

# CDM in Brazil:

## A survey on the productive sector

November, 2006

Side Event at the  
United Nations Climate  
Change Conference

Gigiri, Nairobi, Kenya



# Brazilian CDM Survey

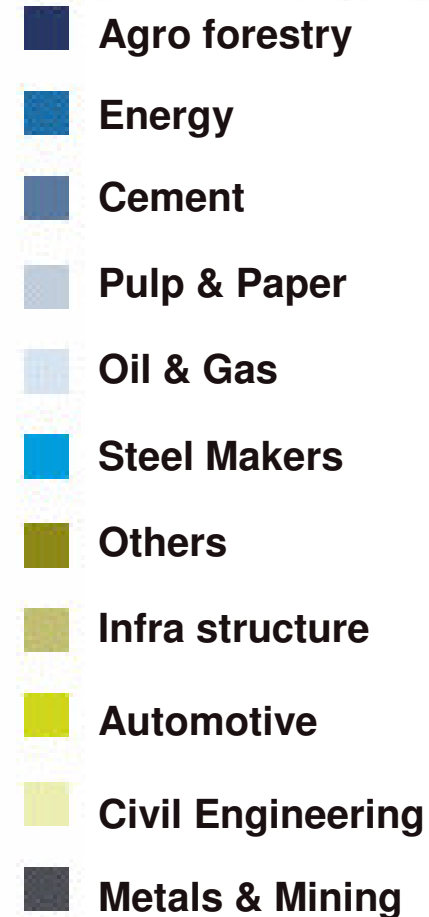
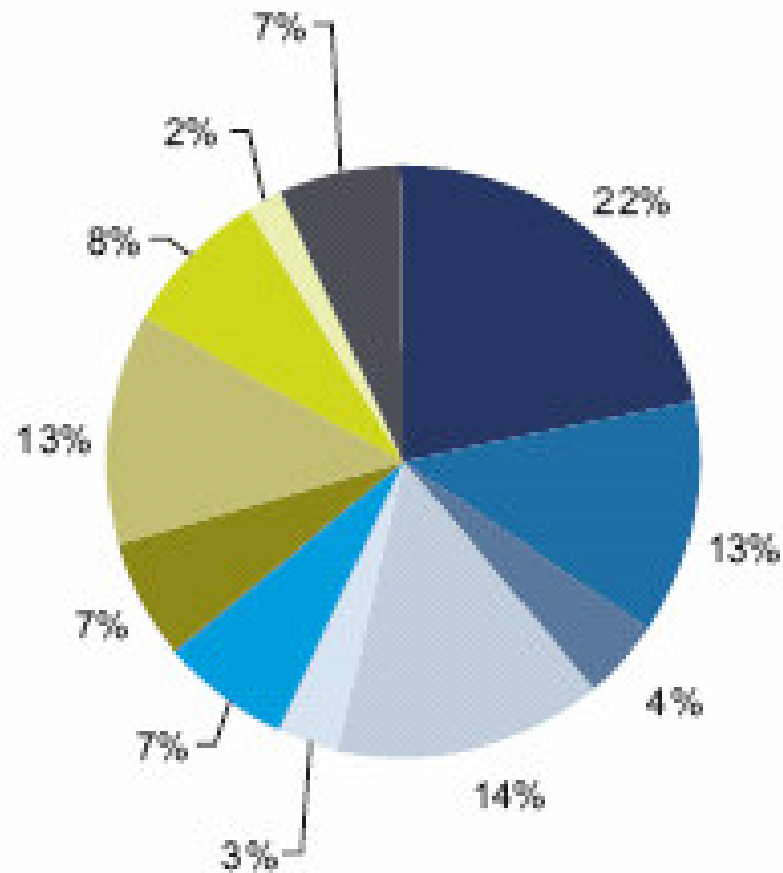
- During the 1st semester of 2006, the Ministry of Development, Industry and Foreign Trade and PwC started a survey in order to:
- Identify how industry is dealing with climate change risks and opportunities.
- Identify the current role of financial institutions on CDM.
- Provide inputs on public policies for further CDM development.

# Survey universe:

- **170** organizations, including:
- **21** financial institutions.
- **70%** average revenue **> USD 200 MM.**

# Industry Profile

62% Agro forestry  
Energy  
Pulp & Paper  
Infra structure

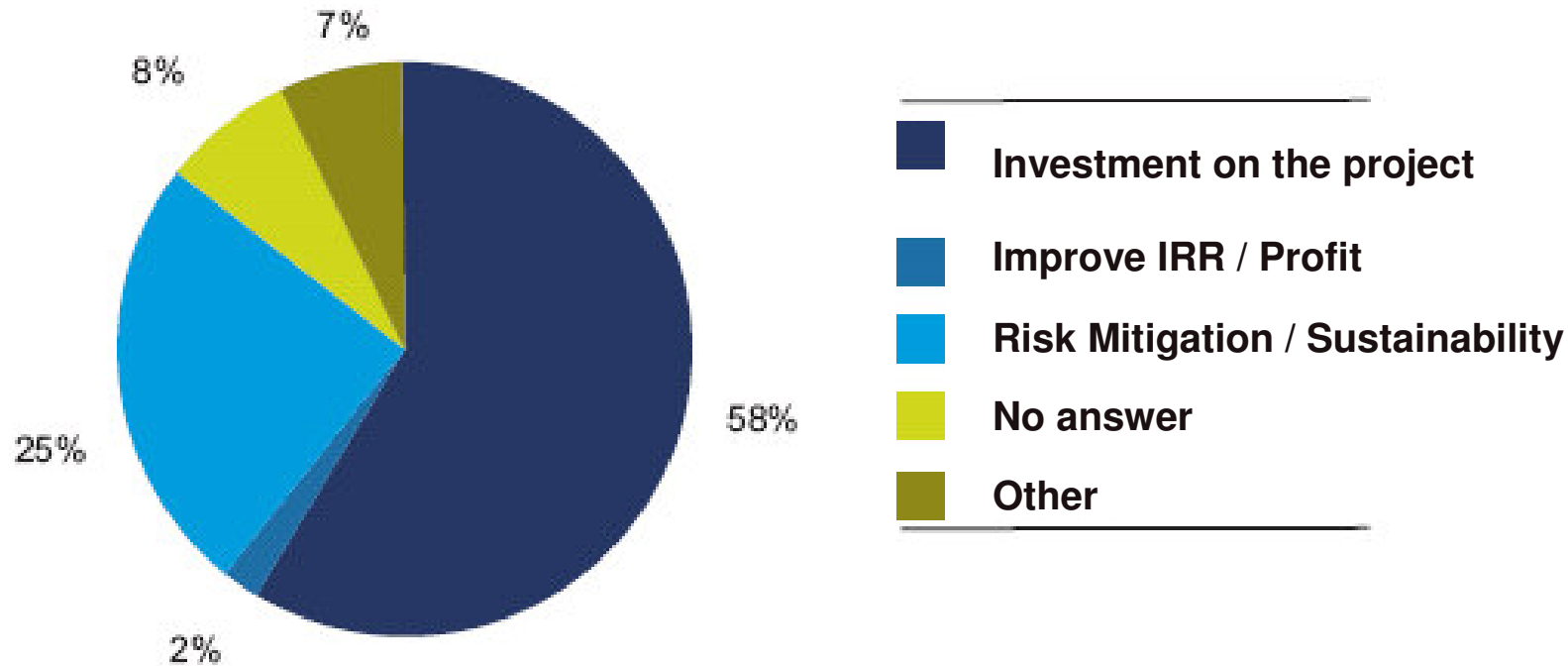


# Industry Summary Answers

- **90%** consider climate change as an strategic issue on current operations.
- **79%** are already developing or pretend to develop CDM projects in the next 12 months.
- **78%** are currently investing on social responsibility programs

# How eventual CERs will be applied?

**58%** investment on the project



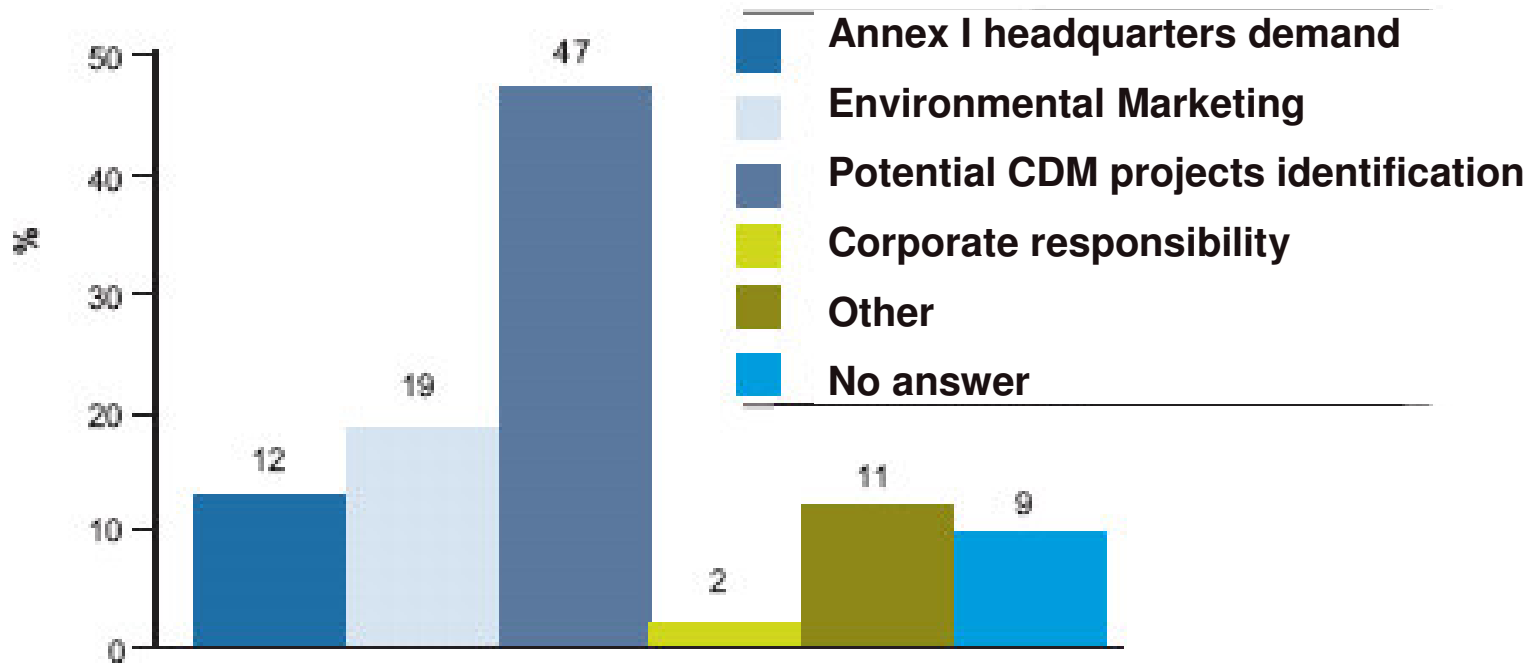
**2%** Improve IRR / Profit

# Industry Summary Answers

- **48%** are monitoring competitors regarding CDM
- **75%** classify the carbon market as “relevant and strategic”.
- **48%** are doing GHG emission inventories.

# Main reason for GHG inventories:

**47%** Potential CDM projects identification



**12%** Annex I headquarters demand



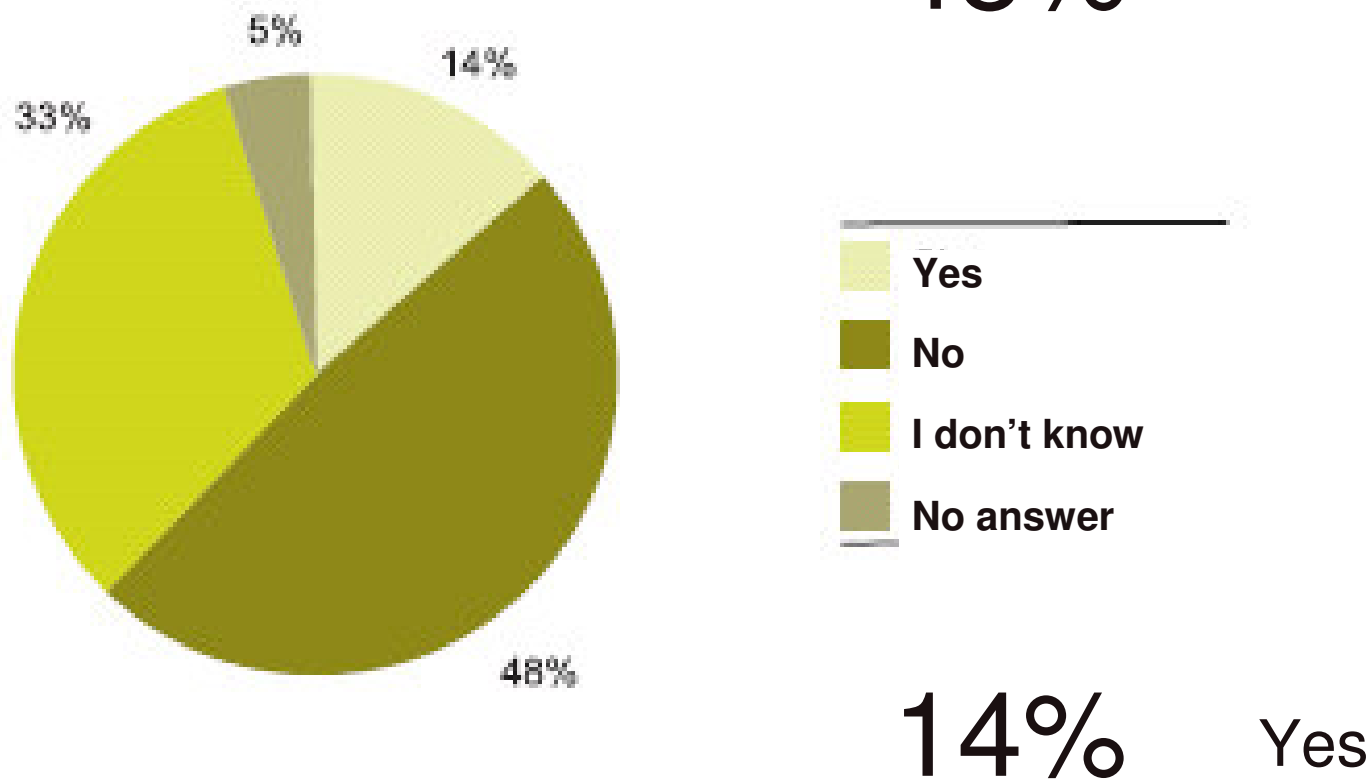
# Industry Summary Answers

- **58%** answered that the main source of GHG emissions come from fossil fuel combustion.
- **74%** consider legal compliance the main reason to invest in environmental projects.
- **48%** are promoting workshops to increase climate change awareness among workers / suppliers.

# Financial Institutions:

- **21** organizations, including Brazilian and foreign banks.
- **86%** never received any demand regarding CDM.
- **19%** do not consider entering the Carbon Market.

# Are banks adequately prepared for CDM demands?



## Summary Issues

- Although industries are aware of climate change and CDM, and in some cases are pro – actively seeking projects, the main reason to consider an environmental investment still is legal compliance.
- Financial institutions acknowledge that existing products for CDM are inadequate (e.g. project funding and carbon trade) and pretend to launch new initiatives on the short – term.
- For most organizations, the main barriers for further CDM development in Brazil are (in order of importance):
  - 33% lack of information.
  - 31% lack of technical knowledge.
  - 22% extremely high costs.
  - 14% other factors.

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