



**Africa Carbon Forum
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**Statement by
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Good morning.

It is my pleasure to address you today at the 5th Africa Carbon Forum, here in Abidjan.

I have had the pleasure to participate in each of the Africa Carbon Forum events to date – the first in Dakar in 2008, the second in Nairobi, the third in Marrakesh and the fourth in Addis Ababa.

In that time I have seen a transformation:

- a transformation in the clean development mechanism;
- a transformation in Africa's level of interest and sophistication in participating in the CDM, and;
- a transformation in the carbon market.

Any stakeholders engaged in the CDM will be able to tell you about the improvements that the mechanism has undergone, especially in the past few years. The CDM processes have been streamlined, communication has been greatly improved, and a number of important enhancements have been made that promise to extend the CDM's reach, especially into underrepresented countries and regions.

At its most recent meeting, for example, the CDM Executive Board approved standardized baselines for the Southern African region's electric power grid and for charcoal production in Uganda. This represents an important step in the evolution of the CDM because of the objectivity and simplicity that standardized baselines will bring.

Having a common emission factor for the nine countries in the Southern Africa Power Pool, for example, will make validating projects and tallying their emission reductions more straightforward and facilitate regional, multi-country projects that would incentivize increases in renewable energy capacity. With respect to charcoal, the fuel is a major energy source and improvements in its production can be expected to result in significant emission reductions. It is encouraging and significant that Africa was the site of the first two standardized baselines to be approved.

Africa has also led in the uptake of another important innovation under the CDM – registration of Programmes of Activities – perhaps better known simply as PoAs. Under a PoA, an unlimited number of similar projects can be registered and administered under a single programme umbrella. This means reduced transaction costs and an ability to register a great many very small component project activities that otherwise would not qualify or would

be uneconomical without the PoA approach. To date, of the 178 PoAs registered, 51 are in Africa – about 30 per cent.

So, while the number of regular registered projects in Africa remains a small percentage of the total, the number of PoAs suggests a shift – a growing interest and capacity to make use of the CDM in Africa.

I have witnessed this shift in sophistication first-hand in my participation in the Africa Carbon Forums. At the first Forum, in Senegal, participants were in learning mode. At the following Africa Forums, the questions were different – the level of sophistication higher. Participants were there to capitalize on the opportunities available in the CDM. They were there to do business.

The third transformation that I mentioned – that of the carbon market as a whole – is probably better called a challenge than a transformation. Just as we were seeing a growing interest and uptake of CDM in Africa, the prices paid for the units created by CDM projects slumped, due to a variety of factors, but ultimately due to one thing: low demand for units.

So, the question could be asked. Why are we here? That is simple: because we know that action must and will be taken on climate change. And, when countries begin to take the level of action on climate change that the science tells us is needed, then the CDM and perhaps a whole array of mechanisms and approaches will be required.

Thankfully, countries have agreed to adopt a comprehensive climate change agreement – by 2015, to take effect in 2020 – and they are making good progress on that agreement.

In other words, prices go up and prices go down. That's the nature of a market. People who embrace that fact are prepared to be in the market for the long term. They are prepared to build for the future – they are ready to build on the CDM, on new market mechanisms, on new approaches . . . a range of initiatives that can be directed at the problem.

And, we mustn't forget the problem – climate change. Climate change must be addressed with urgency, and markets will play a big part of the international response. We see it in the many emerging trading systems around the world and squarely in the international negotiations going on under the UNFCCC.

The CDM Executive Board and UNFCCC secretariat see it and continue to invest in the improvement and evolution of the CDM. Notable recently has been the establishment of CDM Regional Collaboration Centres: one hosted by BOAD – La Banque Ouest-Africaine de Développement – in Lome and one hosted by the East African Development Bank in Kampala. We will be working hard to help ensure their success and will be looking closely at the results of their efforts.

I will end my remarks here, by:

- thanking our gracious hosts here in Cote d'Ivoire,
- by thanking and complimenting the organizers – the Nairobi Framework partners, and
- by wishing all participants in the 5th Africa Carbon Forum a fruitful three days.

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