Africa Carbon Forum
Marrakech, 4-6 July 2011

Statement by Christiana Figueres, Executive Secretary
United Nations Framework Convention on Climate Change

Excellencies,
Ladies and gentlemen,

I am honoured to be in Marrakech - 10 years after the Marrakech Accords were adopted. It is a noteworthy anniversary - an anniversary of the underpinnings that inaugurated the first phase of the climate regime and made the carbon markets work for many areas of the world, but frankly not for Africa.

Now we stand on the brink of entering into a second phase of the climate regime, one that needs to bring three critical elements:

- Deeper global emission reductions
- Increased support for developing country adaptation and mitigation
- And more market activity in Africa

I believe we are on track on each of these potentials. Let me tell you why.

Deeper emission reductions

The Cancun Agreements represent a critically important step forward in the development of the climate regime. Under the Agreements, all industrialized countries have officialized their emission reduction targets, and 44 developing countries have officialized their nationally appropriate mitigation actions. The sum total of the reductions which are pledged is not enough to guarantee a maximum temperature rise of 2 degrees, let alone 1.5 degrees, but they represent an emission reduction effort far greater than that under the first commitment period of the Kyoto Protocol. They therefore provide the strongest signal countries have ever given to the private sector that we are indeed moving toward low-carbon economies.

Increased support for developing countries

Cancun created important institutions to support both adaptation and mitigation in developing countries. The Adaptation Committee will help foster adaptation strategies and measures. The Technology Mechanism will promote the use of cleaner technologies around the world, and the Green Climate Fund will help to finance both adaptation and mitigation efforts. All three nascent institutions are being designed by governments this year, with input from relevant stakeholders. Current progress on all three tells me that we will be in a good position to have those institutions operationalized in Durban.

More market activity in Africa

Future markets are linked to the future of the climate regime. Cancun did not resolve the very difficult challenge of the future of the Kyoto Protocol. Yet the Cancun Agreements call for the completion of negotiations under the Protocol, in time to avoid a gap between the first and the second commitment period.

Furthermore, during the current period of uncertainty, international negotiations have repeatedly reaffirmed that the current market mechanisms should continue.

Some countries wish to focus on the current Kyoto mechanisms, with further strengthening and alignment to make them more effective. Other countries are calling for new market instruments that can address a larger scale of mitigation activities.

Core to both views - and reflected in the outcome from Cancun - is the desire to continue the mechanisms we have now. The question is how they might be refined and improved, and whether new mechanisms should be developed to complement them.

Some argue that a mere stated desire to keep the Kyoto mechanisms isn't much to go on. That the lull in the carbon market is an indication of worse times to come. And that the delayed decision on the Kyoto Protocol will effectively lead to the demise of everything the carbon trading community has achieved.

But I beg to differ. I argue that while the future scope of the market is still unclear, the market is, in fact, in the process of reinvigorating itself, and that Africa holds one of the greatest potentials for participation in that market.

I argue that the markets are reinvigorating themselves because I see growing interest in emissions trading worldwide:

- The EU has extended its ETS beyond 2012, independently of the result of international negotiations.
- The New Zealand ETS is operational.
- In the US, state and city-level systems are progressing, most prominently in California, with possible good ripple effects across the country and in Canada.
- Japan's voluntary systems are proceeding.
- And developing countries such as China, India, South Korea, Mexico, Brazil and Chile are showing interest in their own domestic trading.

Some may see these developments as dangerous fragmentation of the market, but I conclude that much action is being considered or proposed around the world, and this can only lead to invigorated markets, in particular if we develop compatible standards that will allow for unhindered trading, lower transaction costs and clear price signals.

I also argue that Africa holds one of the greatest potentials for participation in the future markets, for three main reasons:

First, many of the improvements that are being introduced into the CDM will clearly benefit Africa. You have discussed many of these improvements over the past three days, but I would like to highlight the efforts to simplify and streamline procedures, the introduction of default values in several methodologies, the development of standardized baselines, the upcoming loan scheme to cover costs of project preparation, and recent work to improve the application of Programmes of Activities (PoAs).

Testament to the potential of PoAs for Africa is the fact that three of the nine registered PoAs are in Africa, and 20 percent of all PoAs in validation are also in Africa. As one of the people who originally pushed for the approval of PoAs, I am personally delighted to see not only the uptake in Africa, but most importantly, to see the benefits these CDM programmes can bring to families, to communities, to small businesses on this continent.

Secondly, while we expect demand for reductions to grow over time, the currently secure demand is specifically targeted to LDCs and to countries which will develop bilateral agreements with the European Union. As a supplier of emission reductions, if the countries position themselves wisely, Africa can be privileged in the market.

Third, CDM projects tend to follow foreign direct investment, and here there is very good news. Africa as an increasingly attractive destination for investments.

Ernst & Young recently released a report entitled "*It's time for Africa.*" The report noted that Africa is becoming increasingly attractive as international investors seek new opportunities for growth. Foreign Direct Investment has increased by 87 percent since 2003. Moreover, the leading global companies surveyed for the report all stated that they believe Africa's attractiveness for investors would further increase over the next three years. And in investor circles, Africa is being called "the world's best-kept secret" and "the next big thing."

These are important developments for investors, and obviously, they are critically important for you. These developments will assist you to connect all the relevant dots to make the carbon market work for Africa.

But let me be frank. Neither direct foreign investments nor CDM projects will come to Africa merely out of love for this wonderful continent. If you want the investment potential to become a reality, you also need to do your part to establish the enabling environment that will foster CDM projects, and let me here quickly mention just three aspects for you to consider.

During the past few days, you have discussed the importance of aligning national policies with the climate friendly framework that is evolving at the international level, in particular to support the implementation of clean energy initiatives and city-wide approaches. This is a fundamental component of attracting investment in clean technologies.

Equally important is for you to establish priorities and develop the strategy to achieve those priorities. For some, it may be energy access, in which case PoAs would be a valuable tool, especially if implemented as a partnership between private and public sectors. For others, the priority may be increased grid-connected generation based on clean fuels, in which case feed-in-tariffs would be helpful and not contradictory to the CDM.

Finally, transparency and rigour in project implementation is critical for the credibility of the monitoring and reporting stages of any CDM project.

I am confident that together we can make the CDM work for Africa. It is pleasing also to see how Africa is preparing for future evolutions of the carbon markets; through NAMAs and REDD, and how we can build on the framework provided by the existing mechanisms.

Ladies and gentlemen,

Let me close by emphasizing what a pleasure it is to be once again on African soil. Because perhaps more than ever before, this soil and its people hold the promise of renewed progress.

I hope that you have been able to utilize the opportunity of the past three days to lay the foundations for future success in carbon markets for Africa. The Organizing Partners have created this event to facilitate a more cohesive dialogue between policymakers and the private sector.

On behalf of all the organizers of the Africa Carbon Forum, the African Development Bank, the International Emissions Trading Association, UNCTAD, UNDP, UNEP Riso, UNITAR, the World Bank and your climate change secretariat, I would like to thank you for your active participation in this Forum. You have made this Forum one of the most engaged and engaging activities we have organized this year. We count on your renewed participation at the next African Carbon Forum, which I am pleased to announce will take place in March of next year, at a venue still to be decided.

Most importantly, I would like to ask you to join me in thanking our host, the beautiful country of Morocco, the government of Morocco, and specifically the Secretariat of State in charge of Water and Environment. Their untiring efforts to ensure the success of this event have made this an unforgettable experience. Could I ask you to join me in an enthusiastic applause for them.

Thank you.

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