

CLEAN DEVELOPMENT MECHANISM

# CDM IN AFRICA FINANCE AND SUPPORT



**United Nations**  
Framework Convention on  
Climate Change



## INTRODUCTION

As early as 2006, Parties to the Kyoto Protocol recognized the importance of a balanced regional distribution of CDM projects and welcomed the establishment of the Nairobi Framework, which brings together UN and regional organizations to support access to the mechanism. In light of the benefits that the CDM can bring to lesser developed regions, the Nairobi Framework partners and others began funding technical support and capacity-building programmes for the CDM, particularly in Africa.

The following pages provide a short description of the most important financing and support opportunities available for CDM projects in Africa.

## UNFCCC'S LOAN SCHEME FOR COUNTRIES WITH FEWER THAN 10 REGISTERED CDM PROJECTS

This loan scheme was established by the secretariat of the United Nations Framework Convention on Climate Change at the request of the Parties to the Kyoto Protocol. It provides zero per cent interest loans to cover the following expenses associated with CDM projects:

- Development of project design document (PDD)
- Validation of the PDD by a Designated Operational Entity (DOE)
- Verification by a DOE of the first issuance of Certified Emission Reductions (CERs)

Projects applying for a loan must have a high probability of getting registered with the UNFCCC and generating at least 7,500 CERs per year (projects in Least Developed Countries (LDCs)), and 15,000 CERs per year (non-LDCs). Project documentation must be developed by an experienced CDM consultant and the loan must not "crowd out" other funding sources, such as donor funding or funding by an already identified buyer of CERs from the project.

Further details on the application procedure and the selection requirements are available here: <http://www.cdmloanscheme.org>

## UNFCCC'S REGIONAL COLLABORATION CENTRES (RCCs) IN LOMÉ AND KAMPALA

In order to provide hands-on support to CDM projects, the UNFCCC secretariat, in partnership with regional development banks, has helped to establish two regional collaboration centres in Africa. They are located in Lomé, Togo, mainly to support Francophone Africa, and in Kampala, Uganda, to reach out to more than 20 countries in eastern and southern Africa. They focus on:

- Identifying opportunities for potential projects and programmes eligible under the CDM
- Providing direct support to the design of CDM projects and programmes by addressing technical and procedural issues in the project design and validation phase
- Clarifying problems identified by third-party validators
- Identifying priority areas for the development of standardized baselines based on the emission profile of the country, in order to considerably simplify local CDM projects
- Identifying projects and programmes that would benefit from standardized baselines and supporting the design of such projects and programmes
- Providing institutional capacity development to various institutions, including universities, independent development organizations and government agencies

Further information is available at:

<<http://cdm.unfccc.int/stakeholder/rcc/index.html>>

## WORLD BANK CARBON FUNDS AND INITIATIVES

Of the 15 carbon funds and initiatives managed by the *World Bank*, three are open to support the CDM or will be open after the conclusion of a fund raising process. Further general information is available at: [www.carbonfinance.org](http://www.carbonfinance.org)

### CARBON PARTNERSHIP FACILITY (POA SUPPORT)

The Carbon Partnership Facility (CPF) supports CDM Programmes of Activities (PoA) by developing large scale emission reduction programmes and purchasing the resulting CERs. In order to scale up carbon finance, the CPF collaborates with governments and market participants on investment efforts and sector-based interventions. These initiatives must be consistent with low-carbon economic growth and the sustainable development priorities of the host developing country. Further information is available at: <http://cpf.wbcarbonfinance.org>

### CARBON INITIATIVE FOR DEVELOPMENT (ACCESS TO ENERGY SUPPORT IN LOW-INCOME COUNTRIES)

The Carbon Initiative for Development (Ci-Dev) was launched in December 2011. It will build capacity and develop tools and methodologies to help the poorest countries of the world access carbon finance, mainly in the area of energy access. It will also use emission-reduction-based performance payments to support projects that use clean and efficient technologies in low-income countries. Further information is available at: <http://wbcarbonfinance.org/CIDEV>

### BIOCARBON FUND (AFFORESTATION AND REFORESTATION SUPPORT)

This fund, launched in December 2011, aims to increase the number of projects that sequester or conserve carbon in forests and landscapes, such as REDD (reducing emissions from deforestation and forest degradation) and afforestation and reforestation CDM projects. Further information is available at: <http://wbcarbonfinance.org/BioCF>

#### FINANCIAL SUPPORT FOR PUBLIC SECTOR PROJECTS (NOT EXCLUSIVELY CDM RELATED)

The *World Bank's* country offices provide support for public sector projects. Contact details are available at: <[www.worldbank.org/countries](http://www.worldbank.org/countries)>

#### FINANCIAL SUPPORT FOR PRIVATE SECTOR PROJECTS (NOT EXCLUSIVELY CDM RELATED)

The *International Finance Corporation* provides support to private sector projects. An overview of the various programmes, as well as contact details for IFC's regional and country offices, is available at: <<http://www.ifc.org>>

#### TRAINING SEMINARS ON THE CDM

*World Bank Institute* holds training seminars for identified stakeholders. It also offers online seminars that are open to the public. Further information is available at: <<http://einstitute.worldbank.org/ei/CourseTheme>>

An overview of financial options for climate action in developing countries in general is available at: <<http://www.climatefinanceoptions.org>>

## THE AFRICAN DEVELOPMENT BANK'S (AFDB) AFRICAN CARBON SUPPORT PROGRAMME (ACSP)

ACSP was a two- year programme that provided direct technical assistance to project developers and African designated national authorities on CDM processes. It also drove the development and approval of a methodology for cross-border electricity transmission projects. Going forward from the ACSP, the Bank will continue to support projects with CDM potential.

Further information is available at: <<http://www.afdb.org/en/topics-and-sectors/initiatives-partnerships/african-carbon-support-program/>>

## AFRICA CARBON ASSET DEVELOPMENT INITIATIVE (ACAD)

Launched in 2009 to kick-start the African carbon market, ACAD supports potential CDM projects with:

- Targeted grants for early costs
- Technical assistance for local project developers
- Carbon finance training for local financial institutions

ACAD aims to support highly replicable demonstration projects by reducing the early-stage investment risks associated with African carbon projects (excluding afforestation and reforestation projects).

This is an initiative of the United Nations Environment Programme (UNEP) and Standard Bank and is funded by the German government. Further information, including application guidelines, is available at: <<http://www.acadfacility.org>>

## THE INTRA-ACP CLIMATE SUPPORT FACILITY (CSF)

Being part of the Global Climate Change Alliance (GCCA), the CSF provides customized short-term technical assistance to projects in African, Caribbean, and Pacific (ACP) countries in any of the GCCA's five priority areas, one of them the CDM.

Once a clear vision of the required assistance is submitted, services can be implemented within a month. They include:

- Project identification and formulation
- Feasibility studies
- Assistance in securing funding
- Training, workshops and capacity-building
- Policy development

Further information on the CSF is available at the following link, which also includes information on supported projects:

<<http://www.gcca.eu/intra-ACP/climate-support-facility>>

## AFRICAN BIOFUELS AND RENEWABLE ENERGY FUND (ABREF)

ABREF contributes to the development of the biofuel and renewable energy industry in Africa, and was initially focussed on the member countries of the Economic Community of West African States (ECOWAS).

The fund is managed by the African Biofuel and Renewable Energy Company (ABREC), which also offers technical assistance by preparing feasibility studies and engaging in capacity-building and technology transfer. It is open to all renewable energy projects in Africa, including those eligible under the CDM.

The following project types are covered by the fund:

- Biofuels
- Fuel-switching to biomass energy
- Hydro power
- Wind power
- Methane leakage
- Capture of methane from landfills
- Forestry

Further information is available at: [http://www.faber-abref.org/index\\_english.php](http://www.faber-abref.org/index_english.php)

## UNDP'S MILLENNIUM DEVELOPMENT GOALS (MDG) CARBON

The carbon facility of the United Nations Development Programme supports projects in countries with few or no CDM projects. It focusses on projects that strongly contribute to the MDGs in least developed countries, where it offers:

- Project development services
- Technical assistance for the approval process until CDM registration

Certain types of projects are excluded, such as geo-sequestration including enhanced oil recovery, electric power load shifting and capture and destruction of industrial gases.

Further information is available at: <http://www.mdgcarbon.org/>

In addition, there are national programmes for the purchase of CERs, some of which also include early-stage support for CDM projects. For example:

## GERMANY'S POA SUPPORT FACILITIES

### POA SUPPORT CENTRE GERMANY

In order to support the development of programmes of activities (POA), the German development bank KfW offers a variety of services. These include:

- Advisory, structuring and assessment services for programme proposals
- Financing and grants to cover the preparation of programme concepts, project design documents and monitoring plans
- Support for programme implementation
- Assistance with marketing expected carbon credits

Further information is available at:

<https://www.kfw-entwicklungsbank.de/International-financing/KfW-Entwicklungsbank/Environment-and-climate/Klima%C2%ADschutzfonds/PoA-F%C3%B6rderzentrum-Deutschland/>

### FUTURE OF THE CARBON MARKET FOUNDATION

Based on the belief that the principle underlying POAs is also of strategic importance for future mechanisms of international climate finance, the foundation aims at funding measures that:

- Support the dissemination of the programmatic project approach
- Use the market to exploit further emission reduction potentials
- Acquire knowledge and experience that might be valuable for future carbon market mechanisms and enhance the ability of countries hosting POAs to develop more far-reaching climate policies.

Further information is available at: <http://www.carbonmarket-foundation.org/home>

The Nairobi Framework Partners are:

- United Nations Framework Convention on Climate Change
- United Nations Development Programme
- United Nations Environment Programme
- World Bank Group
- African Development Bank
- United Nations Conference on Trade and Development
- United Nations Institute for Training and Research

The first version of this publication was distributed at the Africa Carbon Forum in Addis Ababa in April 2012. This third version was updated on 1 May 2013. Future editions will include further finance and support opportunities available from multilateral and domestic sources. If you know of a CDM finance or support programme not listed here, please contact [cdm-info@unfccc.int](mailto:cdm-info@unfccc.int)

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For further information contact

Climate Change Secretariat (UNFCCC), Martin-Luther-King-Strasse 8, 53175 Bonn, Germany  
Telephone +49. 228. 815 10 00, Telefax +49. 228. 815 19 99, [cdm-info@unfccc.int](mailto:cdm-info@unfccc.int), [unfccc.int](http://unfccc.int)

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