CASCADe - Africa

Carbon Finance for Agriculture, Silviculture, Conservation and Action against Deforestation

Division of Technology, Industry and Economics • Energy Branch • www.unep.fr/energy

Programme Context – Kyoto Protocol and the Clean Development Mechanism

In June 1992, over 180 countries adopted the United Nations Convention on Climate Change (UNFCCC), a framework aimed at stabilizing climate-altering greenhouse gases (GHGs) in the atmosphere. The Kyoto Protocol, which was adopted under the UNFCCC, and entered into force on February 16th 2005, commits industrialized countries to reduce their GHG emissions by an average of 5.2 percent below their 1990 levels by 2012.

To meet these commitments in the most cost-effective manner, the Protocol contains provisions allowing industrialized countries some flexibility to meet their obligations through projects that generate emission reductions elsewhere. Within this context, the Clean Development Mechanism (CDM), authorized under article 12 of the Kyoto Protocol, allows industrialized countries to finance carbon mitigation and sequestration projects in developing countries and to receive credit for doing so. An important goal of the CDM is to contribute to the reduction of GHG emissions, while supporting sustainable development in the host countries through the mobilisation of financial resources and the transfer of clean technologies.

LULUCF Projects under the CDM

Under the CDM, Land Use, Land-Use Change and Forestry (LULUCF) projects can contribute to the reduction of greenhouse gases while providing significant benefits to rural communities in developing countries. Especially in Sub-Saharan Africa, LULUCF projects represent a powerful means for some of the world's poorest populations to meaningfully participate in the global carbon market. Apart from generating carbon benefits, well-designed LULUCF projects can improve rural livelihoods. They typically create new employment and income-generating opportunities, contribute to the conservation of biodiversity, and increase social and ecological resilience of rural communities to climate change.

Absence of LULUCF Projects in Sub-Saharan Africa

Despite the rapid growth of global carbon finance transactions, CDM projects in Sub-Saharan Africa are still being bypassed by commercial investors and project developers. The main reasons for this sustained reluctance are concerns about prohibitive transaction costs, high project risks, and a general lack of operational policy frameworks.

In addition, African land use and forestry projects currently encounter additional difficulties resulting from the particular rules adopted for the inclusion of LULUCF projects into the CDM. The most prominent of these barriers include limitation to afforestation and reforestation projects during the first commitment period (2008-2012), the temporary character of GHG emission reductions resulting from LULUCF projects, and the exclusion of LULUCF projects from the linking directive between the CDM and the European Trading Scheme.

As a result of these obstacles, the African forestry and agricultural sectors are lagging behind other sectors such as renewable energy and waste management in terms of development of CDM transactions and access to the carbon market.

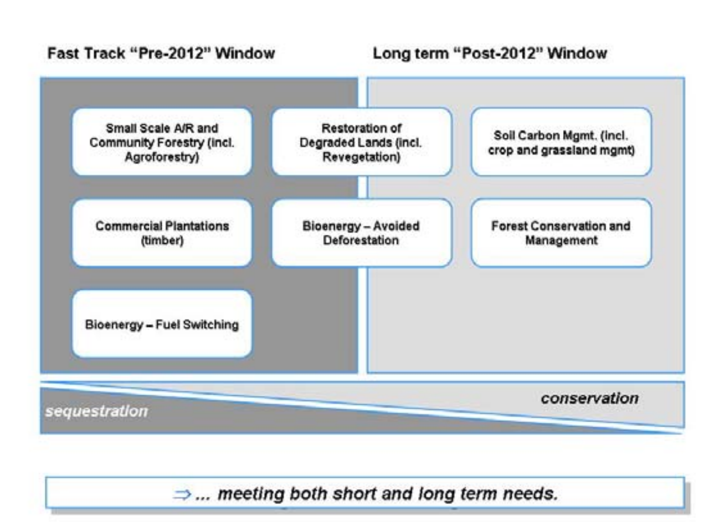
Programme Objectives

The Programme primarily aims at enhancing expertise to generate African carbon credits in LULUCF as well as bioenergy activities. It will provide institutional support, training workshops, and both regional and international knowledge transfer.

Pilot projects and case studies in potential asset classes such as plantation forestry, agroforestry, and biofuels will open up opportunities for African participation in the CDM and the voluntary carbon markets. In addition, the project will facilitate the establishment of a stakeholder network for technical cooperation and linkages between buyers and sellers.

Finally, the programme's findings will contribute to the policy debate towards a post-2012 climate regime, casting light on key issues such as eligibility of avoided deforestation and land degradation projects in CDM-type initiatives.

Figure 1: CASCADe Project Categorisation




Restoration/Revegetation


Avoided Deforestation


Commercial plantations


Soil Carbon Mgmt.


Agroforestry

Implementation Approach

The project was launched in late 2007 and will be implemented in 7 Sub-Saharan African countries: Benin, Cameroon, the Democratic Republic of the Congo, Gabon, Madagascar, Mali, and Senegal. Implementation activities will be performed in three parallel tracks:

Track 1 Activities: Capacity Building

Enhancing CDM expertise in Sub-Saharan Africa through targeted seminars and support to nascent Designated National Authorities (DNAs).

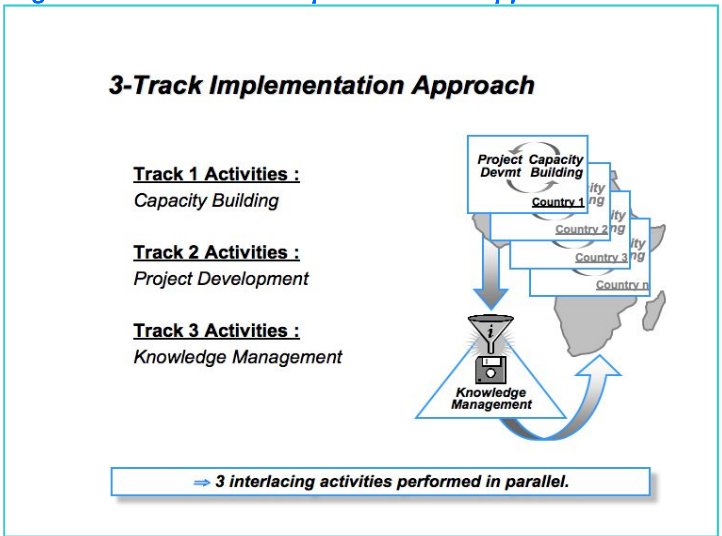
Track 2 Activities: Project Development

Carrying out pilot projects to evaluate the applicability of existing CDM-LULUCF methodologies vis-à-vis the Sub-Saharan African context, and putting "theory into practice" by working with project developers on specific pilot transactions engaging both the CDM and voluntary carbon markets.

Track 3 Activities: Knowledge Management

Establishing a collaborative network of experts for the promotion of LULUCF and bioenergy projects in Sub-Saharan Africa and promoting the "South-South transfer" of expertise and methodologies.

Figure 2 : Three-Track Implementation Approach



Implementing Agencies

UNEP-DTIE has been working with local entrepreneurs and the finance sector since the late 1990s to promote new approaches to financing sustainable energy in developing countries. Through its Renewable Energy and Finance Unit, UNEP has implemented a variety of technical support services and 'financial catalysts'- including seed financing and enterprise development, credit enhancements and carbon finance.

To assist countries of Sub-Saharan Africa currently overlooked by the majority of CDM investors, UNEP, in co-operation with the World Bank's Community Development Carbon Fund (CDCF), launched the CF-SEA ("Using Carbon Finance to Promote Sustainable Energy Services in Africa") program in May 2005. In each of its five target countries, UNEP works with international carbon specialists and project developers to identify and roll out an initial pipeline of CDM projects adapted to the African context, while reinforcing the capacities of local experts and government authorities through a series of targeted seminars.

>>http://www.uneptie.org/energy

The UNEP Risøe Centre has worked on capacity building and CDM awareness since this was originally introduced in the Kyoto Protocol. Activities have included regional awareness and information programmes in Africa, Asia and Latin America. Moreover, URC is one of the leading research providers working on key analytical issues related to implementation of CDM projects such as baseline methodologies, cost analysis, project screening and the definition of sustainable development indicators.

>>http://www.cd4cdm.org

Since its inception in 1994, the French Global Environment Facility (FFEM) has been supporting projects for sustainable forest management, especially in the tropics, to help preserve biodiversity and the sustainable management of forest resources. Climate change projects in the FFEM's portfolio contribute significantly to increased carbon sequestration and to reduced carbon emissions.

>>http://www.ffem.net

Institutional and Financial Approach

Under the supervision of UNEP-DTIE, the project will be implemented jointly by the UNEP Risøe Center, the BioCarbon Fund of the World Bank, the French Agricultural Research Centre for International Development (CIRAD) and the French National Forestry Office (ONF).

The project's core funding is provided by FFEM.

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Biofuels


Forest Protection/Mgmt


Mangrove Restoration


Silvopastoral Rehab.


Community Reforestation