

CONTENTS

Page 1. INTERVIEW WITH NATALIA GARAVITO, HEAD OF CDM/JI ORIGINATION

Page 3. PROJECT: CARBON FOOTPRINT FOR WASTEWATER TREATMENT PLANTS IN CHINA

Page 4. CDM PROJECT OPPORTUNITIES: FOCUS ON BURKINA FASO

Page 5. CORPORATE NEWS



Natalia Garavito

Joined Carbonium as CDM Originator for Latin America in May 2009. Became Head of CDM/JI Origination in September 2010

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INTERVIEW WITH NATALIA GARAVITO HEAD OF CDM/JI ORIGINATION AT CARBONIUM

How would you describe your activities in dealing with project owners in Latin America and what are your main tasks?

As a native from Colombia, I have the advantage of understanding Latin American culture. This point is important in establishing and maintaining the contact with CDM Project Owners. Also, my studies and professional experience in Latin America, England, Spain and France allow me to engage international clients and efficiently conclude business between Project Owners in Latin America and European compliance buyers.

The origination of a CDM project begins with identifying and establishing contacts. The first contact is key and my cultural insights and the company's reputation tip the scale. This is followed by the negotiation of a business partnership to obtain project information on which a first evaluation can be based on. We then intervene in the development of the CDM cycle if needed.

Once this agreement is concluded, I identify potential buyers according to the project profile. The identification of suitable buyers also requires knowledge of their point of view vis-à-vis preferences in technology and project size. This process includes financial and legal advisory as well as the due diligence for the buyer.

Can you describe your experiences in the negotiation of primary transactions? For instance, what are the concerns raised by the Project Owners and how do you help them find solutions?

The business culture in Latin America is quite different from the way European companies do business. What are usual procedures to European companies, non-disclosure agreements, term sheets etc., have another legal dimension in Latin American countries and take more time.

Therefore, it is a longer process to build trust between a project owner and a buyer during the first round of negotiation. Much is done via informal communication and demands a great deal of sensitivity to the client's concerns.

During this process, I provide advice regarding sales strategy and options. Clients need to sense reciprocity and professionalism. My approach presents these core principles and helps the client to understand the implications concerning uncertainty and risk aversion in the carbon market.

INTERVIEW WITH NATALIA GARAVITO *CONTINUED FROM PAGE 1***What is your perception of the evolution of the market in Latin America?**

To date, CDM projects in Latin America represent 16% of all projects worldwide (478 are registered and 406 are at validation). My daily contacts with the different CDM actors in Latin American countries contribute to a deep insight into carbon market trends, including CDM potential, the type of projects, legal and financial regulations, the multiple negotiation structures preferred by project developers and the visualization of important alliances and new opportunities with Latin American institutions.

We believe that there will be a market in Latin America, although we do not know its magnitude yet. For instance, we organized a Workshop during Latin American Carbon Forum in Santo Domingo, on October 14th, 2010, on the eligibility of Emissions Reductions in the European compliance market with a focus on the 2013-2020 period.

In which way do you think you contribute to the successful development of the CDM cycle?

Our added value is the support we give to project owners during the CDM cycle until the commercialization of CERs. We dedicate much time to explain the way the market is functioning to our clients. We also keep them posted on prices.

Furthermore we advise governments and multinational institutions on the challenges associated with strategies for sustainable development and GHG emission reduction. Another point is our company's global presence. We have offices in Asia, Eastern Europe, Africa, and, of course in Latin America. This helps to create trust through proximity.

With regard to your new responsibilities as Head of Origination, what will be your approach and which of your experiences gained in Latin America do you think can be applied to Eastern European, Asian or African countries?

First of all, some of these countries, in Central and Eastern Europe, are Annex I countries which host Joint Implementation projects. The difference lies within the eligibility of the projects which will add new criteria in the origination process. In general, different countries present different technological opportunities.

In Latin America, I focused on hydro- and windpower projects, whereas European and Asian countries present a shift in technology to energy efficiency or biogas. Also, national legislation with regard to quality standards determines a great part of a project's eligibility and the applicability of a methodology. I will have to adapt my project analysis to these changes.

As to the experience I gained in Latin America, it will no doubt help me to establish a good communication with the project owners. Communication, based on proficiency, plays an important role. The building of trust and mutual interest is crucial. I believe this can be adapted to my new scope.



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PROJECT: CARBON FOOTPRINT FOR **WASTEWATER TREATMENT PLANTS IN WUHAN, CHINA**

Wuhan is one of the biggest cities in China and situated in the province of Hubei. More than 9 million people live in the municipality of Wuhan and around 80 millions in its satellite towns. Wuhan lies at the intersection of the Han River with the Yangtze River and is surrounded by more than 100 lakes.

The impact of pollution on these water bodies would be terrible and their protection is a crucial activity in the maintenance of the global environment. To deal with water management issues, the Municipality of Wuhan plans to construct

30 wastewater treatment plants in the forthcoming years as part of a long-term strategy. Yet a major problem, common to all wastewater treatment plants, the final disposal of sludge from the treatment process presents an enormous challenge to the realization of this plan.

To find a solution to this problem, the municipality issued a request for a study on the management of 600 tonnes per day of sludge from 12 plants. Carbonium, as member of a consortium of French companies, presented its services with regard to the feasibility and the application of the Clean Development Mechanism (CDM). The mission consisted of three phases during which Carbonium evaluated the potential for the reduction of greenhouse gas emissions. A consultant was sent to Wuhan to visit the facilities and establish contacts to collect information on the carbon footprint. Based on this information and the technologies implemented in the 12 treatment plants, Carbonium identified emission sources within the treatment process and established scenarios for their reduction in line with the CDM. The consultant researched the CDM methodologies to match them with the scenarios and determined risks and their eligibility.

In the consortium's final report, Carbonium contributed the results of its evaluation of the carbon footprint and the eligibility of the wastewater treatment plants and the sludge treatment for the implementation of the CDM. Carbonium further explained the development of the CDM cycle and the institutions and organizational bodies implicated in this process.



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CDM PROJECT OPPORTUNITIES: FOCUS ON BURKINA FASO



Land-locked in Western Africa, Burkina Faso is today one of the least developed countries in the world and subject to scarce and unreliable rain fall. After establishing its GHG inventory in 1994, Burkina Faso hosted an Activity Implemented Jointly (AIJ) project in cooperation with the Government of Norway and the World Bank in 1997. The project consisted of forest management, carbonization technologies, improved cook stoves and the introduction of solar photovoltaic systems. In 2001, Burkina Faso submitted its Initial National Communication under the UNFCCC to meet requirements for membership to the Convention. It ratified the Kyoto Protocol in 2004 and set up its Designated National Authority in 2006.

Designated National Authority

Secrétariat Permanent du Conseil National pour l'Environnement et le Développement Durable (SP/ CONEDD)

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In spite of this positive development with regard to the implementation of the Kyoto Protocol's CDM, no projects have so far been developed in Burkina Faso. The composition of the country's economic sectors and their respective GHG emissions explain in what the implementation of approved technologies is difficult to execute. Of Burkina Faso's approximately 4.5 MtCO₂e per year, almost 80% originate from the primary sector (particularly from animal breeding). The secondary sector (mainly energy and waste) accounts for the rest.

This distribution of GHG emissions indicates the potential as well as the difficulty that CDM faces in Burkina Faso. Since agriculture is the country's largest GHG emitter, technologies need to be identified that can be adapted to the different branches. Methane recovery from manure management and its reuse for electricity production for example, has a potential of 148,000 tCO₂e per year.

July 2009, Ouagadougou, Roumdé stoves promotion, Project One woman, one stove, one tree, EdM - GTZ

© Entrepreneurs du Monde, courtesy Laetitia Raginel



A technology that has been highlighted in recent years is biochar which can be used as a substitute for wood in cook stoves as well as in agriculture to rebuild the soil's capacity as carbon sinks. Carbonium, in partnership with the NGO Entrepreneurs du Monde, is working on rocket stoves and energy efficiency. Such projects are suitable to many African countries where deforestation is an ever growing global problem. The secondary sector provides another

basis for CDM projects. As the 1997-AIJ project demonstrates, areas in the energy sector that are susceptible to receive CDM projects are energy industries and energy demand projects. Energy demand would predominantly occur in the change of combustibles in cook stoves while energy industries projects are probable in electrification by implementation of solar photovoltaic systems.

On a domestic level, the Burkina Faso DNA mandated Carbonium - Sud Conseil to estimate the emissions factors in several macroeconomic sectors (agriculture and energy).

In conclusion, the country offers what CDM aims at: the transfer of technology, sustainable development to reduce and mitigate the emission of GHG in the atmosphere. Carbonium believes Burkina Faso's problems need urgent attention and the development of CDM projects has the potential to solve them.

CORPORATE NEWS

Conferences



Carbonium organized a side-event about the eligibility of Emission Reductions in the EU compliance market with a focus on the third phase period 2013-2020 during the **Latin American Carbon Forum, October 14th, 2010 in Santo Domingo**. The side-event was moderated by Natalia Garavito.
<http://www.latincarbon.com>



Alexandre Borde spoke at the *CO₂ and You – GHG emissions and the business of carbon trading* conference of the **Australian Business in Europe (ABIE) association, October 6th, 2010 in Paris**.
<http://www.abie-france.com/index2.php?section=events&event=10>



During the **Premier Cercle** Conference entitled *Marché du carbone : nouvelle régulation, nouvelles perspectives*, **June 30th, 2010 in Paris**, Alexandre Borde spoke about the perspectives for the carbon market after 2012.
<http://www.premiercercle.com/index.php?item=event-details&action=program&ide=124>



Olivier Levallois presented Carbonium's upstream activities at the workshop on CDM and renewable energies organized by the **Korea Trade-Investment Promotion Agency (KOTRA), in Paris on June 11th, 2010**.
<http://www.kotra.fr>

Publications



Alexandre Borde was interviewed by the Prada Commission in March 2010 on the regulation of the compliance carbon markets. Subsequently, a report was presented by Michel Prada to the French Minister of Finance, Ms. Christine Lagarde on April 19th, 2010.
<http://www.minefe.gouv.fr/actus/10/100506rapport-prada.html>

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New Offices

Carbonium opened a representative office in Beijing, China, 15th June. The office is headed by Vincent Cornu.
<http://carbonium.fr/PDF/Carbonium%20-%20Press%20Release%20-%2020150610.pdf>

New Team Members

Alexis Poullain, Analyst, EU ETS market, Paris Office
 Marie Fromaget, Analyst, RECs market, Paris Office
 Pierre Barthez, Assistant, CDM Origination - Latin America, Paris Office
 Mao Ziwei, Assistant, Beijing Office

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