SUMMARY OF THE AFRICA CARBON FORUM: 18-20 APRIL 2012

The fourth Africa Carbon Forum was held at the United Nations Conference Centre in Addis Ababa, Ethiopia from 18-20 April 2012. The meeting was hosted by the Ethiopian Environmental Protection Authority and jointly organized by the Secretariat of the UN Framework Convention on Climate Change (UNFCCC), International Emissions Trading Association (IETA), UN Development Programme (UNDP), UN Environment Programme (UNEP), World Bank, UNEP Risoe Centre, Economic Commission for Africa - African Climate Policy Centre (ACPC) and the African Development Bank (AfDB).

The Africa Carbon Forum is a trade fair and knowledge-sharing event focusing on carbon investments in Africa. It provides a platform for interested stakeholders to discuss the latest developments in the carbon markets, as well as to identify means by which the Kyoto Protocol’s Clean Development Mechanism (CDM) and other mitigation mechanisms can be successfully applied in Africa.

The Forum is a regular event held under the Nairobi Framework, an initiative established in 2006 to help developing countries, especially those in sub-Saharan Africa, to improve their participation in the CDM. This year’s event was the largest Africa Carbon Forum to date, with over 800 participants attending from 80 countries, including 34 African countries. The Forum included: updates on recent developments in the international carbon markets; information on challenges; opportunities to dialogue with project developers and technical specialists; discussions on best practices and lessons; sessions on strategies and measures; CDM project showcases; and matchmaking and deal facilitation opportunities.

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use to contribute towards their targets. Delegates agreed that the objective of the CDM is to assist non-Annex I parties to achieve sustainable development and Annex I parties to comply with their Kyoto targets.

The Kyoto Protocol entered into force on 16 February 2005 and now has 192 parties.

**THE NAIROBI FRAMEWORK:** The first Conference of the Parties serving as the Meeting of the Parties to the Kyoto Protocol (COP/MOP 1) took place in Montreal, Canada, from 28 November to 10 December 2005. COP/MOP 1 adopted decisions on outstanding operational details of the Kyoto Protocol, including a decision on issues related to regional distribution, capacity building, and governance, methodologies and additionality. In addition, in response to concerns raised over regional distribution of CDM projects and lack of projects in Africa, the COP/MOP requested submissions from parties on systemic and systematic barriers to equitable regional distribution. It asked the CDM Executive Board to prepare a report on these issues for COP/MOP 2 and to broaden participation in the CDM, including through meetings of the Designated National Authority (DNA) Forum.

COP/MOP 2 was held in Nairobi, Kenya, in November 2006. Among other things, the Nairobi Climate Conference addressed several issues relevant for African developing countries, including the CDM and equitable distribution of CDM projects. At the COP/MOP, then UN Secretary-General Kofi Annan announced the Nairobi Framework, which emphasized the need for further efforts to promote equitable regional distribution of CDM projects. It was initiated by five agencies – the UNFCCC Secretariat, UNEP, UNDP, AfDB and the World Bank. The UN Conference on Trade and Development (UNCTAD) and the UN Institute for Training and Research (UNITAR) subsequently joined the Framework. These organizations are known as the “Nairobi Framework partners.”

COP/MOP 3 took place from 3-15 December 2007 in Bali, Indonesia. COP/MOP 3 took several decisions relating to the CDM and equitable distribution of projects such as a decision abolishing the registration fee and adaptation levy from CDM projects implemented in least developed countries (LDCs). It also welcomed the launch of the CDM Bazaar and acknowledged barriers to equitable regional distribution of CDM projects. The COP/MOP encouraged the Nairobi Framework partners to accelerate their activities to catalyze the CDM in Africa. Also, the UNFCCC Secretariat announced plans to organize the Africa Carbon Forum in collaboration with its Nairobi Framework partners, with the objective of helping sub-Saharan African countries to increase their level of participation in the CDM.

**AFRICA CARBON FORUM 1:** The first Africa Carbon Forum took place from 3-5 September 2008 in Dakar, Senegal. Discussions at the Forum focused on: the state and trends of the global carbon market; the Nairobi Framework; options for promoting carbon markets in Africa; financing barriers; the significance of the voluntary market for Africa; and the way forward. It also included workshops on sectors, technologies, policies and strategies, as well as training sessions, matchmaking opportunities and a trade fair.

**AFRICA CARBON FORUM 2:** The second Africa Carbon Forum was held in Nairobi, Kenya, from 3-5 March 2010. The Forum provided a platform for discussions on the CDM Programme of Activities and other strategies and measures aimed at promoting the benefits of the CDM in Africa. It included workshops, training sessions, matchmaking sessions, side events, and a trade fair.

**AFRICA CARBON FORUM 3:** The third Africa Carbon Forum was held in Marrakesh, Morocco, from 3-5 July 2011. Participants engaged in discussions on, among other things: the status of international climate change negotiations; opportunities for expanding the CDM market in Africa; clean energy in Africa; carbon finance; Nationally Appropriate Mitigation Actions (NAMAs); and forestry and agriculture. They also participated in training sessions, workshops, matchmaking and the trade fair.

**SUMMARY OF THE MEETING**

This Africa Carbon Forum included opening and closing ceremonies, as well as: six plenary sessions; five workshops; five roundtable sessions; three Policy Dialogues; six training sessions; seven side events; and a trade fair. This report summarizes the opening and closing ceremonies, plenary sessions, workshops, roundtables and Policy Dialogues that took place from Wednesday to Friday.

*Editor’s note: IISD Reporting Services did not cover the training sessions, side events or trade fair exhibition which were held during the Africa Carbon Forum.*

**OPENING CEREMONY**

On Wednesday, 18 April, Tewolde Berhan Gebzeiaher, Director General, Environmental Protection Authority, Ethiopia, welcomed participants to the Forum. Stressing the importance of taking action on climate change, he emphasized...
Africa’s vulnerability and the need for developing and developed countries to work together. He highlighted the importance of the Forum in facilitating Africa’s engagement in the carbon markets and the Clean Development Mechanism (CDM).

**LAUNCH OF THE CDM LOAN SCHEME:** John Kilani, Secretariat of the UN Framework Convention on Climate Change (UNFCCC), stressed that global climate negotiations are on track and emphasized the need for greater carbon market activity in Africa. Noting the important CDM-related outcomes of the 17th Conference of the Parties to the UNFCCC (COP 17) in Durban and the work being undertaken to implement those outcomes, Kilani highlighted the significance of the launch of the CDM Loan Scheme and the need for active participation by Africa in the CDM.

John Christensen, UN Environment Programme (UNEP) Risoe Centre, presented the CDM Loan Scheme, noting the decision by the European Commission that after 2012, the only new CDM projects that will be automatically eligible for inclusion in the European Union Emissions Trading System (EU ETS) are CDM projects implemented in least developed countries (LDCs). He highlighted that under the CDM Loan Scheme, the UNEP Risoe Centre will help countries overcome barriers to CDM participation by providing technical capacity, infrastructure building and policy analyses.

Philipp Von Waechter, UN Office for Project Services (UNOPS), introduced a process that will potentially reach 120 countries through the work of the Technical Review Committee. He explained the loan cycle, the loan review and selection structure, and the milestone schedule and timelines.

**INTRODUCTION OF THE CDM POLICY DIALOGUE:** Margaret Mukahanana-Sangarwe, High-Level Panel on the CDM Policy Dialogue, introduced the origins and objectives of the Panel and provided an overview of the format and topics for the Policy Dialogue sessions at the Forum. Noting that the Panel will focus on the governance, impacts and future context of the CDM, she said the Panel will make recommendations on how to ensure the CDM’s effectiveness and position it for future challenges and opportunities.

Bill Farmer, Uganda Carbon Bureau and Carbon Foundation of East Africa, stressed that CDM stakeholders have a responsibility to engage in dialogue and voice challenges and opportunities. Noting that the CDM is “getting into stride,” he highlighted aspects of the mechanism that could be improved, including fairness, ease of use, quality of credits, usage and credibility.

Tenaw Hailu, Pan African Climate Justice Alliance, outlined some of the particular benefits of the CDM for Africa. On challenges and key issues for the future, he noted limited capacity of national institutions, poor awareness and understanding of carbon markets, poor coordination and fewer opportunities for projects due to low greenhouse gas (GHG) emissions. Hailu then recommended: establishing a more simplified, shorter and less expensive process; strengthening capacity of national institutions; and increasing education and knowledge of the CDM.

**PLENARY SESSIONS**

From Wednesday morning to Friday afternoon, conference participants convened in six plenary sessions to consider: The Durban Platform; the Kyoto Protocol second commitment period; promoting Low Carbon Development Strategies (LCDS) and Nationally Appropriate Mitigation Actions (NAMAs); low-carbon energy access in Africa; forestry and agriculture; and future demands for offsets.

**THE DURBAN PLATFORM – POST-2020 ARCHITECTURE:** On Wednesday morning, Kurt Lonsway, African Development Bank (AfDB), moderated this plenary session on the Durban Platform for Enhanced Action (the Durban Platform).

Lonsway warned that the rates of economic and population growth in Africa require a focused effort to supply future energy options and applauded the outcomes of COP 17 that established the Kyoto Protocol second commitment period and elaborated the Green Climate Fund.

Maite Nkoana-Mashabane, Minister of International Relations and Cooperation, South Africa, applauded the efforts of the international community in adopting the
Durban Platform, stressing its importance in pushing past deadlocks. She highlighted that the Platform: establishes a timeframe for the climate change negotiations; defines tangible results; rekindles the multilateral negotiations on climate change; restores trust in the UNFCCC process; and lays a solid foundation for progress in addressing climate change, particularly through the Green Climate Fund and the Adaptation Committee.

Jean Bakole, UN Industrial Development Organization (UNIDO), stressed the need for a multi-disciplinary perspective in addressing energy needs in a world where 1.5 billion people have no access to electricity. He emphasized the negative health and environmental impacts of using traditional energy sources, particularly in Africa, and lamented that although Africa has significant resources, the region will suffer the greatest climate change impacts.

Mounkaila Goumandakoye, UN Environment Programme (UNEP), highlighted the need for: ensuring collective responsibility in addressing climate change; increasing ambition to undertake meaningful action; and linking climate change discussions with green economy and poverty eradication discussions. He emphasized that a new climate change agreement must be based on science, equity and the rule of law.

Henry Derwent, International Emissions Trading Association (IETA), highlighted that the UN climate change process has regained momentum, but that there are still many challenges to be addressed before a new agreement emerges. He emphasized the importance of private sector engagement in developing and implementing climate change commitments, and noted the current lack of clarity on both the process and substance of a new agreement.

Participants raised questions regarding: the impacts and effectiveness of the Durban Platform: its technology transfer and capacity building implications; the need for improved coordination among national ministries and institutions; operationalization of the Green Climate Fund; the need for aligning and integrating African development plans; and the need for guidance on the design of CDM projects.

**THE SECOND COMMITMENT PERIOD OF THE KYOTO PROTOCOL: THE FUTURE FOR CDM IN AFRICA:** The plenary session on the Kyoto Protocol second commitment period was held on Wednesday afternoon and moderated by John Kilani.

Kilani urged strong international commitment in overcoming the challenges of creating a new international climate change agreement.

Tewolde Berhan Gebre Egziabher lamented the political uncertainty caused by developed countries that have not ratified the Kyoto Protocol, have announced their withdrawal, or have refused to make commitments under it. He applauded the achievements of private companies that have voluntarily reduced their emissions and engaged in voluntary carbon markets. Egziabher called on the African region to seize the opportunity created by the European Commission’s decision to limit post-2012 Certified Emission Reductions (CERs) accepted into the EU ETS to those generated in LDCs.

Durando Ndongsok, Sustainable Solutions (S2) Cameroon, warned of the potential demise of the CDM if the EU remains essentially the sole supporter and buyer. He lauded recent CDM reforms and the CDM’s contribution to sustainable development in Africa.

Enoch Lerato Liphoto, Eskom South Africa, focused on outcomes from COP 17, elaborating on the establishment of a second commitment period and approval of new project activities. He suggested clean coal as an energy source and stressed that Africa must strive to increase “its slice of the carbon market pie.”

Adam Simcock, Carbon Check, commended the presence at the Forum of many CDM supporters and CDM Programme of Activities (PoA) developers from Africa and emphasized the importance of funding mechanisms.

Martin Hession, CDM Executive Board Vice-Chair, highlighted some criticisms of the CDM, noting that they are based on skepticism regarding climate change, concerns that the CDM does not do enough to mitigate climate change, the focus of the CDM on markets and not regulation, and the fact that international cooperation is very difficult to achieve. He emphasized Africa’s vulnerability to climate change, stressed the difficulty of establishing a market in some regions, and commended the entrepreneurial spirit in Africa.

Participants raised questions and made comments on: CERs from project activities undertaken before the Kyoto Protocol’s second commitment period; competition between CERs and Assigned Amount Units (AAUs); use of lessons learned from the CDM in negotiations for a new market-based mechanism; the future of the CDM in Africa; CER price support; interim mitigation measures until 2020; use of PoAs; and Designated Operational Entity (DOE) practice issues.

**PROMOTING LCDS AND NAMAS:** This plenary session on LCDS and NAMAs was held on Thursday morning and moderated by Kai-Uwe Schmidt, World Bank.

William Koyo Agyemang-Bonsu, UNFCCC Secretariat, recalled the positive outcomes of COP 17, which strengthened measuring, reporting and verification (MRV) and established the NAMA Registry, allowing both developing and developed countries to make voluntary submissions of information on their mitigating actions. On the UNFCCC Secretariat’s support for supporting LCDS and NAMAs, he highlighted consultations with developing countries, analyses by a team of experts, development of certification of registries, regional
green economic growth, become a middle-income country and become carbon-neutral by 2025. He highlighted the country’s low carbon potential, but noted that to transform the country’s target sectors by 2025, the country will require US$150 billion. He said this will need to be gathered through, inter alia, government support, renewable energy export, carbon credits and international financial investment.

Tom Morton, ClimateCare, stressed the need to decouple economic growth from GHG emissions growth in developing countries. Focusing specifically on household GHG emissions, he stated that emissions from African and European households may in some circumstances be comparable and suggested that there is significant potential to reduce biomass emissions in Africa. He stressed the need to take a range of approaches, including promoting renewable wood lots, increasing efficiency in charcoal use and improving stoves and kitchen practices.

In the ensuing discussion, participants commented on: the roles of LCDS and NAMAs; additivity requirements; NAMA financing and the timeframe for implementation; the need to prioritize adaptation issues; the role of green economy strategies; the potential of geothermal energy development; challenges in measuring progress; the economic viability of low-carbon projects; reducing institutional and regulatory barriers to low-carbon energy development; the need to consider both programme- and project-focused opportunities when identifying NAMAs; the role of the private sector in developing NAMAs; and the need to seize the opportunities created by new carbon markets.

**LOW CARBON ENERGY ACCESS IN AFRICA:** The plenary session on low carbon energy access was held on Thursday afternoon and moderated by John O’Brien, UN Development Programme (UNDP).

O’Brien discussed the Sustainable Energy for All Initiative (SE4ALL), lamenting that the uncertainty surrounding the carbon market poses a significant barrier to investment. He outlined some of the reasons for Africa not benefiting from the carbon markets, such as a lack of strong institutions, legal frameworks, and enforcement, and noted that there is a disconnect between policy makers and business people.

Neeraj Prasad, World Bank, spoke of the challenge of providing electricity throughout Africa and underscored the need to look beyond carbon markets, saying one institution cannot address all challenges. He described Africa’s energy access problems and said what is most needed is sustainable investments to enable capacity development.

Emphasizing that low-carbon energy development is essential, Lutengano Mwakheseya, Rural Energy Agency, Tanzania, outlined challenges such as inadequate legal and institutional arrangements. He described the lessons learned by his agency, which provides technical assistance, financing and education to rural energy project developers. He noted that all low-carbon energy options must be left open and called for the use of the best available technology available.

Youba Sokona, UN Economic Commission for Africa (UNECA) African Climate Policy Centre (ACPC), described some of the development challenges that Africans face. He noted that the addition of climate change issues to these challenges calls for new strategies such as low-carbon frameworks which focus on the specific economic and social development needs of Africa. Noting that work must be based on national development agendas, he stressed the importance of African ownership, institutional innovations, private investment, policy innovation and indigenous technology development.

Participants raised questions and concerns about international institutional arrangements, opportunities in Africa, the use of coal, and the need for strong political will and for Africa to speak with one voice on these issues.

**FORESTRY AND AGRICULTURE:** The plenary session on forestry and agriculture was held on Friday morning. It was moderated by Tekalign Mamo, State Minister, Ministry of Agriculture, Ethiopia.

Mamo said the combined agriculture and forestry sector is the second largest contributor to GHGs globally, because of agricultural expansion, infrastructure development, fire, and destructive logging. He warned that limiting global temperature increase to below 2 degrees Celsius will be impossible without drastically reducing emissions from the this sector.

Pierre Nguinda, AfDB, called for open dialogue among all stakeholders to ensure a climate of trust in which partners can speak frankly. He urged consensual, participatory and collective decision-making that fosters joint responsibility for emissions. Nguinda observed that Africa has become host to a major field of experimentation, with the emergence of forest projects that favorably impact ecological diversity. He applauded the clear political will from all sub-Saharan African countries in this regard.

Ellysar Baroudy, World Bank, called for integration of forestry and agriculture into collective land uses and noted that 2012 is the year for delivering on first commitment period aspirations. He applauded the recent start of carbon certificate issuances, citing the Ethiopian example of natural forest regeneration in the country’s Humbo region.

On how carbon projects can be integrated into policies and programmes for reducing emissions from deforestation and forest degradation in developing countries; and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries (REDD+) in Africa, Cheri Sugal, Terra Global Capital, spoke on challenges, including a lack of coordination among project-level activities. She said emerging compliance markets require...
robust and credible REDD+ programmes that can support integration of projects. Sugal noted that the key lessons from REDD+ carbon projects included that projects in Africa must take a landscape-level approach that addresses people’s needs and food security issues.

Yinka Agidee, The Rock and Partners, discussed the application of REDD+ in Nigeria from a legal and policy perspective. She emphasized that political commitment to REDD+ is important, but that there is a need to have the necessary legal framework and policies in place to make it work. She noted the need to clarify land tenure issues, identify stakeholders, determine those responsible for managing forests and identify project beneficiaries.

Participants shared experiences, noting the need for effective forest management, community ownership, benefits sharing, and the use of a community approach.

FUTURE DEMAND FOR OFFSETS – A GLOBAL PERSPECTIVE: Henry Derwent moderated the Friday afternoon plenary session on future demand for offsets.

Derwent noted the importance of balancing demand and supply in the carbon market. He highlighted that the stagnancy of the global offset market is making the creation of more supply sources difficult, and urged project developers to continue adopting new methodologies and not to “lose heart.”

Hervé Allègre, CDC Climat, stated that the CDM has shown progress and has achieved widespread support from African governments. He said although an over-supply currently exists in the short term, African, Caribbean and Pacific States should continue to defend the CDM and maintain political will, as some of the “best-in-class” projects are from countries such as Ethiopia and other emerging economies.

Jürgen Lefevere, European Commission, stated that there will be a future role for offsets, but that it will be a diminishing one. Observing that offsetting does not solve the climate change problem and causes competitiveness and carbon leakage problems, he endorsed the need for new market mechanisms which scale up efforts, increase ambitions, address carbon leakage, and facilitate the emergence of a multi-sector global cap-and-trade system. He highlighted the need to: tackle the supply-and-demand imbalance; move offsetting away from low-cost emission reductions; link new mechanisms to domestic emissions trading systems in emerging economies; and expand into new areas such as aviation and maritime emission reductions.

Edward Hanrahan, ClimateCare, reviewed the state of the CDM carbon market, noting that although there is demand, investors have become increasingly cautious. On the voluntary carbon market, he said projects in that market often focus not just on GHG emission reductions, but also look more broadly to specific environmental, humanitarian and development characteristics of the projects. In this context, he noted that the balance of supply and demand is less important. Hanrahan said the key to carbon prices in the voluntary market is the quality of the projects in question, and observed that these prices therefore vary.

Jonathan Shopley, The CarbonNeutral Company, discussed the growth of the voluntary carbon market. He ascribed the growth of this market to the global corporate appetite for offsetting and said lower prices assist businesses in taking voluntary actions. He called for more partnerships in maturing markets to work effectively towards understanding risks and sharing partnerships.

Participants raised questions regarding signals from the international community on the direction of compulsory mechanisms, the quality of projects, and whether the 2 degrees Celsius target can be met using the CDM.

ROUND TABLE SESSIONS

From Wednesday to Friday, five roundtable sessions took place, focusing on: PoAs and scaled-up mitigation actions; matching public and private financing of NAMAs; innovative financial instruments for energy efficiency and renewable energy projects; climate-smart agriculture; and developing linkages among carbon markets.

POAS AND SCALED-UP MITIGATION ACTIONS: This roundtable was held on Wednesday afternoon and moderated by Matthias Krey, Perspectives GmbH.

Guido Schmidt-Traub, CDC Climat Asset Management, highlighted the progress made on PoAs over the past few years, but suggested that there is still much work to be done. He noted continuing issues concerning the timing of project verification, the DNA approval process for PoAs, the poor state of carbon markets, and the 2012 deadline for new non-LDC projects in the EU ETS.

The panel then engaged in discussion. Bill Farmer addressed the remaining barriers to PoA registration in Africa, noting problems in obtaining letters of approval from DNAs, engaging DOEs throughout the lifecycle of projects, and securing the range of expertise needed to get the process completed.

Ousmane Fall Sarr, Agence Sénégalaise des Energies Renouvelables, commented on the uncertainty caused by prolonged delays in registering projects and the general lack of consistent standards. Hannes Thaler, TÜV SÜD, highlighted DNA capacity issues, data issues and challenges in creating multi-country PoAs. Steve Thorne, SouthSouthNorth, noted difficulties in encouraging DOEs to make site visits.

On the scaling up of NAMAs, Schmidt-Traub noted a lack of demand and Thorne stated that the small and isolated nature of many African projects is a barrier. Farmer highlighted that the practicalities of implementing NAMAs are being developed and that manuals and templates are good ideas. Thaler noted data management challenges and the need for attention to detail in monitoring, verification and sampling at the validation stage. Panelists also debated options for non-LDC projects that are not registered by the end of 2012 and therefore not eligible for inclusion in the EU ETS.

Participants raised questions about: improving management systems; reducing transaction costs; developing guidance manuals; increasing transparency; reducing the complexity of the role of Coordinating/Managing Entities (CMEs); addressing barriers caused by DNAs; addressing the uncertainty caused by differing standards for issuing letters of approval; and improving PoA design.

FINDING THE RIGHT MATCH FOR PUBLIC AND PRIVATE FINANCING OF NAMAS: The roundtable on financing NAMAs was held on Thursday morning and moderated by Sören Lütken, UNEP Risø Centre.

William Kojo Agyemang-Bonsu stated that preparing a NAMA does not guarantee financing and that there is
a need to develop NAMA proposals in a form that will attract financiers. He noted that this requires NAMA proponents to: clearly outline the need and rationale for the financial support; identify potential sources of support in implementation; and develop clear financing proposals. He stressed that the financing barriers to CDM projects in Africa will present similar challenges for financing NAMAs in Africa.

Rupert Edwards, Climate Change Capital, reviewed private sector financing issues and the expectations for financing NAMAs. He addressed issues relating to incremental costs, MRV, carbon value, generic investment risks in Africa, access to micro-financing, matching public and private funds, leveraging private capital, and results-based financing.

Ash Sharma, Nordic Environment Finance Corporation, discussed lessons learned, noting the need for strong national commitment to the NAMA concept if it is to be successful. He said international financing should be used to increase the scale, scope or ambition of national policies, and noted the importance of MRV and of lessons learned from the CDM experience.

Abbas Salum Kitogo, KfW Development Bank, discussed financing risks associated with African NAMAs. He said account must be taken of the investment situation in Africa, including corruption problems and urged reforms to attract investment. He further discussed the role of bilateral agreements and the use of public-private partnerships to reduce risk.

Participants sought information on specific projects and posed questions about: the future role of the CDM in Africa; the relationship between the CDM and NAMAs; the application of MRV for NAMAs; the scope of NAMAs; compliance; improving the African investment climate; aligning NAMAs with national plans; the bankability of NAMA projects; transparency, capacity building and administrative challenges; and the idea of direct private sector investment in NAMAs.

**INNOVATIVE FINANCIAL INSTRUMENTS FOR ENERGY EFFICIENCY AND RENEWABLE ENERGY PROJECTS:** This roundtable on innovative financial instruments was held on Thursday afternoon and moderated by Youssef Arfaoui, AfDB.

On new financial instruments, Jørund Buen, Differ, discussed ways of moving from single CDM projects to sectoral mechanisms to achieve sector-wide targets, through PoAs and NAMAs. As an investor, he spoke of positive aspects such as lower regulatory risks and transactions costs, and negatives including higher upfront development costs and the risks of non-approval by the host country. He highlighted the need to address the challenge of providing energy to all while achieving growth in a low-carbon, sustainable way.

Françoise d’Estais, UNEP, related the experiences of helping new and riskier projects access seed capital, while providing financial support and technical advice. She explained that UNEP engages the private sector through private capital financiers that are willing to invest in renewable energy projects during the initial start-up phase.

Abiy Asfaw, Horn of Africa Regional Environment Centre, described the experiences in afforestation and energy projects in East Africa. He noted three bottlenecks in establishing projects: the high level of technical expertise needed to develop the complex documentation; large amounts of capital required to run, disseminate and monitor pilot projects; and the investment needed to realize the actual project once the documents are prepared.

Bobby Namiti, PPL International, presented the Private Financing Advisory Network (PFAN), a multilateral, public-private partnership initiated by the Climate Technology Initiative (CTI) in cooperation with the UNFCCC Expert Group on Technology Transfer. He said PFAN operates to bridge the gap between investments and clean energy businesses by identifying promising clean energy projects at an early stage and providing mentoring for development of business plans, investment pitches, and growth strategies, which significantly enhances the possibility of obtaining financing.

Participants discussed issues such as: the role of consultants and their certification; the development of the service sector; the role of the AfDB; leverage mechanisms and scaling-up possibilities; and the need for projects to be commercially viable.

**CLIMATE SMART AGRICULTURE – CAN AFRICA BENEFIT FROM THE NEW DEVELOPMENTS IN AGRICULTURE?** Tom Owiyo, UNECA ACPC, moderated the roundtable on climate-smart agriculture on Friday morning.

Owiyo reflected on the key elements of climate-smart agriculture (CSA), including: increased productivity and volume of production; enhanced resilience; and reduced carbon emissions. He said that although climate-smart agriculture is not new, there is a need for technology advances, improvements in institutional and policy frameworks, and improved understanding of climate change.

Christine Negra, Commission on Sustainable Agriculture and Climate Change, presented the Commission’s recent recommendations on food security in the face of climate change.
change. She highlighted the need to: integrate food security and sustainable agriculture in domestic policies; increase global investment in agriculture and food systems, funding for research and development, and pilot projects; sustainably intensify agriculture; assist vulnerable populations; address the double burden of under-nutrition and over-consumption; reduce food loss and waste; and create shared integrated information systems.

Bo Lager, Vi Agroforestry, said in order to reach development targets, the needs of small-scale farmers and food security needs must be prioritized, and urged a focused approach to agricultural extension. On land-use changes, he said the greatest benefit of CSA is diversification and crop rotation, which act as drivers of change in modeling best practices to other farmers.

Ademola Braimoh, World Bank, presented the results of a study on the productivity and climate benefits of CSA. He highlighted lessons learned, noting that maximization of soil carbon sequestration through sustainable management can increase productivity and that this is achieved through adoption of a landscape approach. Regarding barriers to adoption, he cited upfront investment costs as the most significant.

Participants discussed various issues, including: challenges to establishing CSA in Africa; desired levels of agricultural production; the need to improve agricultural extension services; institutional framework limitations; establishing mechanisms to share CSA benefits; and the need to address over-consumption and its links to waste management.

CONNECTING CARBON MARKETS – DEVELOPING LINKAGES IN A FRAGMENTED ERA:

The roundtable on connecting carbon markets was held on Friday afternoon and moderated by Jan-Willem Beukers, Eneco.

Michael Schlup, Bunge Emissions Group, outlined the advantages of linking carbon markets, including increased flexibility for companies to meet their compliance targets and clear price signals. He noted that linkages are difficult to achieve at the moment, as the EU ETS is currently the only significant market.

He stressed that the best linking of markets will be achieved through an international agreement, which may still be a long way off.

Henry Derwent, IETA, discussed some of the fundamental principles and challenges to linking markets. He addressed the political and technical problems that may be faced in linking, especially when linking schemes that have different backgrounds or rules.

He noted that delays in creating schemes and addressing technical barriers can delay linking. Robert Dornau, Carbonflow Inc, stated that the decision of whether or not to link is a political one, but that there are also key technical challenges, including addressing MRV and establishing and applying penalties for non-compliance. He advised that if a common currency is used for linking, then, to be safe, high quality credits ought to be used to ensure their transferability.

Muyideen Kazim, Standard Bank, described the extent of CDM projects in Africa, stating that awareness and understanding of the CDM is just beginning to grow in Africa. He endorsed continued use of existing systems and also suggested the use of bilateral links. He warned that the time period for negotiating and ratifying linking agreements may be long.

Participants asked questions regarding post-2012 demand for credits and whether the recent establishment of carbon exchanges in Africa will lead to linkages being created among them.

WORKSHOPS

From Wednesday to Friday, five workshops took place on: standardized baselines; suppressed demand; pilot NAMAs for Africa; new market mechanisms; and REDD+ linkages among projects and national frameworks.

CDM STANDARDIZED BASELINES – FROM POLICY DEVELOPMENTS TO APPLICATION IN AFRICA: The workshop on standardized baselines was held on Wednesday afternoon and moderated by Glenn Hodes, UNEP Risoe Centre.

Peter Zhou, Energy, Environment, Computer and Geophysical Applications Group Consultants, addressed the opportunities and challenges of standardized baselines in Africa, and highlighted that baseline emission reductions
should be applied to more than one sector. He outlined some of the benefits of standardized baselines, including environmental integrity, low transaction costs, coordinated planning systems and support in dealing with data collection and sampling/survey guidelines.

Kishor Rajhansa, UNFCCC Secretariat, presented the standardized baseline guidelines for Africa and outlined the benefits, such as reducing transaction costs, enhancing transparency, facilitating access to the CDM, and scaling up while ensuring environmental integrity. He focused on matters addressed in the guidelines, such as complexity issues, including comparative analysis and financial benchmarks, and realistic and credible alternatives.

Roman Schibli, South Pole Carbon Asset Management Ltd., discussed benchmarks for standardized baselines. He stated that guidelines are one among various approaches, noting that there is scope for standardizing additionality, improving emission reductions calculations and establishing MRV as a key point for standardization.

Courtney Blodgett, Perspectives GmbH, presented the example of an improved cookstove case study from Rwanda, focusing on practical recommendations about what needs to be defined: the level of aggregation, the measure, the output and the sector.

Participants raised questions about the determination of energy efficiency levels by DNAs and how best to collect output data, whether using surveys or via national authorities.

SUPPRESSED DEMAND – IMPROVING ACCESS TO ENERGY SERVICES IN AFRICA: Held on Thursday morning, the workshop session on suppressed demand was moderated by Nahla Sabet, Gold Standard.

Richard Tembo, Chinansi Foundation, spoke on the relevance of “suppressed” or unfilled demand in Africa, focusing on rural electricity demand in Malawi, including for household, agriculture, small- and micro-enterprise, and public infrastructure uses. Highlighting barriers faced by sub-Saharan Africa, such as inadequate development of the energy infrastructure, far-flung villages, and the structures of households, he stressed that poverty reduction and livelihood enhancement present increased possibilities to develop businesses and generate sufficient electricity supply to displace “dirty” and expensive energy technologies.

Randall Spalding-Fecher, Carbon and Energy Southern Africa, Pöyry, used examples from Tanzania and Senegal of generating CERs from rural electrification projects, and summarized new methodologies for rural electrification, including renewable energy provision to communities, grid extensions, and development of new mini-grids. On grid extension, he explained that only individual larger household consumers and total community-level, individual and institutional consumption are monitored, and that this has resulted in a marked increase in carbon credits over the past 10 years.

Morten Pedersen, NIRAS, introduced a new methodology for facilitating electrification and “energization” in rural Africa. He said the methodology proposes: a minimum service level for different consumer groups in establishing new mini-grids; extension of existing mini-grids; facility-scale renewable power supply; and revitalized power plants.

Harikumar Gadde, World Bank, spoke on the Bank’s accounting achievements on suppressed demand, applauding the traction gained by this concept since its formulation in CDM methodologies. On the challenges of accounting for suppressed demand, he warned against compromising environmental integrity and lamented the lack of data on global trends during post-electrification periods and on minimum service levels of applications other than cooking.

Participants posed questions on differences in applicability criteria, aggregation of minimum service levels at national scale, and definitions of nationally-established minimum levels of service. The panelists agreed that suppressed demand is still a political issue and would greatly simplify the process once a definition is formulated.

PILOT NAMAS FOR AFRICA – SHARING EXPERIENCES: Moderated by Miriam Hinostroza, UNEP Risoe Centre, this workshop on pilot NAMAs was held on Thursday afternoon.

Daniel Tutu Benefoh, Environmental Protection Agency, Ghana, discussed how NAMAs and development policies interface and how synergies can be built among them. He reviewed benchmarking and targeting issues, NAMA readiness and programme development, and early lessons learned. Focusing on two NAMA pilot projects in Ghana, he reviewed the activities undertaken, noting challenges arising from, among other things: uncertainties as to the direction the NAMAs should take; capacity issues; and the risks associated with the unpredictable nature of NAMAs.

Marc André Marr, Perspectives GmbH, described work being undertaken on a NAMA in Mexico. He reviewed the definition of a NAMA and incentives and criteria for NAMA development, and underlined the need to attract funding. He
also described how NAMAs can be established, examining both top-down and bottom-up approaches. Marr stressed the value of using current experience and knowledge gained from the CDM.

Samira Elkhambilchi, World Bank, discussed the Bank’s work on a pilot NAMA project in Jordan regarding an industrial wastewater treatment and energy plant. She noted the advantages of early actions in undertaking NAMAs, such as access to the Green Climate Fund, opportunities for valuable inputs in negotiations, and eligibility for fast-track financing. She reviewed the components of NAMA development and discussed issues of co-benefits, MRV and the role of the private sector.

Edwin Aalders, Det Norske Veritas (DNV) KEMA Energy and Sustainability, commented on the complexity of the process of NAMA development, noting the myriad options and choices that must be made along the way. He said that despite this complexity, NAMAs allow the use of established systems, are essentially incentive programmes and can be applied at various government levels.

Participants raised questions concerning the implications of using top-down and bottom-up approaches, coordinating NAMAs with national development plans, the application of MRV, and the use of standardized baselines.

**NEW MARKET MECHANISMS – WHAT CAN WORK FOR AFRICA?** On Friday morning, Chaitanya Kalia, Ernst & Young, moderated this workshop session on new market mechanisms.

Brice Quesnel, World Bank, discussed initiatives being undertaken by the World Bank to create market readiness, develop capacity, and exchange experiences to assist in the development of new market mechanisms. He described the Carbon Partnership Facility’s work in scaling up investment in clean technology through programmatic and sector-based approaches and the work of the Carbon Initiative for Development in enabling readiness and capacity building for accessing carbon markets and strengthening pipelines of low-carbon investment opportunities in low-income countries.

Giza Gaspar Martins, Ministry of Environment, Angola, described the work that needs to be done in the negotiation of a new market mechanism, noting the importance of developing rules on accounting and sustainable development, and ensuring complementarity with existing mechanisms. He identified opportunities for Africa, noting that mitigation opportunities exist in specific sectors and recommended that African stakeholders engage their governments in the negotiation process.

Andrei Marcu, Centre for European Policy Studies, described the negotiating landscape in the lead-up to COP 17 and reviewed issues that he expects will arise at COP 18 regarding the creation of a new market mechanism. He noted general support for new market mechanisms, but emphasized there is a lack of clarity regarding what form they should take. He stressed the need for consistent standards to permit fungibility and the creation of incentives that extend down to individual entity level. Focusing on African concerns, he suggested that non-LDCs must not get caught in a situation where there is no mechanism available for their projects or activities, and urged early engagement in activities under the new mechanism.

Participants made comments and raised questions regarding: when the new market mechanism would become operational; the piloting of new projects; the UNFCCC’s interest in promoting energy for survival and development; additionality; the need to look at increasing demand and supply; opportunities to generate credits from maritime and aviation emission reductions; and the suitability of a new market mechanism in addressing poverty and environmental issues.

**REDD+ LINKAGES BETWEEN PROJECTS AND NATIONAL FRAMEWORKS:** This workshop on REDD+ linkages, held on Friday afternoon, was moderated by Ellysar Baroudy, World Bank.

Baroudy commended the fact that regardless of the lack of regulatory frameworks for REDD+, there are many projects that have started and are making great strides in terms of acquiring expertise, building capacity and changing lives at ground level.

Mike Korchinsky, Wildlife Works Kenya, outlined experiences from East Africa in pioneering the use of the carbon market for conservation. He introduced the CodeREDD campaign, which aims to expand the voluntary market through an open initiative bringing together corporate carbon offset buyers, REDD+ project developers, indigenous forest owners, non-governmental organizations, verification organizations, standards bodies, market platforms and others concerned with reducing deforestation. He stressed that REDD+ should bring social benefits to communities by providing funds to improve schools, clinics, and the lives of women and youth.

Girma Amente, Oromia Forest and Wildlife Enterprise, spoke of the mechanisms used to scale up REDD+ projects to the national level. He said results-based demonstration projects build experiences in operationalizing REDD+ and attract investment. He called for guidance from the UNFCCC Secretariat to direct the nesting of both

Girma Amente, Chief Executive, Oromia Forest and Wildlife Enterprise, Ethiopia, called for guidance in nesting REDD+ into national schemes.
sub-national and project-based REDD+ activities into national schemes and said there is a need to develop criteria for assessing REDD+ achievements.

On how REDD+ can fit into a national framework, Bruno Guay, UNDP, discussed efforts in the Democratic Republic of the Congo and called for guided experimentation within countries to develop the jurisdictional framework for REDD+ at the national level. He said this requires existing carbon markets, a national MRV system, a national REDD+ fund and international funding for REDD+.

During the ensuing discussion, participants commented on, *inter alia*: the need for development of policies and institutional arrangements that support REDD+; standardization; developing the proper skills for REDD+ projects to work; rights of stakeholders; land tenure security; and the splitting of credits among communities.

**POLICY DIALOGUE SESSIONS**

From Wednesday to Friday, three Policy Dialogue sessions took place, addressing the impact of the CDM in Africa, CDM governance, and the future of carbon markets and the CDM in the policy context.

**IMPACT OF CDM IN AFRICA WITH REGARDS TO SUSTAINABLE DEVELOPMENT AND EMISSION REDUCTIONS:**

This Policy Dialogue, moderated by Margaret Mukahanana-Sangarwe and Njogu Morgan, CDM Policy Dialogue, was held on Wednesday evening.

Mukahanana-Sangarwe opened the dialogue with a list of questions regarding the impact of the CDM. Several participants noted that the CDM is solely an offset mechanism and does not reduce global emissions. One participant referenced literature stating that developing countries are doing more to reduce emissions than developed countries, while another questioned those findings. The issue of the benefits of the CDM in building capacity and mobilizing communities to look for GHG emission reduction opportunities was raised, as well as the benefits of developing a business sector dedicated to the carbon market.

Regarding the development of a new market-based mechanism, some participants stressed that lessons learned from mistakes made under the CDM must be applied when designing the new mechanism, emphasizing that environmental and economic challenges must be addressed in the new mechanism. Participants also highlighted that there will still be a future role for the CDM. One participant suggested that the future for African non-LDCs is in the new market mechanism, and participants also discussed other options for non-LDCs after 2012.

On sustainable development, participants discussed how it is being addressed, monitored and enforced. They also debated who should develop sustainable development criteria and how transparency can play a role.

**GOVERNANCE OF CDM:** This session on CDM governance was held on Wednesday evening and moderated by Crispian Olver, CDM Policy Dialogue.

Participants discussed their experiences of the CDM project cycle, focusing on issues including: how the project cycle can be streamlined to improve efficiency and reduce costs; whether the current validation and verification model should be reformed with regards to DOEs; how to improve additionality; how the appeals process can be improved; and how current requirements for stakeholder consultations can be reformed.

On the stakeholder process, participants discussed: a strategy to align all actors in the transition to a green economy; the lack of Internet access by many stakeholders in a process that assumes electronic availability; alternative tools for ensuring stakeholder participation, such as public hearings and environmental impact assessments; and the need to prioritize initial stakeholder consultations.

Regarding validation, participants posed questions on the role of DOEs and the lack of access to them in various regions. Other issues discussed by participants included governments being protective of processes such as environmental impact assessments, and the challenges of registration, continuity of staff, and speeding up the letter of approval process. Participants called for more professional representatives on the CDM Executive Board and a more pro-active role for the UN in developing a set of guidelines based on best practices that would inform and provide training for DNAs.

**FUTURE OF CARBON MARKETS AND CDM IN POLICY CONTEXT:** This Policy Dialogue session was held on Thursday evening. It was moderated by Margaret Mukahanana-Sangarwe and Crispian Olver who invited stakeholders’ inputs on various issues regarding the CDM, including: its long-term vision; its future role; the relationship between the CDM and possible new market-based mechanisms; its desired evolution; its impact on African countries; and whether it should remain within the UNFCCC.

Many participants agreed that the role of CDM has changed due to low demand in the carbon markets. Some noted that the EU cannot sustain the carbon markets alone, but suggested that the CDM will continue to play a future role of some kind. Many participants supported the idea of a new market-based mechanism as a way forward. Several stated that REDD+ should not become part of the CDM. One participant said the current infrastructure should be used for new mechanisms and that the enthusiasm and energy for the CDM in Africa must not be lost.

One participant noted that the CDM was designed to take a learning-by-doing approach and that reforms and changes to the mechanism are expected. He added that a new regionally-focused mechanism might be effective. Some participants highlighted the need for new market mechanisms, noting that offsetting does not address the full scale of the climate change problem. They stressed that people need to be realistic regarding the time it will take for a new mechanism to be negotiated and to become operational. Concerns were expressed regarding additionality, adjustments to the CDM and the need to continue giving developing countries incentives to take action before the new mechanism becomes operational. The need for private sector inputs in the development of a new mechanism, the limitations of the CDM, and need to maintain the credibility of the carbon markets were also highlighted by participants. Participants further raised issues regarding the regulation of GHGs with high global warming potential, the possibility of a sector-focused approach, co-benefits, the...
role of sustainable development considerations, alternative markets for CERs, corruption, and the need for the new market mechanism to exclude activities with low abatement costs.

**CLOSING CEREMONY**

On Friday afternoon, Tewolde Berhan Gebre Egziabher congratulated the organizers on the success of the Forum and recalled Africa’s potential for green economic development in spite of its capacity handicaps. He challenged Africa’s leaders to overcome challenges and use green development to eradicate poverty. He reminded participants that all trees grow from small seeds, just like the knowledge “grown” during the three-day Forum. He thanked the organizers for providing the “seeds” of capacity and urged participants to plant these seeds and care for the seedlings of knowledge to turn Africa green for all time.

Kai-Uwe Schmidt counseled participants to use the seedlings of knowledge and the connections acquired at the Forum to make progress in developing carbon markets. Henry Derwent urged stakeholders to continue to persevere, underlining that combining carbon reduction and development is achievable. Youba Sokona called on all participants to take action and announced that the Forum will be held again next year at a location and date to be announced.

John Kilani concluded the meeting by urging participants to: actively engage in discussions on market-based instruments; ensure that Africa leads the process of greening the economy; and help realize the full potential of the CDM across the continent. He presented Henry Derwent with a gift to thank him for his years of work on African carbon market issues.

Kilani closed the Forum at 5.20pm.

**UPCOMING MEETINGS**

**27th Session of the FAO Regional Conference for Africa:** This meeting will consider, *inter alia*: a global strategic framework for food security and nutrition; public-private partnerships; the Comprehensive Africa Agriculture Development Programme; the Programme of Work and Budget for 2012-13 and Areas of Priority Action for Africa; and the FAO Regional Office for Africa Climate Change Framework. **dates:** 23-27 April 2012 **location:** Brazzaville, Republic of Congo **contact:** Cheikh Ly, Conference Secretary **phone:** +233-302 675-000 Ext. 2502 **fax:** +233-302-668-427 **email:** Cheikh.Ly@fao.org **web:** http://www.fao.org/bodies/rc2012/arc27/en/

**CIF Trust Fund Committee and Sub-Committee Meetings:** The Climate Investment Funds (CIF) Committee will meet to approve new projects and review implementation of the CIF. **dates:** 30 April to 4 May 2012 **location:** Washington DC, USA **contact:** CIF Administrative Unit **phone:** +1-202-458-1801 **email:** CIFAdminUnit@worldbank.org **web:** http://www.climateinvestmentfunds.org/cif/content/may-2012-tfc-and-sc-meetings

**UNFCCC Subsidiary Bodies:** The 36th sessions of the SBSTA and SBI will hold in parallel with the 15th session of the Ad Hoc Working Group on Long-term Cooperative Action under the Convention (AWG-LCA), the 17th session of the Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol (AWG-KP) and the first session of the Ad Hoc Working Group on the Durban Platform for Enhanced Action (ADP). **dates:** 14-25 May 2012 **location:** Bonn, Germany **contact:** UNFCCC Secretariat **phone:** +49-228-815-1000 **fax:** +49-228-815-1999 **email:** secretariat@unfccc.int **web:** http://unfccc.int/meetings/bonn_may_2012/meeting/6599.php

**UN Conference on Sustainable Development:** The UNCSD will mark the 20th anniversary of the UN Conference on Environment and Development (Earth Summit). It will address, *inter alia*, green economy and governance issues. **dates:** 20-22 June 2012 **location:** Rio de Janeiro, Brazil **contact:** UNCSD Secretariat **email:** uncsd2012@un.org **web:** http://www.uncsd2012.org/

**African Sustainable Energy Finance Summer Academy:** The Sustainable Energy Finance Academy, being held within the new framework of the Frankfurt School – UNEP Collaborating Centre for Climate and Sustainable Energy Finance, will provide a comprehensive framework on renewable energy and energy efficiency financing, with a special emphasis on renewable energy in Africa. **dates:** 21-26 October 2012 **location:** Nairobi, Kenya **contact:** Summer Academy Team **phone:** +49 (069) 154008 - 692 **fax:** +49 (069) 154008-4692 **email:** summeracademy@fs.de **web:** http://www.frankfurt-school.de/content/en/intern_advisory/regional_summer_academies/sustainable_energy_finance_sum_academy.html

CIF Partnership Forum 2012: The CIF Partnership Forum is an annual gathering of all stakeholders interested in the development of the CIF, to review work done and discuss further areas for action. dates: 31 October to 8 November 2012 location: TBA contact: CIF Administrative Unit phone: +1-202-458-1801 email: CIFAdminUnit@worldbank.org www: http://www.climateinvestmentfunds.org/cif/

UNFCCC COP 18 and COP/MOP 8: The 18th Conference of the Parties (COP 18) to the UNFCCC and the eighth session of the Conference of the Parties serving as the Meeting of Parties to the Kyoto Protocol (COP/MOP 8) will be held in Qatar. dates: 26 November to 7 December 2012 location: Doha, Qatar contact: UNFCCC Secretariat phone: +974-44-815-1500 fax: +974-44-815-1999 email: secretariat@unfccc.int www: http://unfccc.int/meetings/doha_nov_2012/meeting/6815.php

GLOSSARY

CDM Clean Development Mechanism
CER Certified Emission Reduction
COP Conference of the Parties
COP/MOP Conference of the Parties serving as the Meeting of the Parties
CSA climate-smart agriculture
DNA Designated National Authority
DOE Designated Operational Entity
EU ETS European Union Emissions Trading System
GHG greenhouse gas
IETA International Emissions Trading Association
LCDS low carbon development strategies
LDC least developed country
MRV measuring, reporting and verification
NAMA Nationally Appropriate Mitigation Action
PoA Programme of Activities
REDD+ reducing emissions from deforestation and forest degradation in developing countries; and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries
UNDP United Nations Development Programme
UNECA United Nations Economic Commission for Africa
UNEP United Nations Environment Programme
UNFCCC United Nations Framework Convention on Climate Change

April 18-20, 2012
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