



**IS THE CLEAN DEVELOPMENT MECHANISM
AN ANSWER
FOR AFRICAN COUNTRIES ?**

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Potential for CDM projects



▶ **Africa is endowed with substantial renewable energy resources, but just as in the specific case of the electricity sector, the Continent has been relatively slow at harnessing this potential. The indicators on the extent of the gap between potential and implementation are quite striking :**

- More than 12% of the global hydropower potential is located in Sub-Saharan Africa but less than 10% of the 1.1 GW capacity is exploited;
- More than 9,000 MW could be produced through geothermal power but few countries are even exploiting this source of energy.
- Most African countries enjoy about 325 days of sunlight per year but solar power remains marginal in most countries. Average sunshine potential in West Africa represents 5 to 6 kWh/m² per day;
- 9 m/s of average wind speed per 80m;
- Total forest cover of 650 million hectares accounting for approximately 17% of the world's total forest cover;
- Of the 650 millions hectares of land very suitable for agriculture only 200 million hectares are currently being utilized
- With favourable agro-climatic conditions and available arable land, Africa can become a global superpower in the supply of biofuels.

Barriers to CDM Development in Africa

Non Africa-specific:

- ▶ Complex CDM Modalities & Procedures
- ▶ Transaction cost to hire service providers.
- ▶ Heavy institutional requirements for project cycle.
- ▶ Knowledge gap between carbon credits buyers & sellers.

Africa-specific:

- ▶ Limited access to finance by potential developers.
- ▶ Financial intermediaries lack of knowledge about CDM
- ▶ Lack of trained national CDM consultants
- ▶ Limited budgets for operations of DNAs
- ▶ Majority of potential in small projects, difficult to attract financing
- ▶ Lack of entities capable of bundling projects for the buyers.

- ▶ In 2007, there was no recorded venture capital investment in Africa and asset finance flows reached only US\$1.3 billion, most of which into biofuels and geothermal; this compares with global investment in clean energy of close to US\$150 billion in the same year.
- ▶ In the meantime the Carbon finance could raise \$5 billion by 2012 and up to \$14 billion thereafter.

Is the CDM really an opportunity for sustainable economic development of Africa?

African countries must take common positions at Copenhagen Conference to ensure that negotiations address the following:

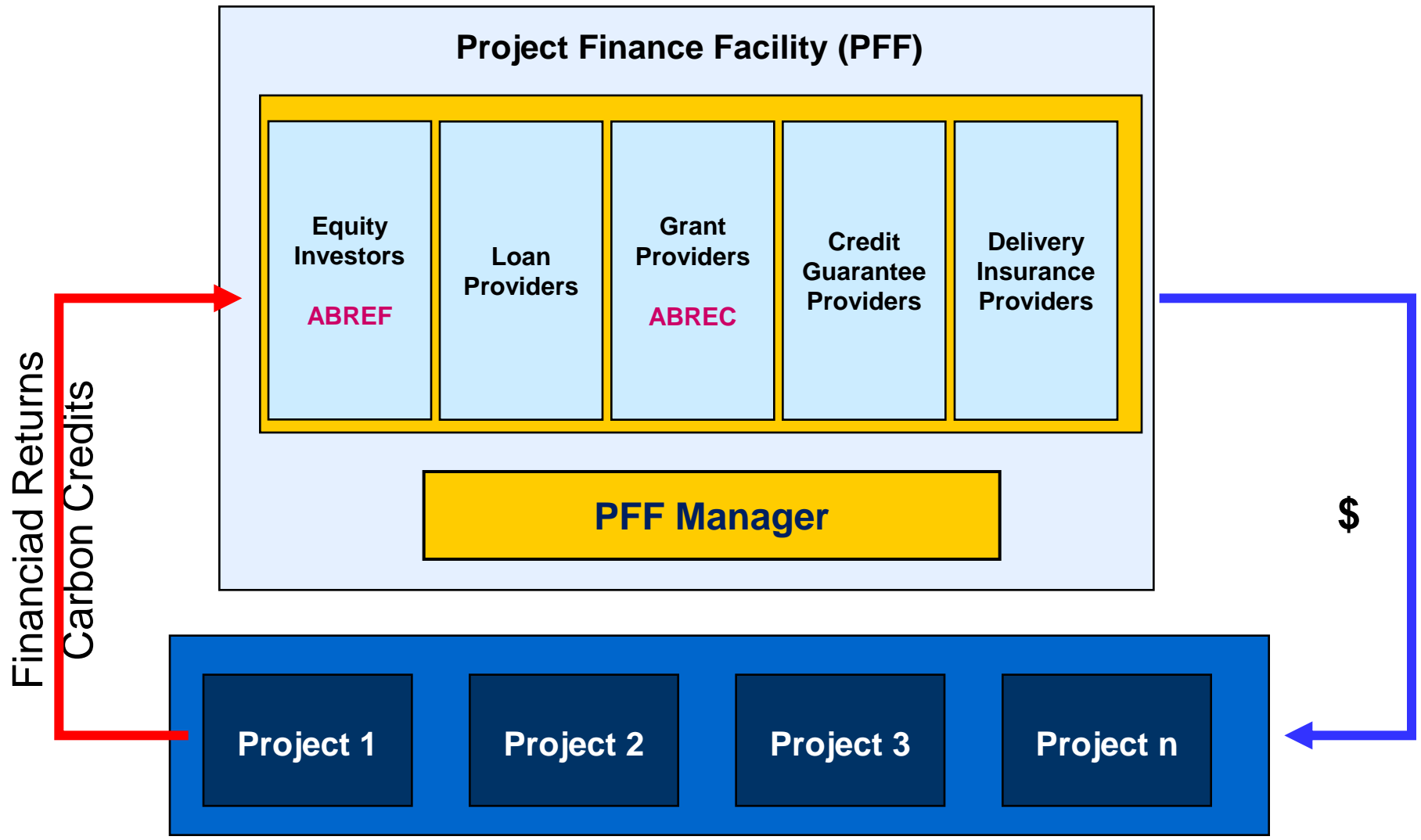
- ▶ seek to lower the transaction costs of CDM projects;
- ▶ stress the critical needs of institutional capacity development, including CDM capacity building;
- ▶ aim at diversifying the CDM, to opening it up more fully to bio-carbon projects such as forestry, avoided deforestation, agriculture, soil sequestration and agro-forestry in order to maximize the participation of African countries;
- ▶ facilitate evaluation of the potential opportunities for CDM projects by sectors and analyze the socio-economic impact on African countries



THE ROLE OF ABREF



A CDM Project Finance Facility



To become in long term a leader Fund in Clean Energy development focused on African region the Fund will aim to :

- ▶ Reinforce the African energy and economy independence
- ▶ Profit from clean energy market
- ▶ Face the challenges resulted from global warming



➤ Energy Efficiency

- ❑ In Benin, Côte d'Ivoire and Togo : Study finalized
- ❑ Ghana efficiency lighting project : funding in process

➤ Waste project in Côte d'Ivoire-SITRADE

- ❑ *CDM registration : July 09, 2009*

➤ Biomass Energy projects

- ❑ Ethanol project in Nigeria : **Global Biofuels Ltd**

The following recommendations take into account the different stakeholders in renewable energy financing.

National Governments:

- ▶ **establish a national and regional renewable energy investment facility with major banks preferably targeting hydro, solar water heaters, and modern biomass;**
- ▶ **develop and support policies that encourage community involvement in renewable energy systems for productive purposes;**
- ▶ **integrate renewable energy financing into the energy budget;**
- ▶ **develop energy policies that support appropriate renewable energy;**
- ▶ **establish transparent market conditions that encourage investments in renewable energy;**
- ▶ **demonstrate use of renewable energy in public facilities.**

Donors:

- ▶ **establish renewable energy investment facility with major local banks;**
- ▶ **support government led renewable energy initiatives through integration of donor programmes into national budgetary financing;**
- ▶ **support initiatives that minimize risks faced by local banks relating to renewable energy;**
- ▶ **develop and implement programs to finance local municipalities to adopt renewable energy;**
- ▶ **provide financing for community based renewable energy projects.**
- ▶ **build capacity of bank on reducing risks of financing renewable energy;**
- ▶ **establish financing targets for renewable energy.**

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THANK YOU FOR YOUR KIND ATTENTION