



## CASE STUDY 29: INDIA – RAIN CII CARBON Ltd

<b>Barriers</b>	Under developed carbon market in developing countries
<b>Instrument</b>	Carbon Delivery Guarantee
<b>Application</b>	n/a
<b>Amount</b>	850,000 carbon credits

### PROJECT BACKGROUND AND OBJECTIVES

Carbon markets are important for mobilising financings needed to address the challenges of mitigating climate change. Carbon trading has grown significantly in the recent years, however, few products exist to optimise the value of carbon assets for developing country projects.

The Carbon Delivery Guarantee (CDG) is IFC's main financial carbon product. The CDG leverages the IFC's ability to take long-term risks in emerging markets, and benefits both buyers and sellers of carbon credits. The CDG supports climate-friendly projects in emerging markets.

### INSTRUMENTS USED

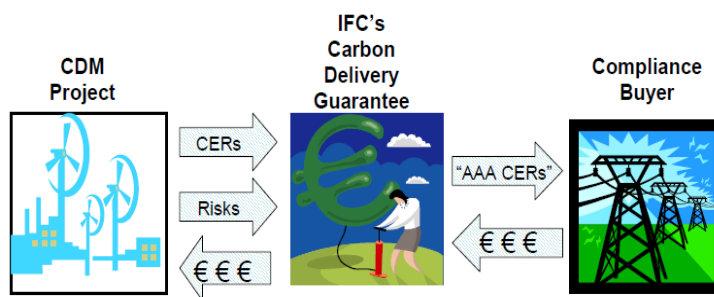
IFC on-sell Certified Emission Reductions (CERs) with a Delivery Guarantee to buyers who generally unwilling to take the emerging market project and credit risks. The pricing of the CERs are linked to traded carbon market.

### OUTCOMES

IFC signed a deal for 850,000 carbon credits from Rain CII Carbon, an IFC client for over 15 years and now the largest merchant of calcined coke in the world, with production in India and the United States. Rain's 50-megawatt waste heat recovery power plant will reduce Rain's dependence on fossil-fuel-based power generation from the grid in a country with power deficits.

### INSTITUTIONAL ARRANGEMENTS

The IFC acts as a value-added intermediary by selling credits from developing-country projects, such as Rain CII, into the secondary market at attractive prices, while eliminating the risk to buyers in developed countries of not receiving the credits and lowering their risk-adjusted cost of complying with GHG emission-reduction requirements. IFC discloses prices obtained from buyers and does not trade CERs. IFC only earns a pre-agreed spread.



### Further reading

IFC, IFC's Carbon Delivery Guarantee, 2010 – click [here](#) and [here](#)

