



African Bankers' Carbon Finance & Investment Forum
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The DBSA Vulindlela Academy, Johannesburg, South Africa

Opening Remarks by Mr. Glenn Stuart Hodes
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Risø Center on Energy, Climate and Sustainable Development

Mr. Ravi Naidoo, Goup Executive, Development Planning from the DBSA and our gracious host today, distinguished representatives from the Government of South Africa Ms Mapula Tshangela, and Mr. Ousame Djibo from NEPAD, colleagues from the UNEP family and Standard Bank, distinguished guests, members of the media, Ladies and Gentlemen:

On behalf of UNEP & the ACAD teams, let me first give a warm and cordial welcome on the start of this important event to you all, and, to thank you for participating in this event. I am encouraged to see the high level of interest and participation we have today, not just from South Africa, but from so many other countries across Africa.

This Forum offers us the ability to dialogue, share knowledge, and advance concrete business opportunities and public-private partnerships in a new economy – the “green” economy – of which the carbon market and projects under the Clean Development Mechanism or “CDM” of the Kyoto Protocol is but just one instrument. Green energy and infrastructure projects in areas such as waste management and clean power generation have the potential to deliver new sources of livelihoods and jobs. As I see it, actions and measures designed to address climate change and to promote sustainable energy consumption in Africa can only succeed if they address a broader suite of socioeconomic preoccupations rather than focus on reducing greenhouse gas emissions or protecting the environment.



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At the core of sound CDM project design and implementation lies facilitating national sustainable development priorities and creating win-win investment opportunities for stakeholders. This is a fundamental legal requirement and prerequisite to CDM approval.

The lion's share of the investment capital required for facilitating a transition to a more sustainable, low-carbon economy must and will come from the private sector and mainstream financial actors. That is why UNEP, UNEP Risoe, and UNEP FI are working together to build greater awareness and capacity within the financial sector on CDM opportunities in Africa, and to kickstart this growing new investment market.

Although Africa has thus far failed to substantially benefit from the carbon market this is not the full story or the end of the story. The development of the carbon market itself is perhaps only in its first chapters... Things are slowly changing, with more and more countries are slowly rising up the CDM "learning curve". In 2004, there were only two projects on the whole African continent in the CDM pipeline – one in South Africa and another in Morocco. Now, there are over 130. Last year also showed Africa's share of the primary CER market practically double from the year before. There has also been a huge upsurge of interest in the market for African projects. According to our forecasts at the UNEP Risø Centre, which monitors trends on global CDM transactions, Africa could see roughly 230 CDM projects in the pipeline by 2012. If all these materialize, they could cumulatively generate 85 million carbon credits worth \$1.2 billion US dollars at a conservative carbon credit price of \$15.

Tapping Africa's enormous "green" investment opportunities will depend on two critical things: a sound enabling environment for its eco- and social entrepreneurs, and deeper engagement of financial institutions in this new economic agenda through skills building and innovative public-private risk sharing mechanisms being implemented. Among many reasons for the slower take-off in Africa as compared to other regions is a lack of skills and capacity, as well as financing gaps



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for the numerous technically viable projects. There is a need to build the capacity of local entities to spot opportunities that deliver a multitude of economic and social returns and that can put together a multi-stakeholder financing package that taps into the wide spectrum of available capital sources.

Recognizing the crucial role of the sector in financing low-carbon technology dissemination and bankrolling GHG mitigation projects, UNEP incubated last year ACAD – the African Carbon Access Development (ACAD) Facility— with initial support from the German Climate Initiative, with the aim of kickstarting the African carbon market by deepening the engagement of African FIs in the carbon market and assisting green entrepreneurs to fulfill their potential. ACAD can share early-stage transaction costs and risks with its commercial partners, as well as support hands-on technical assistance, thereby helping to realize highly replicable, sustainable CDM projects across the African Continent. ACAD is training financial institutions across Africa on how to tap into carbon finance opportunities. Working with, and through Standard Bank, Africa’s largest commercial bank, ACAD is also providing small grants to replicable carbon demonstration projects to leverage their financial closure and CDM approval. Partnerships like ACAD are at the core of advancing together on this urgent agenda and developing practical, local market-specific solutions.

UNEP has also started implementing a capacity development program for underserved countries in the carbon market, under the umbrella of an EU funded program for ACP countries on multilateral environmental agreements. Over half of this new program’s budget will be devoted to Sub-Saharan African countries, including seven tailored country programs and co-funding regional capacity building events such as this one.

On behalf of the organizing committee once again I wish to welcome you and hope that you find the proceedings fruitful and successful to achieving your organization’s objectives.