

# African Carbon Asset Development (ACAD) Facility

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## Background

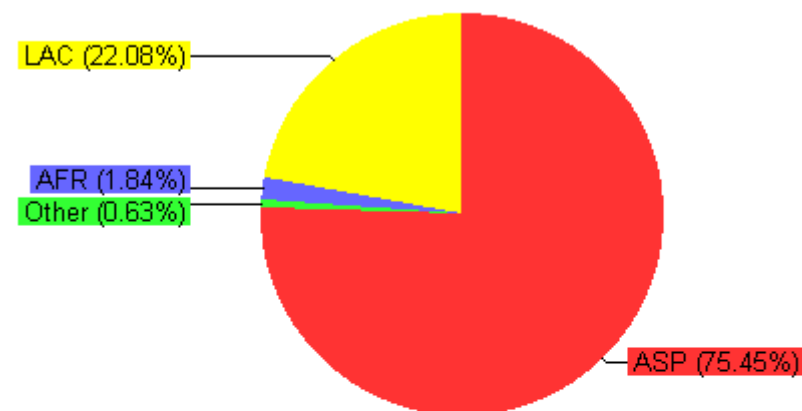
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- Power from fossil fuels as major emitter while global trend in clean energy and power investment still largely bypassing SSA
- Waste water systems in urban and rural areas as high emitters while closely linked to development in SSA
- Energy efficiency initiatives as highly achievable through Programme of Activities (PoA) but transaction costs are prohibitive for SSA's reality
- Carbon can help fill financing gaps and ACAD can serve a catalytic platform to scale up the African carbon market
- Seed capital and risk sharing models between public and private sector can overcome barriers and unlock gates

# Status of CDM in Africa

	#	CERs to 2012
Nigeria	8	34,112,000
South Africa	30	19,863,000
Egypt	13	17,161,000
Tunisia	3	4,131,000
Kenya	15	2,833,000
Morocco	9	2,582,000
Tanzania	5	2,062,000
Ivory Coast	3	1,560,000
Ghana	1	1,553,000
Uganda	11	1,287,000
Cameroon	2	556,000
Senegal	2	402,000
Rwanda	3	401,000
Zambia	1	387,000
Cape Verde	1	340,000
Mali	2	281,000
Swaziland	1	252,000
Mauritius	1	231,000
Liberia	1	215,000
Madagascar	1	210,000
Ethiopia	1	179,000
Mozambique	1	111,000
Congo DR	5	1,025
<b>Total</b>	<b>120</b>	<b>90,710,025</b>

Registered projects by region. Total 2065



Region	Number of projects
NAI-Africa	38
NAI-Asia and the Pacific	1558
NAI-Other	13
NAI-Latin America and the Caribbean	456

<http://cdm.unfccc.int> (c) 01.03.2010 14:53

## Africa's Carbon Market Context

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5

- Currently 120 projects with potential revenue of \$1+ billion by 2012 (Source: UNEP Risoe CDM/JI Pipeline Feb-10)
- Africa has made real progress with signs of maturation in the regional market
- But its share of the carbon market remains low on all comparisons (3% by CER volume, < 2% by CDM # projects).
- Large untapped potential but a good number of viable projects are either stalled or languishing
  - 740 mtCO<sub>2</sub>/year achievable in clean energy according to WB's report "Low-carbon Energy Projects for Development in Sub-Saharan Africa"
  - Other opportunities in emissions reductions from urban and rural waste water treatment and energy efficiency are well known
- Great need for local market-specific financing solutions and greater liquidity

How to catalyze the market to move from  
linear to exponential growth?

## Introducing the ACAD Facility

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6

- Innovative **public-private partnership** for green financing supported by the German Government's (BMU) International Climate Initiative
- Pioneering example of green financing in Africa through the deployment of local, market specific solutions and partnerships
- Expected to play a critical role in jump-starting Africa's nascent carbon market, addressing key barriers to a more robust African market by:
  - Enhancing transactional capacity within African banks
  - Reducing high early-stage costs/risks
  - Providing a jump-start financing solution
- Standard Bank selected as private sector partner following international tender, secretariat embedded in Standard Bank in Johannesburg
- UNEP facilitates the partnership working closely with Standard Bank and other financial institutions and investors
- Launch activities Oct–2009: UNEP Financial Initiative (FI) Roundtable, Carbon Markets Africa

## Goals

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- In general:
  - To stimulate the growth of Africa's carbon market through investor outreach and seed capital
  - To facilitate the realization and financial closure of highly replicable African carbon projects
- From Standard Bank's perspective:
  - Grow the African carbon market by bringing expertise acquired in CDM overseas to its home continent
- Short-term (end 2010):
  - Leverage closure of 10-12 highly replicable transactions
  - Enhance skills in CDM project identification and appraisal within African banks
- Long-term goals:
  - Mainstream carbon capacity within African financial sector
  - Catalyze robust African carbon market
  - Demonstrate proof-of-concept for self-sustaining facility

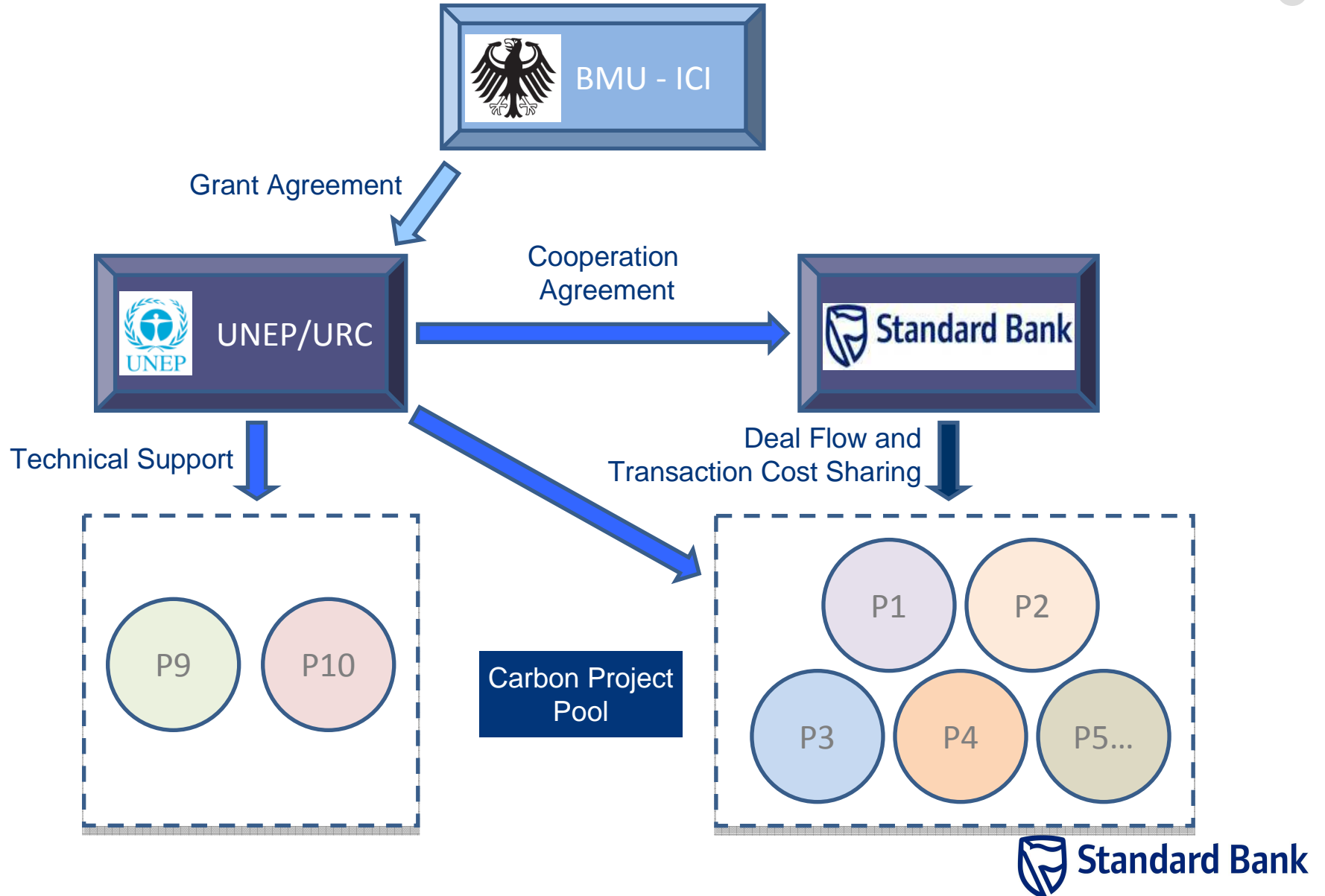
## Key Activities

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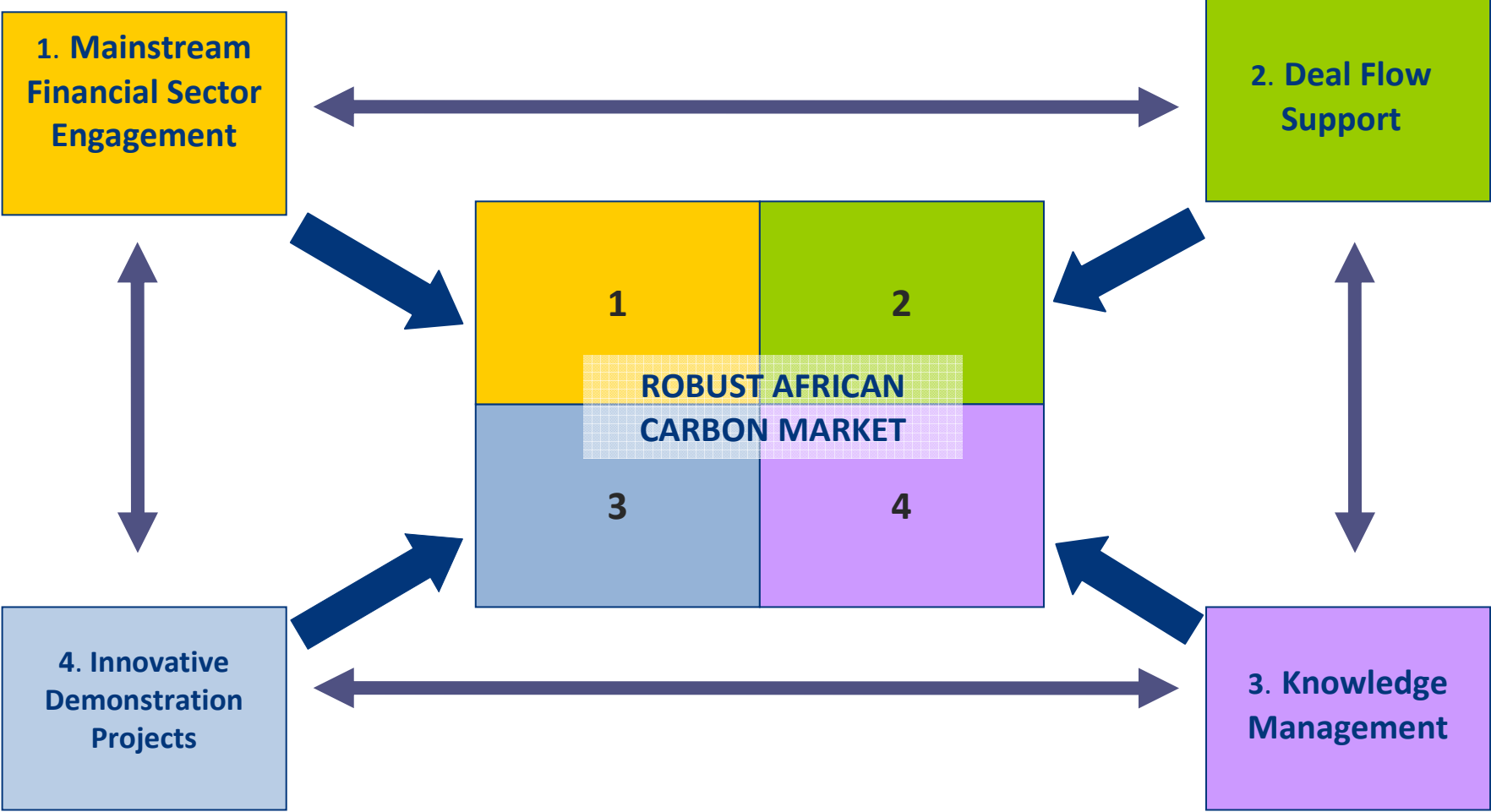
- Provide transaction cost sharing services with technical support to local financiers, developers, or project proponents
  - Roughly EUR 50,000 per project
  - PDD development, validation/registration costs, environmental and legal studies, other due diligence
  - CDM methodology selection and development
  - Build capacity to spot opportunities in carbon asset development
- Three advanced training workshops and additional in-house clinics for developers and African financial institutions
  - Cape Town (Oct–2009)
  - Nairobi (Mar–2010)
  - W. Africa (July–2010)
- Financial Initiative outreach and mobilization events
  - 2nd African Bankers' Carbon Investment Forum, Johannesburg, Oct/Nov–2010



# Structure Phase 1



# Approach



# Project Selection Guidelines

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- Located in SSA countries with existing operational CDM DNA
- Not commercially attractive without additional technical and deal flow support
- Highly replicable in African context
- Targeting CDM or GS VER protocols
- Use of local companies and service providers as a priority
- High social and other local sustainable development impacts
- Clearly demonstrate additionality
- No known negative environmental impacts
- No carbon sink projects

## Approved Projects to Date

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12

1. Lake Turkana Wind Power Project, KENYA  
Support CDM validation costs and Gold Standard certification
2. Lagos Waste Management Authority , NIGERIA  
Support technology selection analysis and PDD development for 2 landfill gas to electricity and 1 organic composting project
3. Biomass fuel switch project at Kaloleni Cement Plant, KENYA  
Share partial costs for PDD development and validation
4. Matola Cement Gas Fuel-Switching Project , MOZAMBIQUE  
Initial CER verification for country's first registered project
5. Clay Brick Sector EE Program of Activity (PoA) – SOUTH AFRICA  
Support soft costs of PoA set-up and new enrolments

# Application Guidelines

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13

- ACAD grant making and operational guidelines can be downloaded on the website:

**[unep.fr/energy/activities/acad/](http://unep.fr/energy/activities/acad/)**

- Proposals can be submitted to:

**[ACAD@standardbank.co.za](mailto:ACAD@standardbank.co.za)**

- Decisions made on rolling basis by Steering Committee composed of:
  - German Federal Ministry of Environment
  - UNEP
  - UNEP Risoe Center
  - Standard Bank
- Call for project proposals launched throughout Africa, applications welcome!

## Key Contacts

14

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