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Africa source of growth, focus of interest for international emissions offset market

(Nairobi, 5 March 2010) – Five hundred were expected but more than 1,000 private and public sector participants from Africa and elsewhere turned out for the second Africa Carbon Forum, all hoping to tap the potential of greenhouse gas emission offset projects on the continent.

Africa accounts for just under two percent of the 2,060-plus registered clean development mechanism (CDM) projects in 63 countries worldwide. However, the continent has seen a strong growth trend in the past few years. There are now 122 CDM projects in Africa that are either registered or in the pipeline for validation or registration. This up from 116 in 2009, 75 in 2008 and just 42 in 2007.

“The offset project landscape is changing. Before when we talked about Africa it was all about the need to raise capacity and raise awareness about the potential for offset projects in Africa. Now we see a higher level of understanding, we see real eagerness to get involved, and plenty of business being conducted. It’s obvious the capacity-building is paying off and the message is getting out,” said John Kilani of the UNFCCC secretariat on behalf of the five UN organizations and two multilateral development banks that make up the Nairobi Framework, an initiative aimed at extending the benefits of the CDM, especially in Africa.

Launched in November 2006 by then Secretary-General Kofi Annan, the Nairobi Framework’s partners now include the United Nations Development Programme, United Nations Environment Programme, the World Bank, United Nations Institute for Training and Research, United Nations Conference on Trade and Development, the African Development Bank and the UNFCCC secretariat.

“There is a growing number of projects in Africa and a growing number of countries hosting projects. What’s more, some project developers are even prepared to pay a premium for offset credits originating from Africa, no doubt because they are confident in the long-term growth prospects for CDM on the continent,” said Mr. Kilani, who is Director of the secretariat’s Sustainable Development Mechanisms programme.

Under the CDM, projects that reduce greenhouse gas emissions and contribute to sustainable development can earn saleable certified emission reduction (CER) credits. These CERs can be used for compliance under the Kyoto Protocol.

“Africa Carbon Forum 2010 has been a serious and businesslike meeting of people with African emissions reduction projects and people who want to invest in them. Africa’s slow start in the CDM business seems now to have been more about finding the right ways to structure projects in the sectors that are Africa’s national specialities than about a fundamental incompatibility,” said Henry Derwent, President and CEO of the International Emissions Trading Association, the Nairobi Framework’s private sector partner in holding the three-day Forum.



"Investors in compliance and voluntary markets alike are seriously interested in good quality African emissions reduction projects, to balance their portfolios and meet their climate change strategies. Africa Carbon Forum has helped them and project promoters alike," Mr. Derwent said.

One of the new developments under the CDM is the option to establish so-called programmes of CDM activities, which allows for many individual project activities to be put together under a single programme, to reduce transaction costs and increase efficiency of implementation.

"Programmatic CDM is clearly seen as a very attractive option by African countries and several programmes are under development in a handful of countries; but, it is also clear from the discussions that to make it a success there is a need for targeted capacity-building, both for DNAs and project developers," said John Christensen from the United Nations Environment Programme.

For two days prior to the carbon forum, some 85 delegates representing 44 African countries met in Nairobi to share their experiences and ideas on how to increase CDM projects on the continent. These CDM Designated National Authorities (DNAs) are responsible for, among other things, laying the policy groundwork for CDM in their countries and for attesting to the sustainable development benefits of each project prior to registration.

The DNA Forum was established by the CDM Executive Board in 2006 to help build national and regional capacity. This most recent meeting of African members of the DNA Forum focused on overcoming barriers to CDM growth; how to mobilize resources for CDM; Africa-friendly methodologies and programmes of multiple CDM project activities; and raising capacity of CDM stakeholders, to name a few topics.

Countries are eager to scale up and extend the benefits of the CDM to more countries. Gatherings like the all-Africa Carbon Forum, which bring together project developers, buyers, service providers, financial institutions, national CDM representatives and other private and public sector stakeholders, are an important part of that effort. Plans are being made now for a third Africa Carbon Forum, to be held in March 2011 in Morocco.

About the CDM

There are currently more than 2,060 registered CDM projects in 63 developing countries, and about another 2,200 projects in the project validation/registration pipeline. The projects registered to date are expected to generate more than 1.7 billion certified emission reductions (CERs) by the time the first commitment period of the Kyoto Protocol ends in 2012, each equivalent to one tonne of carbon dioxide.

Note to journalists

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See also:

<<http://www.africacarbonforum.com/2009/english/index.htm>>

<<http://cdm.unfccc.int>>

<https://cdm.unfccc.int/Nairobi_Framework/index.html>