

# ADB FINESSE Africa newsletter



Financing Energy Services for Small-scale Energy users — ADB FINESSE AFRICA NEWSLETTER December 2005

## contents

COP 11 Montreal	2
UNEP & CDM in Africa	3
Solar water pumps for Madagascar	4
Web resources	4

## From the Editor's desk

The 2005 has been a very exciting year, in with the momentum for sustainable energy that was created in 2004 was reinforced. Several new initiatives saw the light and in the international arena attention was created by the coming into force of the Kyoto Protocol in February and by the G8 Gleneagles Communiqué in July. Both offer ample opportunities to the African countries to benefit from technical and financial assistance available for carbon emission reduction projects and programs. The African Development Bank is dedicated to assist its Regional Member Countries in making use of these opportunities.

Early 2005 the FINESSE program on renewable energy and energy efficiency was put on the map firmly by its very successful regional consultative meeting in Tunis. The outcomes of this meeting laid the foundations for the current activities of the program.

In line with the FINESSE objectives the program staff has emphasized the link between capacity building activities and getting actual projects of the ground. We have been supporting the operational departments of the Bank in developing projects and project components on renewable energy and are proud to announce that in the last Board meeting of 2005, the national rural drinking water and sanitation supply (DWSS) programme for Madagascar was approved. This project features prominently the use of solar energy to pump water in rural areas and shows the tight link between water provision and energy. More details of this project can be found on page 4 of this newsletter.

In this newsletter we also report on the Bank's participation in the recent United Nations Climate Change Conference in Montreal and we give our partner UNEP the floor to show their activities in relation to CDM in Africa.

The year 2005 has been a very productive year for the FINESSE program. Two Bank projects with a renewable energy component developed in collaboration with the FINESSE team were approved by our Board of Directors, while several others are still under preparation. We started the process of updating the Bank's energy policy and development of a Renewable Energy & Energy Efficiency Strategy, are looking into detailed training and capacity building activities for Bank staff and our Regional Member Countries and initiated activities directed at project development and support. The FINESSE team participated in several international initiatives and are highly involved in the ADB's activities to develop an Investment Framework for a low carbon future together with the World Bank and other regional development banks.

We promise you that in the new year we will continue to provide you with information about our program through regular editions of this newsletter. On behalf of the FINESSE team I wish you all the best for the year 2006 and hope that it will be full of energy!

Yogesh Vyas  
Head, Sustainable Development and Poverty Reduction Unit ADB



The FINESSE Africa program is funded by the Government of the Netherlands through its Ministry of Development Cooperation and executed by the Sustainable Development and Poverty Reduction Unit (PSDU) of the African Development Bank (ADB)

The FINESSE Africa program can be reached at:  
African Development Bank, PSDU  
Temporary Relocation Agency  
BP 323, 1002 Tunis Belvedere  
Tunisia.  
E-mail: [finesse@afdb.org](mailto:finesse@afdb.org)  
Internet: <http://finesse-africa.org>

## ADB FINESSE at COP 11 in Montreal



From 28 November till 9 December the United Nations Climate Change Conference took place in Montreal, Canada. The African Development Bank was represented at this meeting by Mr. Yogesh Vyas, Head Sustainable Development and Poverty Reduction unit, and Mr. Wim Jonker Klunne, the FINESSE coordinator.

### Background

In December 1997, during the third Conference of the Parties (COP) to the UN Framework Convention on Climate Change (UNFCCC) in Kyoto, Japan, delegates agreed to a Protocol to the UNFCCC that commits developed countries and countries in transition to reduce their carbon emissions. These countries, known under the UNFCCC as Annex I Parties, agreed to reduce their overall emissions of six greenhouse gases by an average of 5.2% below 1990 levels between 2008-2012 (the first commitment period), with specific targets varying from country to country. The Protocol, normally referred to as the "Kyoto Protocol", also establishes three flexible mechanisms to assist Annex I Parties in meeting their national targets cost-effectively: an emissions trading system; joint implementation (JI) of emissions-reduction projects between Annex I Parties; and the Clean Development Mechanism (CDM), which allows for emissions reduction projects to be implemented in non-Annex I Parties (developing countries).

To date, 157 countries have ratified the Kyoto Protocol, including 37 Annex I countries representing 61.6% of 1990 Annex I greenhouse gas emissions. With the ratification by Russia by the end of 2004, the Kyoto Protocol entered into force on 16 February 2005.

Every year a Conference of the Parties (COP) is being convened at which the Framework is being discussed. With the coming into force of the Kyoto Protocol, a series of Conferences of the Parties serving as the Meeting of the Parties to the Kyoto Protocol (COP/MOP) is started as well.

This year the eleventh Conference of the Parties (COP11) to the UNFCCC and the first Conference of the Parties serving as the Meeting of the Parties to the

Kyoto Protocol (COP/MOP1) took place in Montreal, Canada, from 28 November to 9 December 2005. The event drew 9500 participants, including 2800 government officials, over 5800 representatives of UN



The ADB delegation side-by-side with the delegation from the Asian Development Bank during the plenary.

bodies and agencies, intergovernmental organisations and non-governmental organisations, and 817 accredited members of the media.

The main issues on the agenda of this joint meeting were the adoption of the "Marrakesh Accords" (named after the location of COP7 in 2001) which regulates implementation issues of the Kyoto Protocol, addressing pending issues regarding some of the financing mechanisms and initiating the discussions on commitments for the period after the first commitment period.

### Highlights of the conference

On the first day of the meetings, COP11 and COP/MOP1 the Canadian Environment minister Mr. Stéphane Dion was elected as the President of the meetings. While opening the plenary session, he outlined his key goals, which he called **the three "I"s**. According to Dion, delegates needed to: "**implement**" the Kyoto Protocol, especially the "Marrakesh Accords", and other decisions needed to make the Kyoto Protocol function effectively; "**improve**" the operation of the Protocol and the Convention; and "**innovate**" by exploring "options for future cooperation in a manner that reflects the full range of interests of the Convention."

At COP/MOP1, parties discussed and adopted decisions on the outstanding operational details of the Kyoto Protocol, including the "Marrakesh Accords". This is a package of decisions that contain guidelines for how the Kyoto Protocol will function, such as those relating to the "flexible mechanisms" intended to help parties reach their emissions targets in a cost-effective way, and a compliance mechanism. COP/MOP1 also took decisions on a process for considering further commitments for post-2012, when the Kyoto Protocol's first commitment period ends. Various methodological, administrative, financial and institutional matters were also considered. With these decisions the Kyoto Protocol became fully operational and will offer opportunities to African countries to benefit from CDM (Clean Development Mechanism, one of the three flexible mechanisms of the Protocol).

COP11 addressed issues such as capacity building, technology development and transfer, the adverse effects of climate change on developing and least developed countries, and several financial and budget-related issues, including guidelines to the Global Environment Facility (GEF), which serves as the Convention's financial mechanism. After lengthy negotiations, the COP also agreed on a process for considering future action beyond 2012 under the UNFCCC. Particular the issue of future commitments after 2012 was seen as one of the major items of COP11, as for one the Kyoto Protocol committed the Parties to start discuss-

*(Continued on page 4)*

## Overview of UNEP's CDM Activities in Africa

Sami Kamel, UNEP RISOE Centre, Denmark [sami.kamel@risoe.dk]

By November 2005, the number of CDM projects in the pipeline has reached 477 projects, with a rate of increase of about 10 projects per day. The geographic spread of these projects is rather uneven where the majority of the projects are concentrated in a handful of Asian and Latin American countries. Today, Africa's share of the global portfolio of CDM projects is rather limited. Egypt, Morocco, Nigeria, Uganda and South Africa have a small number of projects under preparation with Morocco and South Africa being the only two African countries with registered projects (two in Morocco and one in South Africa). Several international development organizations have taken leading steps in providing technical and institutional assistance to African countries in order to improve their preparedness and attractiveness for CDM projects. Among these organizations is the United Nations Environment Programme, through its UNEP RISOE Centre (URC) in Denmark.

URC is actively engaged in CDM capacity and project development activities on the African continent through two initiatives. The first is the *Capacity Development for CDM Project (CD4CDM)*, a \$12.5 million, Dutch-funded programme being implemented in twelve developing countries, increasing up to seventeen in 2006, including Egypt, Ghana, Cote d'Ivoire, Morocco, Mozambique and Uganda. The second is the *Using Carbon Finance for Sustainable Energy in Africa Project (CF-SEA)*, an initiative being jointly implemented by the World Bank's Community Development Carbon Fund (CDCF) and UNEP, initially targeting five sub-Saharan African countries (Cameroon, Ghana, Mali, Mozambique, and Zambia).

Through the CD4CDM project, URC and its in-country partners are currently implementing the following broad activities in the above African participating countries:

- a. Provision of institutional strengthening and capacity development towards the establishment & operationalization of Designated National Authorities (DNAs).
- b. Capacity development for policy makers, local experts, and other CDM stakeholders, including local financial intermediaries.
- c. Development of a pipeline of CDM project PINs and PDDs.
- d. Support for the participation in international CDM investment events, e.g. Carbonexpo 2005.

As a result of the above activities, countries are gradually becoming more actively engaged in the global carbon market. For example, both Egypt and Morocco are currently engaged in the negotiations of several Emission Reduction Purchase Agreements (ERPAs) with potential buyers. In Cote d'Ivoire, Mozambique and Uganda the operationalization of the DNAs is ongoing while several potential CDM projects have been identified with Project Identification Notes (PINs) and Project Design Documents (PDDs) currently under preparation by local experts as part of URC's capacity development efforts. Ghana has recently started CD4CDM project activities with a series of four national workshops to be organized and a portfolio of PINs and PDDs to be developed by local consultants.

Under the CF-SEA project, URC and the CDCF are implementing activities similar to those listed above in addition to the development of specific CDM projects that the CDCF could contract for procurement of GHG emissions reductions. Project activities are being implemented in collaboration with international carbon finance consultancy firms with local in-country partners who are involved in the process of CDM project identification, preparation, and implementation. The key lessons learned thus far from URC's experience in CDM capacity & project development work in Africa is that a host country's fulfillment of the two key CDM participation requirements (i.e., establishment of a DNA and ratification of KP) is not sufficient to attract carbon credit buyers, as they are also interested in seeing a clear and transparent institutional structure and approval process along with a diversified portfolio of CDM project ideas already in place for them to seriously consider a country as a CDM destination. In order for African countries to be able to attract CDM project developers, considerable groundwork needs to be done at the regulatory, institutional and market development levels. A big share of this work will require support from the international development community as well as from international private sector players, especially those with a development agenda.

## Solar water pumps for Madagascar

Tunis, 21 December, 2005 – The African Development Fund (ADF) will make available UA 51 million (approximately 73 million dollars or 155 billion Ariary) to the government of Madagascar to finance its national rural drinking water and sanitation supply (DWSS) programme. The ADF Board approved the amount during its weekly meeting in Tunis today.

The objective of the ten-year DWSS program (2005 – 2015) is to improve living conditions by providing sustainable drinking water and sanitation services to the population as part of efforts to meet the Millennium Development Goals (MDGs) for the sector. The program expects to increase access rates in the rural areas from 17 percent in 2005 to 26 percent in 2008 for drinking water and from 9 percent to 15 percent for sanitation during the same period.

Consistent with the national plan for the water and sani-

tation supply in the rural areas, the government and the ADF drew up a UA 60 million short-term development programme which will be financed by the ADF resources (85%), the government (14%) and the beneficiary communities (1%).

The main programme beneficiaries will be households, schools, community health centres, and public markets where drinking water and sanitation facilities will be built. Among the target population, nearly 1.5 million are expected to have first-time access to drinking water and about a million to sanitation services.

The project will rehabilitate 230 existing water points and provide for 1250 new ones. Two hundred and fifty of the new water pumps will be powered using solar energy. The FINESSE team assisted the project team in developing the solar component of the project.

---

## COP11 Montreal

*(Continued from page 2)*

ing this issue in 2005, but foremost it is sending strong signals to the world at large that the fight against Climate Change is serious and it will pave the way for long term investments in a low carbon future.

A joint COP and COP/MOP high-level segment was held from 7-9 December. Over 120 ministers and other high-level government officials made statements, along with senior representatives of observer organisations, UN bodies, specialised agencies and other stakeholders. Over 140 side events were held on a range of climate change topics, as well as numerous other climate and energy-related exhibits, displays, launches and initiatives.

In his closing comments early in the morning on 10 December, COP President Stéphane Dion declared the meetings a success, expressing satisfaction that they had avoided so many potential pitfalls and achieved a

consensus outcome. With the Kyoto Protocol now operational and a post-2012 path now envisaged, most participants agreed that COP11 and COP/MOP1 was an important milestone in moving the process forward.

## ADB follow-up

Being represented at the conference did give a clear signal that the African Development Bank is concerned about Climate Change. The conference and the side-events gave ample opportunity to be informed about the latest issues in relation to the flexible mechanisms of the Kyoto Protocol (in particular CDM) as well as issues related to adaptation to the effects of Climate Change. Several follow-up activities are being planned at the moment to make use of the current momentum. These follow-up activities range from close collaboration with potential buyers of carbon credits to support activities to our Regional Member Countries. We also envisage a presentation to the Bank's board of directors early 2006.

---

## Web resources

ADB FINESSE program: <http://finesse-africa.org>  
African Development Bank: <http://www.afdb.org>

UNFCCC: <http://unfccc.int>  
CD4CDM: <http://cd4cdm.org>

---

## Editorial Committee

Mr. Yogesh Vyas - Head - PSDU  
Mrs. Aimée Bella - Senior Environmental Specialist, PSDU & FINESSE Task Manager  
Mr. Wim Jonker Klunne - Principal Renewable Energy Expert - FINESSE.  
Mr. Alois P. Mhlanga - Renewable Energy Research Associate - FINESSE.

### Subscribing to the ADB FINESSE Africa newsletter?

Please ask to be added to our mailing list!  
Send your request to [finesse@afdb.org](mailto:finesse@afdb.org)

### To unsubscribe;

Sent a blank email to [finesse@afdb.org](mailto:finesse@afdb.org) with the following subject  
'unsubscribe'

### Disclaimer

Although every precaution is taken to ensure the correctness of the information in this newsletter, The African Development Bank Group, the ADB FINESSE Africa Program and all its employees do not accept any responsibility or liability for any consequences or loss arising from the use of information, contact numbers or addresses as contained in this newsletter. Furthermore, the opinions expressed in this newsletter are not necessarily the position of the African Development Bank Group or the ADB FINESSE Africa Program.