

# New green African financing projects

Following a successful second round of fundraising for Africa's green economy, held 4 November 2010, the African Carbon Asset Development Facility (ACAD) announced seven green financing projects. It convened the African Bankers' Carbon Finance and Investment Forum in association with the UNEP Finance Initiative (UNEP FI) and the Development Bank of Southern Africa (DBSA).

The event, co-sponsored by the German Federal Ministry of the Environment (BMU), European Commission and World Bank, was organised by ACAD to help African bankers learn more about carbon finance and to facilitate investment in green development projects across Africa. Over 150 participants from 20 countries across Africa attended the forum, held at the DBSA Vulindlela Academy in Johannesburg.

## Finance projects

- South Africa - International Ferro-Metals Cogeneration Facility
- South Africa - Clay Brick Energy Efficiency
- Rwanda - Nuru Lights project
- Kenya - Lake Turkana Wind Power Project
- Kenya - Kaloleni Cement Plant, Athi River Mining Co.
- Kenya - Terem Hydropower Project
- Nigeria - Oando LPG Rollout Nigeria Project

## Green partnership

ACAD is a partnership between the UN Environment Program (UNEP) and its Risoe Centre, the German government and Standard Bank. ACAD and UNEP FI share the goal to help African financial institutions understand why and how they might get involved in the booming carbon market.

The Forum will highlight the need for Public Private Partnerships that develop skills, share opportunities and unlock the huge potential of Africa's green economy as a growth driver.

"ACAD's strategy relies on deepening UNEP's engagement with local financial institutions to jointly develop local capacity, industries and markets on a sustainable basis. Through our seed funding and outreach activities, such as this Forum, we seek to empower Africa's green entrepreneurs struggling to access the early-stage finance and technical support they need to succeed," said Glenn Hodes, senior energy economist at UNEP Risoe, which manages UNEP's activities related to carbon finance and the Clean Development Mechanism (CDM) and which has a pivotal role in facilitating the participation

of developing countries in the emerging carbon market.

"Climate change poses a new challenge and so it has to be addressed using new tools. We use carbon finance to provide wide-ranging economic, environmental and social benefits to Africa - including new revenue streams, access to energy, job creation and technology transfer - by deploying local, market specific solutions and partnerships," said Geoff Sinclair of Standard Bank's carbon trading division.

## **Good timing for COP-16**

The meeting comes in the run-up to the COP-16 in Cancun in late November 2010 and COP-17, which is to be hosted in South Africa next year. The time is considered ripe to demonstrate that climate change can also represent an opportunity for Africa, and that African financial institutions have a role to play. To this end, DBSA is developing integrated programmes and mobilising resources to initiate the transition to a low carbon and green economy in partnership with several national government departments.

Chantal Naidoo, divisional executive from DBSA added: "We feel strongly that events like this Forum are fundamental to tapping the continent's carbon investment potential, which could directly contribute toward sustainable economic development and social advancement. The challenge for banks, including those in South Africa, has been in developing strategies and financing partnerships to get the good projects off the ground and to educate the proponents on how to ensure their interventions are sustainable and replicable. These questions are being answered here today."

Powering development through sustainable energy is a major cornerstone of the DBSA response strategy - dedicated funding lines are available for both South Africa and the rest of SADC for investment projects in sustainable energy accessible to municipalities and private developers.

## **Africa lags in projects**

In 2009, around US\$ 84 billion was invested in 684 emerging market emissions reduction projects worldwide. However, African countries shared only 2% of the total and only South Africa and Kenya have more than 10 projects in the CDM pipeline, according to statistics from the UNEP Risoe Centre.

Even without any additional stimulus, the 140 sub-Saharan African projects currently in the CDM pipeline would create 85 million carbon credits worth over US \$1.25 billion (about R7.2 billion) by 2012. Today, both the public and private sector are now placing more focus on sustainable development initiatives and the Green Economy in particular.

"Entrepreneurs can transform markets, but support for eco-entrepreneurship remains weak in many countries, particularly across Africa. Developing private sector skills and mainstreaming the concepts across commercial finance and investment are key to realizing Africa's abundant renewable energy and climate mitigation potential is critical," said Brigitte Burnett, CSR director at Nedbank and chair of the UNEP FI African Task Force.

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