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LAND BANK OF THE PHILIPPINES: Program of Activities for Animal and Municipal Waste to Energy Project

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OUTLINE

I. Profiles

- Philippines**

- Land Bank of the Philippines**

II. Experience on CDM Program of Activities

III. The Way Forward

I. Profiles

Philippines

- 1. Located in Southeast Asia**
- 2. Land Area of 115,830 sq. miles**
- 3. Total Population of 92.2 Million**
- 4. GDP of US\$159 Billion**
- 5. Composed of 3 major islands such as Luzon, Visayas and Mindanao**
- 6. Capital - Manila**

Land Bank of the Philippines

- 1. 100% government-owned bank mandated to spur countryside development**
- 2. Single largest lender to:**
 - Small Farmers and Fisherfolk**
 - Cooperatives**
 - Rural Banks**
 - Local Government Units**
- 3. Principal government depository**

4. **With most extensive branch network**
 - **326 branches and extension offices**
 - **presence in 79 out of 81 provinces of the country**

5. **Among the top 4 Philippine commercial banks as of December 31, 2009 –**
 - **Deposits – US\$ 8.4 B**
 - **Assets – US\$ 10.8 B**
 - **Loans – US\$ 4.1 B**

- 6. Total Workforce of 8,055 as of December 31, 2009**

- 7. Conferred with ISO 14001:2004 certification for its Environmental Management System**

BUSINESS GOALS



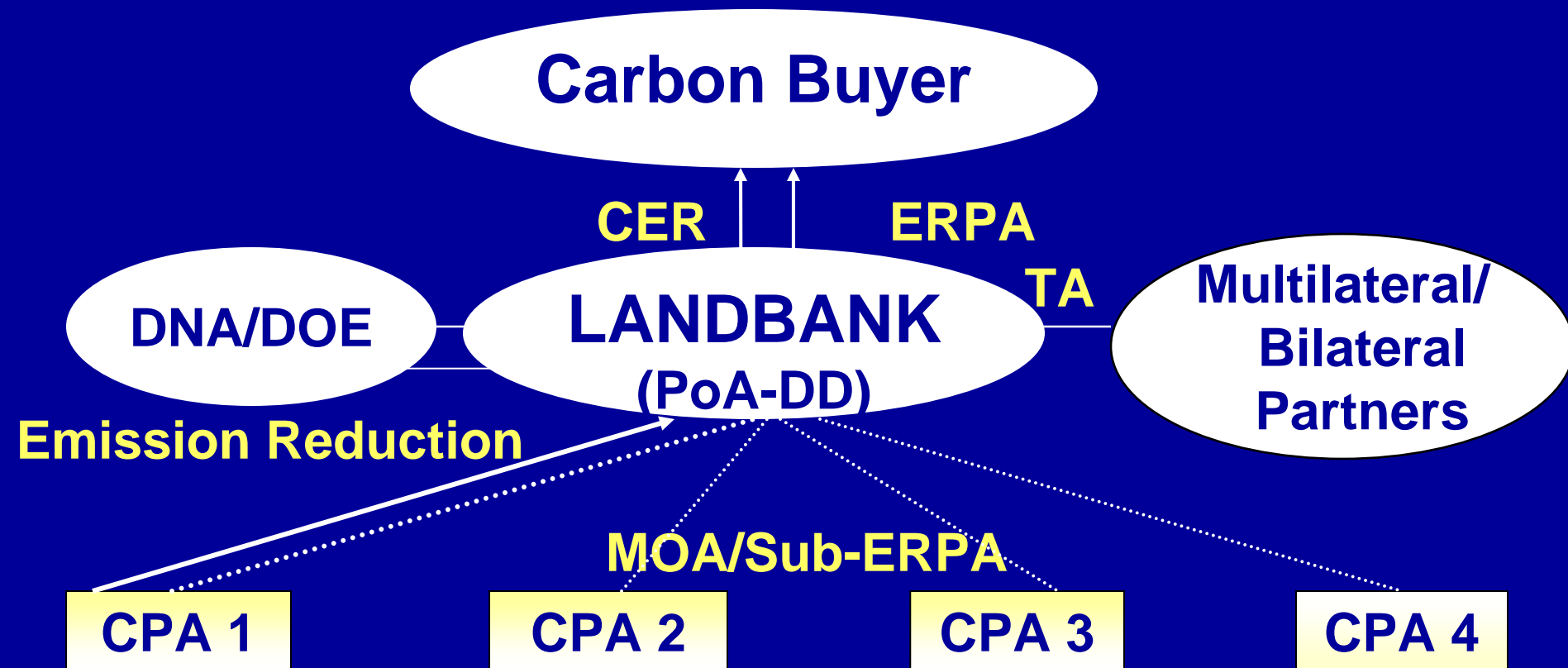
II. Experience on CDM

In November 2006, LANDBANK's Management Committee approved the establishment of the Carbon Finance Support Facility (CFSF)

CFSF Objectives:

1. To promote climate change-mitigating activities in the business operations of Bank's clients;
2. To provide financial assistance to CDM-eligible projects;
3. To assist clients in every step of the CDM project cycle; and
4. To bring down or pass on the upfront CDM transaction

LBP as CDM Intermediary/Coordinating Entity under the PoA



CDM Potentials:

- Mainstreamed financing of CDM projects in the Bank's lending programs
- Extended financial assistance to livestock farm owners in the amount of US\$70 Million.
- Extended US\$1.08 Million in loans to 4 LGUs for sanitary landfill projects.

- Signed/negotiated MOA for the intent to purchase/sell carbon credits from livestock and municipal waste treatment projects:
 - Two (2) Piggery projects with aggregate estimated Emission Reduction (ERs) of 27,000 tCO₂e per year
 - One (1) Landfill project with estimated ERs of 107,000 tCO₂e average for 3 years

CDM PoA Sub-Projects



***VGP Bulacan* Engineered Sanitary Landfill**

Waste Receiving Rate: ~2,000 MTPD
Estimated ERs: 187,000 tCO₂e/yr.

CDM PoA Sub-Projects



Marcela Farms

Location: Cortes, Bohol

No. of Heads: 36,000

Estimated ERs: 16,000 tCO₂e/yr.

CDM PoA Sub-Projects



Biotech Farms

Location: Banga, South Cotabato

No. of Heads: 19,000

Estimated ERs: 11,000 tCO₂e/yr.



- Granted US\$10.87 Million loan to the first CDM waste-to-energy power plant (Montalban Methane Power Corporation) in the Philippines.

Entering carbon market:

- Signed on January 14, 2010 an Emission Reductions Purchase Agreement with World Bank for the purchase of emission reductions from municipal waste management and livestock waste treatment projects for the first 250,000 CERs from the projects until 2013.

Barriers Encountered:

- Limited appreciation of local financial institutions / LANDBANK's account officers and clients on CDM and climate change-mitigation
- Issue on clients willingness to invest vs. certainties of carbon credits to be generated from the project
- Investment barriers such as high transaction and implementation costs of the small-scale CDM projects

Key Success Factors:

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

III. The Way Forward

- Pilot landfill gas-to-energy project
- Strengthen capacity building program for Bank's account officers and clients; and
- Develop complete financing package/ assistance for CDM projects from project inception to issuance of CERs with the assistance of bilateral and multilateral agencies
- Develop in-house capability as Coordinating/ Managing Entity of the PoA e.g., monitoring of project implementation

THANK YOU!

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