Panel discussion: Climate change and Carbon Finance in Africa

Moderator: Eniola Bello, Managing Director, ThisDay Newspaper

Speakers:
Claire Boasson, Sustainability Project Manager, Caisse des Dépots
Jan Kappen, Associate Expert, Renewable Energy and Finance, UNEP Division of Technology, Industry and Economics (DTIE)
Mina Ogbanga, Country Director, Center for Development support Initiatives, (CEDSI) Nigeria

Mrs. Claire Boasson, Sustainability Project Manager, Caisse des Dépôts and Co-Chair of the UNEP FI Climate Change Working group, opened the session with a general introduction on climate change and the possible effects of global warming.

Mrs. Boasson explained how greenhouse gases deriving from human activities have greatly contributed to raising the earth’s temperature in the last 200 years, and how this phenomenon is probably going to aggravate before the end of the current century, leading to a raise between 1.4 and 4°C. The possible impact on the ecosystems and human health would be major, especially to the most vulnerable, such as the poor, who have limited adaptation capacity and are more dependent on climate sensitive resources.

Finance is the key to achieve a tradeoff between adaptation and mitigation of climate change; instruments such as the Kyoto Protocol are set in place to facilitate transfers of finance, technology and development to fight climate change through the mechanisms of joint implementation and clean development.

Mr. Jan Kappen, Associate Expert on Renewable Energy and Finance, UNEP Division of Technology, Industry and Economics (DTIE), contradicted some of the myths often linked to carbon finance in Africa.

There is often the misperception that there are no carbon finance projects in Africa; what Mr. Kappen showed was that some projects are in fact being developed, even if not very many in comparison to countries such as India and China, where momentum on sustainable finance already exists. In Nigeria, one project is currently being developed, and many new countries are stepping into the scene, even some that just came out of civil war. Currently, clean development mechanism (CDM) transactions in Africa account for about 5% of the total volume in the world, while before 2004 the continent accounted for less than 1%. Africa as a late starter will only need more time to acquire greater relevance on the international scene, even though the project-per-capita ratio is already fairly high.

Another common myth is that there is no relevant potential in Africa for carbon finance. However, according to a study by Jotzo/Michaelowa, Africa’s share of greenhouse gases emission reduction potential accounts for a relevant share at a global level (11%). It is true that African emissions are concentrated in sectors (such as agriculture where the potential margin for emissions reduction is usually not very high; but the particular characteristics of the continent would allow for a much higher reduction, as big as that of China and India combined.

Mr. Kappen explained that the greatest potential in Africa should be seen in the forests; without their carbon offsetting action, African emissions would be about 25% higher than they currently are. It is clear that this represents a great and extensive potentiality (which is already attracting rapidly growing demand), and it should be addressed with reforestation and forest management actions.

It is therefore clear that carbon finance in Africa should not be addressed with existing methodologies, which do not take into account the particular characteristics of the continent, as it would lead to
underestimation of greenhouse gases reduction potential. Mr. Kappen urged the international community to understand and frame the specifics of African potential in an accurate way; the terms of the next post 2012 commitment period will be crucial in ensuring that existing challenges will be addressed with the right instruments.

Mina Ogbanga, Country Director, Center for Development Support Initiatives (CEDSI) Nigeria, focused on the social consequences of climate change in the community context. In particular, she highlighted the specific risks faced by Nigeria, such as desertification and rising sea level along the coastline. These impacts are even further aggravated by the country’s specific vulnerabilities, such as security, scarcity and conflicts.

The challenges posed by climate change however, also raise some important opportunities for communities (e.g. stimulating partnerships, mobilising financial resources, etc.). The role of policymakers should not only focus on tackling current risks, but also on educating the next generations and raising public awareness.

CEDSI Nigeria believes that each individual has the power to make a difference in the fight against climate change; that financial institutions can be key actors in addressing the problem, and that governmental institutions must take a leadership role on it. The NGO itself is playing a role in addressing climate change mitigation and prevention by capacity building, by raising awareness at the local and rural level, and by providing communities with knowledge and resources.

Ms. Ogbanga presented CEDSI Nigeria as an organization committed to promote global support for the environment and climate change. Current projects focus on the ECO Green Model, aiming at building a green society which key objects are improving a green and viable society and promoting social development through various strategies (e.g. training, sensitization, research and documentation, etc.) Their Green Rural Endowment Fund supports green communities and projects across the Niger Delta.

Answering to various participants’ questions, Mr. Jan Kappen, Associate Expert on Renewable Energy and Finance for UNEP DTIE stressed that a lot of political frustration has been building up as the Clean Development Mechanism (CDM) did not meet expectations, mainly in terms of transfer of technology. So people now agree that the CDM has to become more credible regarding sustainable development with forests as a key priority. Regarding the UN’s role in the post-Kyoto era, Mr. Jan Kappen stated that the UN is as much as possible, giving a strong voice to emerging countries in the sustainable development process and making sure that environmental concerns are noted, transferred and put into action the fastest way possible. The UN is pushing hard for sustainable development to gain credibility and for investments to venture for smaller projects in Africa.