

IS AFRICA ABLE TO INCREASE ITS INVOLVEMENT IN CDM AND CAPITALISE ON CARBON CREDIT FINANCE?

Environmental Finance Online News reports that UN SECRETARY-General Kofi Annan has launched an initiative to help Africa tap Carbon Finance via the Kyoto Protocol's Clean Development Mechanism (CDM), as a World Bank study shows the continent accounting for less than 6% of carbon credits generated by the CDM.

Meanwhile, UN climate negotiations in Nairobi have made little progress towards agreeing the next round of greenhouse gas (GHG) reduction targets under the Protocol, although some hope that a timetable could be announced before the talks end tomorrow.

Five UN agencies have backed Annan's Nairobi Framework, launched yesterday, which is designed to help African governments and project developers undertake CDM projects. They are the UN Environment and Development Programmes, the UN Framework Convention on Climate Change (UNFCCC), the World Bank, and the African Development Bank.

"At this point, it is a framework – it needs to be fleshed out", said a UNFCCC spokesman. "But it's a response to the criticism that Africa isn't getting enough from the CDM. He added that the sums to be committed to the initiative are likely to be small, with Spain so far pledging €2 million (\$2.6 million). But it is expected to build capacity among governments and help share information about the CDM.

The CDM allows projects that reduce emissions in developing countries to claim carbon credits. These credits can be used to meet emission reduction targets undertaken by industrialised countries under the Kyoto Protocol, or within emissions trading schemes, such as that operating in the EU. Today, the World Bank released a report, State of the African Carbon Market, which showed that, while Africa has doubled its share of the project-based credit market this year, it still accounted for only 5.7% of credits from CDM projects transacted up to the end of October 2006. Asia generated 83% of credits, with Latin America supplying 11%.

The UN climate negotiations are set to conclude tomorrow, with environmentalists and many carbon market participants hoping for a timetable for agreements among Kyoto signatories – excluding the US – on the next set of Kyoto targets, to follow those set for the first commitment period (2008-12). However, a draft agreement adopted on Tuesday by officials – but yet to be approved by the meeting's plenary – sets no deadline, simply aiming for agreement "as early as possible and in time to ensure that there is no gap between the first and second commitment periods".

The agreement does attempt to reassure carbon market participants by stressing the need "to give a clear signal to economic actors about the continuity of the international carbon market".

"There's still a sense that there's not the required urgency in the process", said Kirsty Hamilton, the London-based international policy advisor for the Business Council for Sustainable Energy. "But there's still time to come with a timetable."



DON'T MISS CLEAN DEVELOPMENT AFRICA 2007

Grab your share of the carbon trading market by attending IQPC's **Clean Development Mechanism Africa 2007** conference, scheduled for 29-31 January 2007 at the Castle in Kyalami, Johannesburg, South Africa, where you will get to meet representatives from organisations that are leading the way in CDM project development such as:

INTERNATIONAL REPRESENTATIVES:

- **UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE (UNFCCC)**
- **INTERNATIONAL CDM EXECUTIVE BOARD**
- **UNITED NATIONS ENVIRONMENT PROGRAMME (UNEP) RISO CENTRE**
- **EUROPEAN COMMISSION**

CASE STUDIES:

- **DEVELOPMENT BANK OF SOUTHERN AFRICA**
- **DESIGNATED NATIONAL AUTHORITY SOUTH AFRICA, DEPARTMENT OF MINERALS AND ENERGY**
- **SAPPI**
- **ETHEKWINI MUNICIPALITY**
- **ESKOM**
- **ANGLO AMERICAN**

Find out more about this event by visiting our website on www.iqpc.co.za

Extracts from Environmental Finance Online News, 16 November 2006