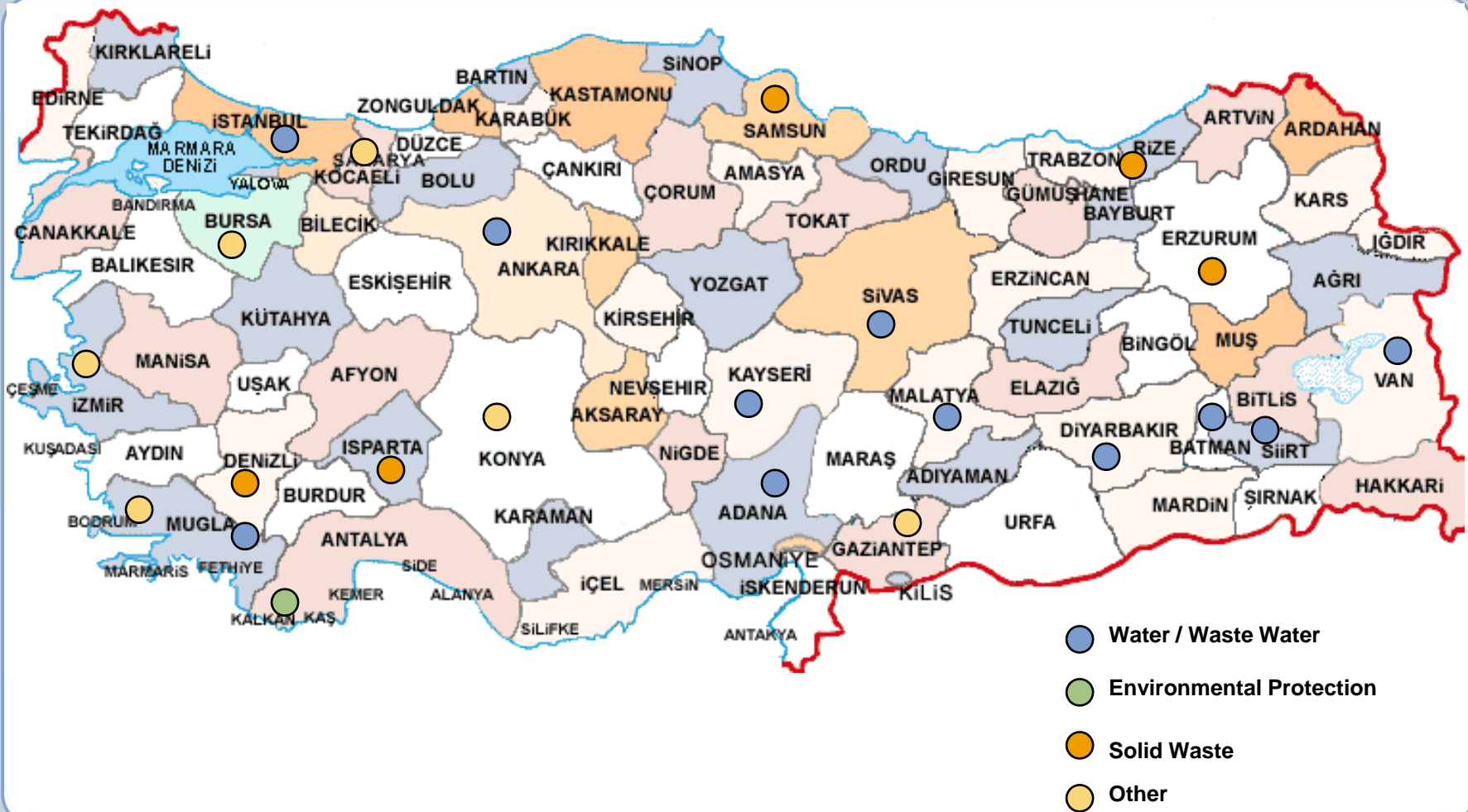
- *Finance Sector*

- SME-Promotion (*co-financed by EU/CEB*)
- Industrial Pollution Abatement
- Energy Efficiency and Renewable Energy (*planned*)

- *Municipal Infrastructure*

- Rehabilitation, Extension and Development of Infrastructure
- Water Supply and Waste Water (*co-financed by EIB*)
- Solid Waste
- Transport Infrastructure

Financial Cooperation with the Republic of Turkey





Environment

Policies and guidelines



- Policies
 - KfW law stipulating “environment” as one of it’s tasks
 - KfW banking group has signed the UNEP Finance Initiative
 - “KfW Statement on Environmental Protection and Sustainable Development” and “Environmental Principles of the KfW Group”
- Guidelines
 - KfW General Environmental Guideline
 - Environmental Guideline for investment finance
 - Environmental Guideline for export and project finance
 - Environmental Guideline for financial cooperation with developing countries
 - Environmental Guideline for the in-house environmental management



Environmental appraisal

Investment finance in Germany:

No own environmental appraisal due to

- high quality, comprehensive legal framework
- systematic implementation by Federal States
- number of single credits too high (> 100.000 p.a.)
- In other Europe, conformity with EU law has to be demonstrated

Environmental appraisal – II

Export and project financing: Environmental appraisal depending on

- quality of regulatory framework (OECD, EU, other countries)
- kind of goods and projects
- National standards apply (if missing or unsatisfactory; standards from Germany, EU or World Bank)

Development cooperation: Obligatory appraisal of all projects along common procedures. Presentation in appraisal report to Ministry.

Activities in Germany

- KfW engages in broad discussion with NGOs and in professional forum and also works together with environmental and nature conservation organisations on specific projects
- Design and implement climate protection fund to enable German enterprises to take part in emissions trading
- Support in founding and funding the German Energy Agency (energy efficiency and renewable energy)

Environmental Programmes in Germany



Programme	Development Goal
KfW Environmental Protection Programme	Industrial pollution control and climate protection investments of all kinds (projects at home and abroad)
ERP Environmental Protection & Energy Saving Programme	Contributes to generating and using energy efficiently, to making use of renewable sources of energy and to acquiring biogas-fired or natural gas-fired vehicles and gas pumps can be financed
100,000 Solar Roofs Power Programme	Installation of photovoltaic panels on buildings by private or commercial investors
Ecological Construction Programme	Financing package for the construction of Energy-Saving Houses and passive houses and for the installation of heating technologies on the basis renewable energy or saving energy.

Environmental Programmes in Germany



Programme	Development Goal
Programme to Promote Renewable Energies	Private or commercial investments for generating electricity and heat from biomass, biogas, hydropower and geothermal plants
KfW CO ₂ Reduction Programme	Individual measures for CO ₂ reduction and application of renewable energy in existing and new residential buildings, construction of low energy and passive houses
KfW CO ₂ Building Rehabilitation Programme	Particularly extensive packages of measures for energy savings and thus to reduce CO ₂ emissions in existing residential buildings

KfW Carbon Fund



Objective:

Cost-effective purchase of emission reduction credits or allowances for German/European enterprises

Target Group:

Enterprises in Germany and Europe

Volume:

EUR 84 million (closed as of Q1/06)

6 million emission certificates recognised by UN Climate Secretariat were acquired.

Special Facility for Renewable Energy and Energy Efficiency



- Announced by Mr. Chancellor Schröder in 2005 in Bonn at Kyoto Follow-up Conference
- Coverage: Developing and Transition Countries
- Period: 2005-2009
- Budget: EUR 500 Million
- Low interest rates
- Beneficiaries: State or parastatal organizations
- German Development Cooperation Guideline is applicable
- Supplies and services to be put out to international tender

Special Facility for Renewable Energy and Energy Efficiency (II)



Renewable Energy

Promotes investments in

- Wind farms
- Biomass use
- Biogas Plants
- Photovoltaic Systems
- Solar Thermal Energy
- Geothermal Power Plants
- Hydropower Plants

Energy Efficiency

Promotes investments in

- Efficiency improvements in electricity generation and reduction of losses in energy
- The use of district heat
- Combined heat and power
- Rational energy management
- Efficiency improvements in industrial and commercial end users.

Environmental projects in Turkey

Case 1: Erzurum Solid Waste



BEFORE

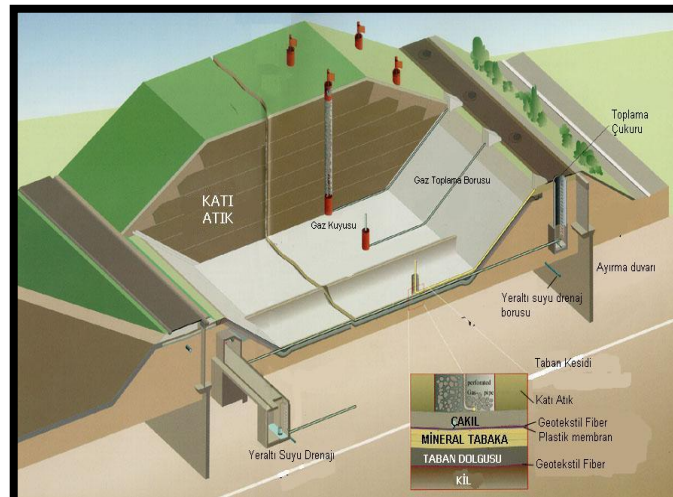


Environmental projects in Turkey

Case 1: Erzurum Solid Waste

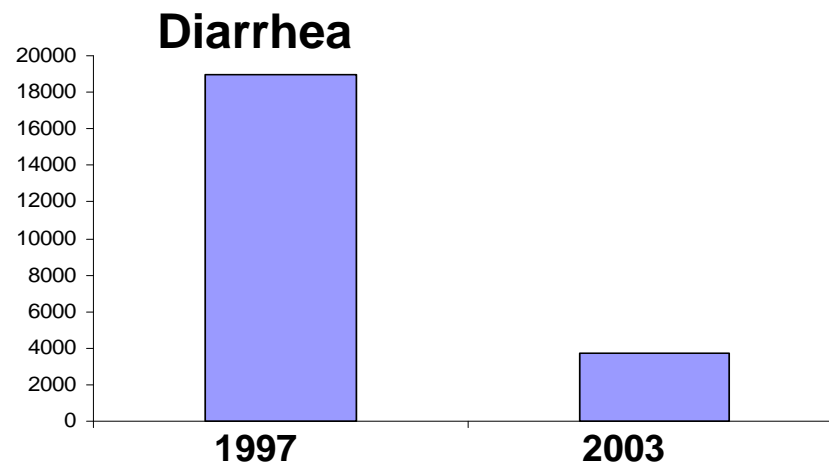
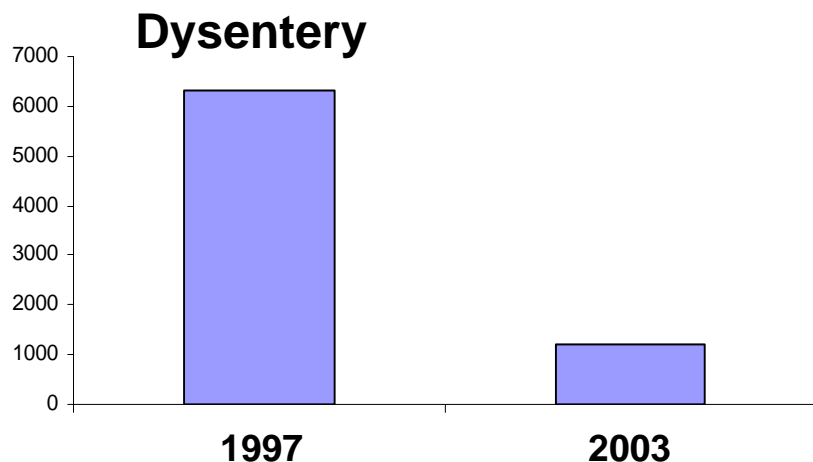
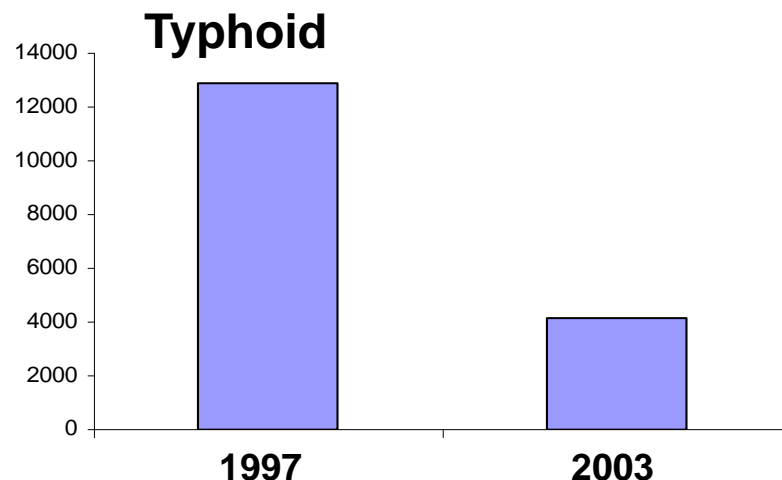
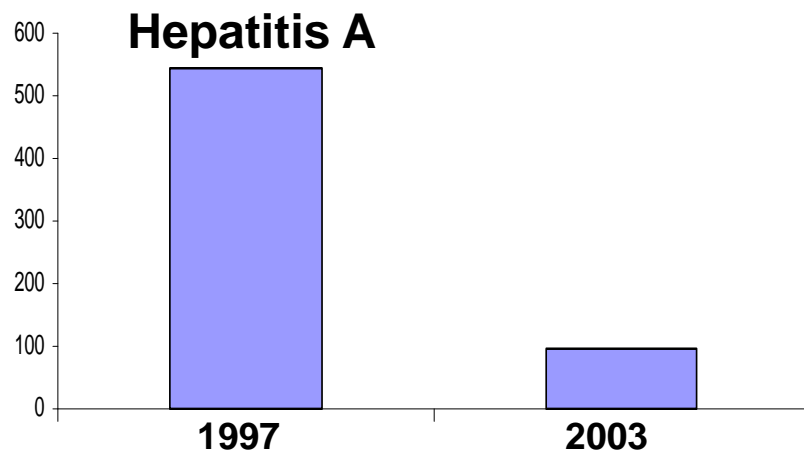


AFTER



Environmental projects in Turkey

Case 2: Water-related diseases in Diyarbakır



Environmental projects in Turkey

Case 3: Industrial Pollution Abatement Project (IPAP)



Objectives:

- Establishment of a credit line management concept with the objective of industrial pollution abatement within TSKB with accompanying implementation and monitoring policies, rules and procedures
- Training of TSKB staff for the assessment of projects
- Support of applicants; workshops on “Good Housekeeping”
- Serving as a model for the implementation of EIB’s complementary environmental credit line

AND

- Establishment of the Environmental Management System at TSKB.



Further Information



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