

IFC Supports Abatement of Greenhouse Gas Emissions in Ukraine

Economy. Kyiv. OREANDA-NEWS . On 11 February 2008 was announced, that IFC, a member of the World Bank Group, and ING Bank N.V. of the Netherlands signed an agreement to help reduce methane emissions in Ukraine. The agreement takes place under the Netherlands European Carbon Facility, a joint facility of the World Bank Group and the Dutch government. IFC will purchase up to 550,000 emission reduction units from ING, using the Dutch government's funds. The reductions will come from several projects in Ukraine. The Dutch government will then use the purchased emission reductions to comply with its commitment under the Joint Implementation Mechanism of the Kyoto Protocol.

The first project under the agreement is the Krasnodonugol coal mine, which has installed a system that uses clean-burning methane, rather than coal, in boilers, providing heat and hot water at the mine while reducing emissions. The project captures methane, which has a global warming potential of about 21 times that of carbon dioxide if released. Ukrainian law does not require such abatement of methane at coal mines. ING Wholesale Banking is working with several companies to help them monetize emission reductions from project activities.

Peter van Eijndhoven, Vice President of Emissions Products, ING Wholesale Banking, said, IFC and ING have a long-standing business relationship, and we are happy to expand this by working together on emission reduction projects. The success of this transaction can be attributed to the professionalism and knowledge of carbon market specialists at both organizations, as well as to ING Wholesale Banking's local presence and long-established client relationships in Ukraine. We expect that our expertise and local presence will lead to further emissions reduction opportunities in the region, and we will be happy to partner with IFC on these.

Vikram Widge, head of IFC's Carbon Finance Unit, said, Through this deal, we are supporting the reduction of dangerous coal mine methane emissions in Ukraine and creating a business case for transforming fugitive emissions into heat or power. We hope this will have a demonstration effect and that the business model will be replicated throughout the country."

IFC manages two carbon purchase facilities on behalf of the Dutch government. IFC also offers several financial products for the growing carbon market, including a carbon delivery guarantee for projects that generate emission reductions and loans against emission reduction purchase agreements.