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(United Nations Conference  
on Trade and Development)

## AFRICAN BIOFUELS & RENEWABLE ENERGY FUND



Ecowas Bank for Investment  
and Development  
(EBID)

# ***AFRICAN BIOFUELS & RENEWABLE ENERGY FUND***

*To become in long term a leader Fund in Clean Energy  
Development focused on African region*



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### I. Background information

In November 2006, the ECOWAS Bank for Investment and Development (EBID) and the United Nations Conference on Trade and Development (UNCTAD) organized a regional conference in Accra, Ghana, on the financing of bio-fuels and Jatropha cultivation in Africa, and on the development of the carbon market.

During the conference an initiative was launched to establish an African Fund for the development of bio fuels.

The President of the Republic of Ghana, his excellency John KUFUOR kindly agreed to be the patron of the Fund. EBID was also entrusted with the responsibility of implementing the project.



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### II. Carbon Market

*Carbon credits generated by the CDM projects would be able to generate a substantial annual cash flow for a duration of 7 – 14 years. This additional source has been taken into account in the financial packaging of the project to constitute an important leverage for profitability.*

*According to the World Bank, the carbon market recorded an estimated value of USD 30 billion in 2006 as against USD 10 billion in 2005. Carbon credit transactions generated through the CDM were estimated at USD 5.5 billion in 2006 as against USD 2.9 billion in 2005.*

*According to data as at May 2007, the UNFCCC Executive Committee has registered 17 projects for Africa out of a total of 657, of which 377 for Asia and the Pacific and 255 for South America and the Caribbean. See annex 2). In the light of these figures, Africa is far from its potential when compared to its existing project portfolio.*



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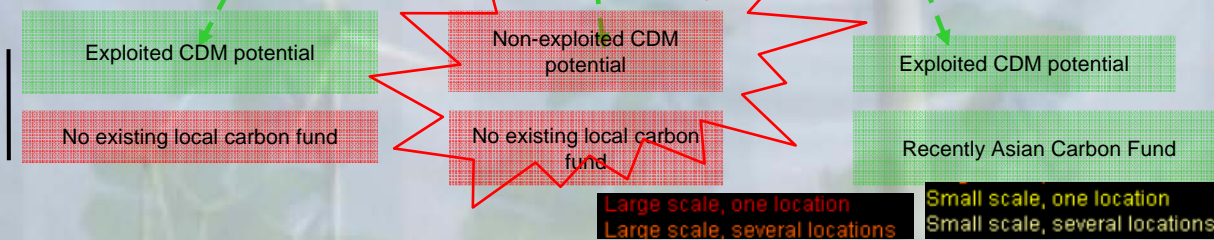
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## II. Carbon Market

### a- States of Global CDM Market





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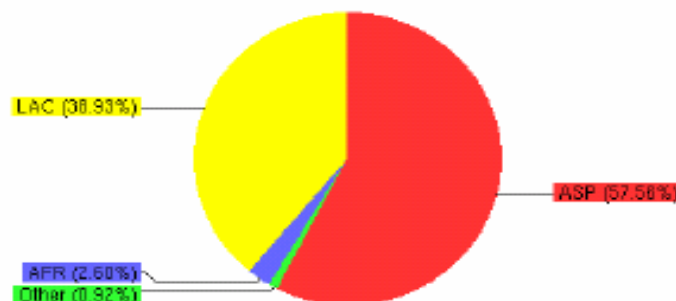


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### II. Carbon Market

#### b- African Region in the global carbon market

Registered projects by region. Total 655



<http://odin.unfccc.int> (c) 07.05.2007 16:40

Region	Number of projects
Africa	17
Asia and the Pacific	377
Other	6
Latin America and the Caribbean	255



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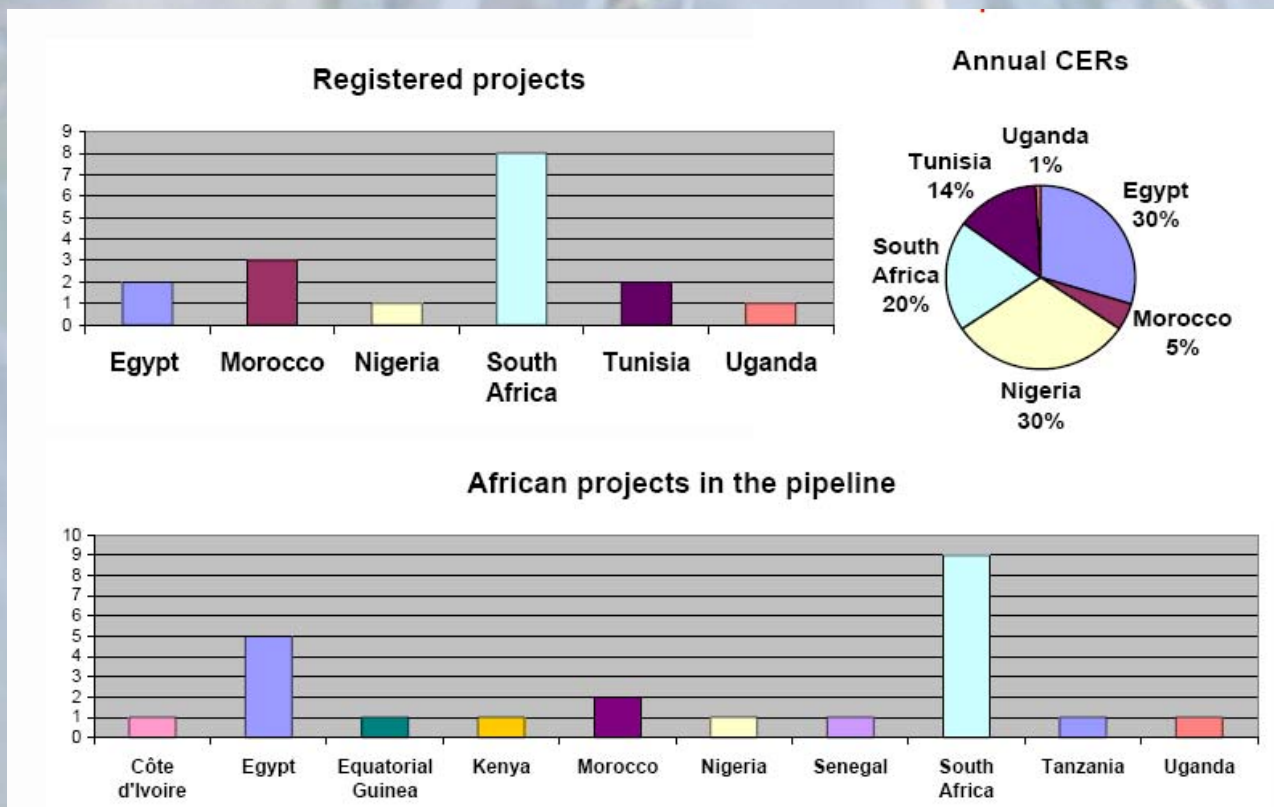
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## II. Carbon Market

### c- African Region in the global carbon market





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### II. Carbon Market

#### d- Sectors eligible to the CDM

**Several sectors are concerned with the carbon market. The sectors are as follows:**

- **Energy sector:** *renewable energies (hydro, wind, solar ...) and substitution of carbon high contents fuels with carbon low contents fuels (bio-fuels...)*
- **Wastes treatment sector:** *capturing biogas discharged from domestic wastes, harnessing energy from wastes, recovering and developing bio-gas arising from processing of waste waters.*
- **Industrial sector:** *every change of industrial procedure resulting in the reduction of green house gases, capturing and using methane discharged from processing of industrial wastes, improving energy efficiency in industrial projects*
- **Real estate sector** :*improving energy efficiency in residential or tertiary buildings, etc...*
- **Transport sector** :*improving energy efficiency of vehicles, substitution of fuels in vehicles, etc...*
- **Agricultural sector** :*improving energy efficiency or the use of energy sources discharging lesser green house gases in order to run irrigation pumps, reduce emission of methane related to the rice cultivation, reduction of animal wastes or capturing and using of methane from animal wastes, etc...*
- **Forestry sector:** *afforestation and reforestation*



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## II. Carbon Market

### e- Barriers to CDM Development in Africa

#### Non Africa-specific:

- Complex CDM Modalities & Procedures
- Transaction cost to hire service providers.
- Heavy institutional requirements for project cycle.
- Knowledge gap between carbon credits buyers & sellers.

#### Africa-specific:

- Limited access to finance by potential developers.
- Financial intermediaries lack of knowledge about CDM
- Lack of trained national CDM consultants
- Limited budgets for operations of DNAs
- Majority of potential in small projects, difficult to attract financing
- Lack of entities capable of bundling projects for the buyers.



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### III. Vision of the Fund

Become a local financier of renewable energy projects to lead the development of biofuels industry in the african region, with a focus on west african countries, and help reinforcing the african economic development independance.



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### IV. Objectives of the Fund

***The Fund which will be in the form of private/public partnership will aim to :***

- Create a sustainable biofuels economy
- Face the challenges resulted from global warming and dwindling energy resources

**By**

- Creating Jatropha farms that can be incorporated into existing agriculture
- Bringing a marketable energy product to a vast number of poor people
- Providing job opportunities to rural areas
- Improving the regional commerce that could be readily available for private sector investors
- Restoring local deforested landscape and prevent erosion
- Reducing the fossil fuel dependence and offset immediate energy deficits
- Providing renewable fuel for generators, transport and cooking



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### V. Mode of operation of the Fund

The fund would will streamline financing and investments activities targeting biofuels development in Africa in collaboration with the existing financing institutions.

The fund will target Africa as a whole but will adopt a sub-regional approach for the promotion, financing and development of biofuels in Africa.

The Fund will provide a window for technical assistance programme to develop R&D, training, awareness raising, cooperation, etc.



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### V. Mode of operation of the Fund

The Fund will also tackle the Kyoto Protocol issues as a general frame to implement its specific objectives of a proper use of the Clean Development Mechanism which would enhance access to finance for bio-fuels projects and achieve sustainable development in Africa. For this purpose, it will involve investments from countries and companies that have green house gas reduction commitment. This will be used as additional financing source for CDM projects. The Fund will provide them certified emission reduction generated by the CDM projects to be used for the achievement of their commitment. The Fund is also be opened to investors who want to make profit.



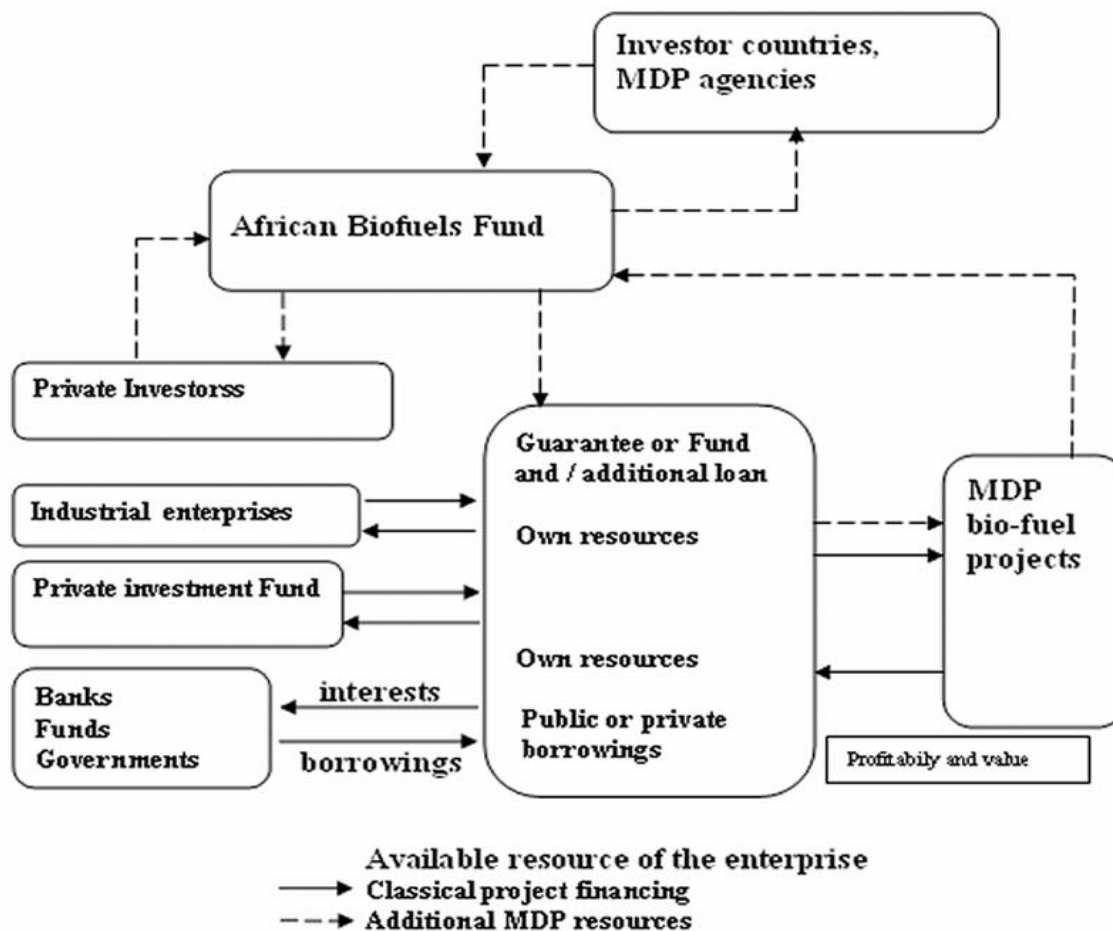
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## V. Mode of operation of the Fund





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### VI. Mode of financing

- ***Equity***
- ***Debt***
- ***Mezzanine finance***
- ***Lease of credit***
- ***Carbon funds***



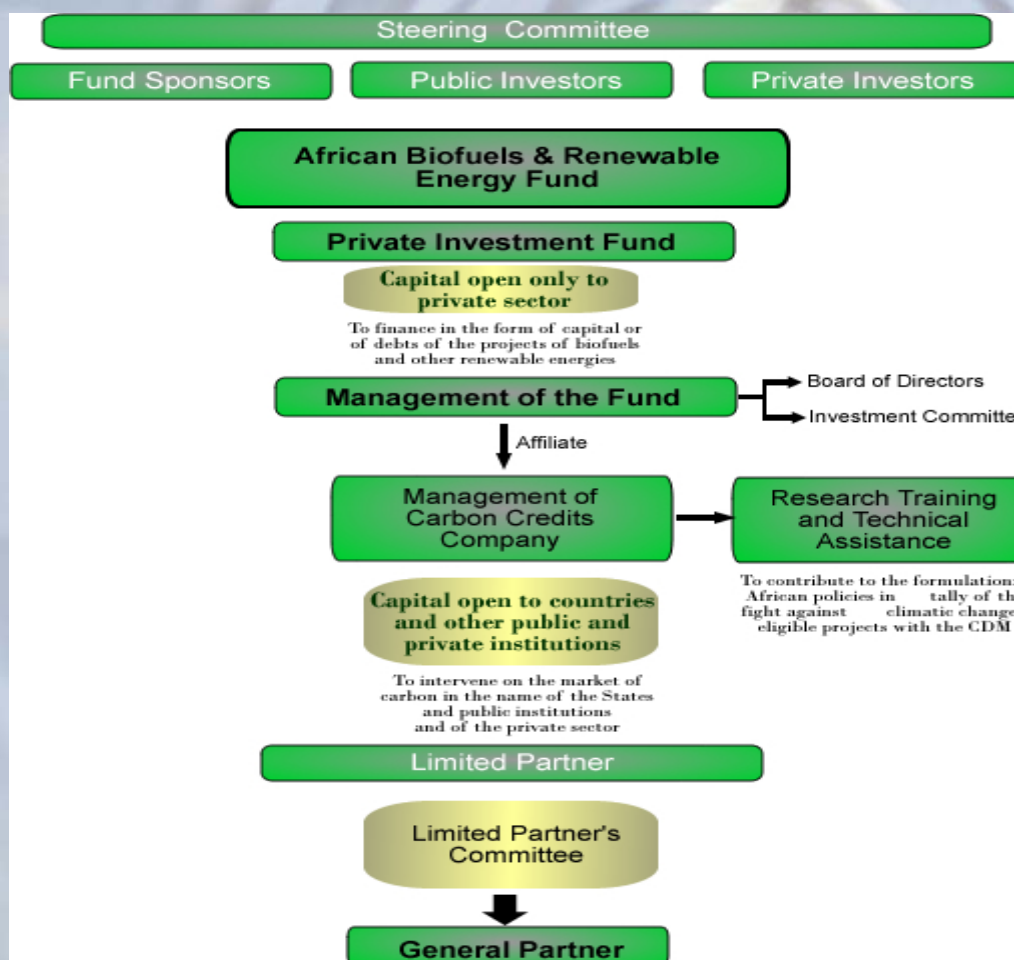
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## VII. Structure of the Fund





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### VIII. Process of Establishing

***A promotion company with a capital of about US\$ 1 million is in the process of being established. The company will undertake the following activities:***

- Identification and mobilization of stakeholders
- Assessment of the needs of Africa (grouped into sub regions) within the framework of the development of bio fuels including analysis of all projects and the identification of existing organizations and working groups involved in the promotion of bio fuels in Africa, etc
- Assessment of the prospects and the implementation of CDM
- Preparation of feasibility studies of the Fund
- Organization of a round-table of investors and donors
- Launching of the Fund in the first quarter of 2008



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### IX. Shareholders and Partners

#### ➤ **Shareholders**

- Financial institutions
- Private and Public sectors
- States

#### ➤ **Partners for :**

- The private investment fund
- Unity of Research, Studies and Technical Assistance



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### CONTACT

#### *Head of Project*

**Mr. Therno Bocar TALL**

Tel : (+228) 221 68 64

Mob: (+228) 912 52 23

Fax : (+228) 221 86 84

E-mail : [tbtall1@yahoo.fr](mailto:tbtall1@yahoo.fr)

[www.abf-fab.org](http://www.abf-fab.org) (under construction)



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**THANK YOU  
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KIND ATTENTION**