



PRESS RELEASE

ORBEO partners with Henri Fraise & Fils to develop a CDM* Hydro Power Project in Madagascar

Paris - March 24th, 2011 – Within the framework of the Clean Development Mechanism (CDM) of the Kyoto Protocol, ORBEO announces today the signature of an Emission Reduction Purchase Agreement (ERPA) with Henri Fraise & Fils, a private Malagasy company. Financially supported by Société Générale, the emission reduction project will generate an estimated emission reduction of 140.600 tones CO₂ equivalent until 2020.

The project consists in building a Hydro Power Plant on the outflow of the Tsiacompaniry dam, located 83 km South East of Antananarivo, Madagascar capital city. The dam regulates the water supply for households' use and rice irrigation in the Antananarivo plain during dry seasons. The project is particularly innovative by recovering hydro power from the released water flow using small waterfall existing downstream close to the main dam.

Under this agreement, ORBEO will manage the project's registration process under the United Nations Framework Convention on Climate Change (UNFCCC), and will purchase the pre and post-2012 Certified Emission Reductions (CERs) to be generated under the project.

Bernard Wackers, General Manager at Henri Fraise, said: « *We are particularly proud to launch this project as in Madagascar, private investments in the energy sector are more than rare, especially renewable energy. It will contribute to the sustainable development of the country and the protection of global environment by decreasing the imports of diesel and HFO (heavy fuel oil) to generate electricity, promoting local renewable resources generating energy at an affordable cost, and reducing the local and global environmental pollution due to CO₂ emissions but also SO₂ and NOx in local thermal power plants* ».

Laurent Valiergue, Head of Origination at ORBEO, commented: « *This transaction is the perfect example of what carbon finance is, in line with the spirit of the Kyoto Protocol. In least developed countries, thanks to carbon revenues, project owners can make things happen in the field. The cooperation between ORBEO and Société Générale was a key success factor. Carbon revenues make banks comfortable with the ability of project owners to reimburse debt* ».

Frédéric Anne, Sales Corporate Manager of Société Générale in Madagascar, added: « *Energy sector in Madagascar is a real challenge for next years: the production of electricity may become a significant question considering the cost of oil and this kind of project could develop in few years. According to the potential future plans, it could make us aware of that and we hope to study it with ORBEO, as far as possible: carbon finance is indeed a key element of payback* ».



Note:

(*) The Clean Development Mechanism (**CDM**) is one of the "flexibility" mechanisms defined in the Kyoto Protocol (IPCC, 2007). It is defined in Article 12 of the Protocol, and is intended to meet two objectives:

- (1) to assist parties not included in Annex I in achieving sustainable development and in contributing to the ultimate objective of the United Nations Framework Convention on Climate Change (UNFCCC), which is to prevent dangerous climate change;
- (2) to assist parties included in Annex I in achieving compliance with their quantified emission limitation and reduction commitments (greenhouse gas (GHG) emission caps).

"Annex I" parties are those countries that are listed in Annex I of the treaty, and are the industrialized countries. Non-Annex I parties are developing countries.

Objective (2) is achieved by allowing the Annex I countries to meet part of their caps using "Certified Emission Reductions" (**CERs**) from CDM emission reduction projects in developing countries. This is subject to oversight to ensure that these emission reductions are real and "additional."

The CDM is supervised by the CDM Executive Board (CDM EB) and is under the guidance of the Conference of the Parties (COP/MOP) of the United Nations Framework Convention on Climate Change (UNFCCC).

ORBEO

ORBEO, www.orbeo.com, is the joint-venture between Rhodia and Société Générale that combines industrial, environmental and financial expertise dedicated to greenhouse gas emission reductions. From project to market, ORBEO covers the whole carbon value chain. ORBEO is among the leading participants of the CO₂ markets and a recognised developer of greenhouse gas emission reduction projects.

With the takeover of OneCarbon International BV in 2009, ORBEO benefits from an extensive portfolio of high quality emission reduction projects, and a widened geographic presence. Combined with its trading and marketing skills, the company offers its clients a wide range of innovative and diversified products and services. ORBEO is a Financial Institution regulated in France by ACP.

HENRI FRAISE

HENRI FRAISE & FILS is a private Malagasy company established in 1921, running business mainly in tourism, agriculture, equipment import, distribution and electricity production. In the power sector, the company is operating four diesel power plants (Tulear 2.5 MW, Tamatave 2.5 MW, Majunga 5.0 MW and Antananarivo 20.0 MW) on a rent basis to the national utility JIRAMA.

HENRI FRAISE & FILS is considering other development activities in the field of renewable energy (small hydro and wind mainly). This project activity is the first step of the company in the field of hydro power plants.

Contact

ORBEO

Cecile Fages

Head of Communications

Tel.: +33 1 5898 2571

Fax: +33 1 5898 2741

E-Mail: cecile.fages@orbeo.com