

Projects Selected for New Facility to Boost African Carbon Market

Standard Bank and UNEP collaborate on the Africa Carbon Asset Development (ACAD) Facility

Johannesburg, March 2, 2010 - Project developers, bankers and others setting up carbon projects as part of the fight against climate change have a new place to go for help. ACAD, the first facility dedicated to boosting the African carbon market, has launched by awarding several new grants.

The Facility is a partnership between the United Nations Environment Programme (UNEP), Standard Bank and the German Government's International Climate Initiative, administered by its Federal Environment Ministry. ACAD supports African carbon projects through a combination of technical assistance, grants and preferential access to corporate finance and transactional guidance.

One of the key challenges Africa faces is in removing investment barriers to low-carbon sustainable development. Combined with traditional debt or equity finance, carbon finance is a promising means of attracting funding for energy and infrastructure projects; and it is here that ACAD can help.

ACAD takes a new approach toward capacity and market development, sharing costs and risks with African banks such as Standard Bank to realize and replicate projects.

"Huge investments, especially in Africa, will be needed if we are to minimize the effects of climate change," said Sylvie Lemmet, Director of UNEP's Paris-based Division of Technology, Industry and Economics. "Government investment alone will not be enough. ACAD is a good example of how we can attract much-needed private capital for investments that address climate change."

The ACAD partnership couples UNEP's longstanding capacity building expertise in environmental policy and finance with the financial know-how and regional reach of Standard Bank. "We are keen to bring our global experience on carbon finance back to our roots in Africa and to combine it with the leading technical expertise of UNEP and its Risoe Center," said Geoff Sinclair, Head of Carbon Sales and Trading at Standard Bank. "Our objective is to collaborate with local companies and investors to bring Africa to the forefront of the carbon markets and we look forward to working with everyone to achieve this."

ACAD has recently awarded its first grants to innovative "green" development projects in Kenya, Nigeria and South Africa. These include:

- The Lake Turkana Wind Power Project in Kenya, one of the largest renewable energy generation projects on the African continent to have achieved financial closure. ACAD will provide partial payment for validation costs under the Clean Development Mechanism—the U.N. carbon credit scheme; and
- The Lagos Waste Management Authority in Nigeria which is developing several waste-to-energy sites. ACAD is supporting the costs of engineering and carbon auditing studies required to earn carbon credits.

Another ACAD beneficiary is the Athi River Mining (ARM) Company Ltd., which operates a cement plant in Kenya and is attempting to reduce coal consumption in a cement plant by using locally available biomass resources. "As we are continuously working to improve our environmental footprint, Athi River Mining appreciates the technical and financial support provided by the new ACAD Facility to get this project off the ground. We will look to the lessons of this project for further energy and cost savings across the company," says Mr. Pradeep Paunrana, Managing Director of ARM.

Cas Coovadia, CEO of the Banking Association of South Africa, points to the timeliness of the initiative. "Climate change will affect African business profoundly over time. The continent, and its people, will feel the brunt of climate change and will need to address its impact in conditions that are already difficult. The role of business in addressing this challenge in a sustainable manner is critical. I am delighted that the partners are launching the ACAD initiative, which will build capacity and understanding amongst African financial institutions and in turn the business community. This will enable these sectors to bring their unique skills to the table in tackling the climate change problem."

If you would like to approach UNEP or Standard Bank for assistance through ACAD please contact:
ACAD@standardbank.co.za

Or

Glenn Hodes
UNEP - Risoe Center
gsho@risoe.dtu.dk
+27 795 599 663

Geoff Sinclair / Karin Ireton
Standard Bank
geoff.sinclair@standardbank.com / karin.ireton@standardbank.co.za
+44 7769 648 695 / +27 83 515 0777

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Notes to Editors

More about ACAD

ACAD is a public-private partnership between UNEP, Standard Bank, and the German Government. The partnership serves to facilitate carbon market development in Africa by:

- **Building the capacity of local banks as well as increasing access to finance and skills on the part of local entrepreneurs.** For example, ACAD is organizing a number of training activities to build expertise within African financial institutions to identify and appraise carbon investment projects. Around 40 participants from across Africa took part in the first seminar organized by ACAD in Cape Town, South Africa. A second seminar for bankers in East Africa will be held in Nairobi on March 2 in tandem with the Africa Carbon Forum. Additional training activities across Africa are planned throughout 2010, including a second African Bankers' Carbon Finance Investment Forum planned for late October, in Johannesburg.

- **Leverage private capital with grant funds** made available from the German Government's International Climate Initiative administered by the Federal Ministry for the Environment. ACAD hopes to mobilize greater investment in the emergent African carbon market by supporting roughly a dozen projects in 2010 which will be scrutinized for their ability to be replicated elsewhere on the Continent. Examples of project development costs that may be covered under the ACAD Facility include completion and validation of project documents for the CDM legal or environmental due diligence studies, and the development of financing plans and guarantee applications.

As climate investments continue to scale up and global climate financing instruments continue to evolve, novel partnerships such as ACAD are invaluable learning platforms. In the case of Africa, which has pressing needs for developing new power and infrastructure capacity, platforms such as ACAD can be concrete testing grounds to more efficiently tap Africa's potential to finance such projects through market-based instruments.

www.unep.fr/energy/activities/acad

About Standard Bank

Standard Bank is a leading African banking group focused on emerging markets globally. It has been a mainstay of South Africa's financial system for over 145 years, and now spans 17 countries across the African continent. Its international expansion has taken it to 16 countries outside Africa including Brazil, Russia and China. Its headquarters are in Johannesburg and it is listed on the Johannesburg Stock Exchange.

Standard Bank's Corporate and Investment Banking division is a leading global emerging markets corporate and investment bank and offers its clients banking, trading, investment, risk management and advisory services in developing economies throughout the world. It has specific sector expertise in industries relevant to its global footprint, with strong sector value propositions in: mining & metals; oil, gas & renewables; telecommunications & media; power & infrastructure and Financial Institutions.

Standard Bank Plc in London is the bank's principal international subsidiary. It is authorised and regulated by the Financial Services Authority, and is a member of the London Stock Exchange, the London Bullion Market Association, the London Metal Exchange, the London Platinum and Palladium Market and the New York Mercantile Exchange (COMEX Division). Through its branch in Tokyo, it is also a member of the Tokyo Commodities Exchange (TOCOM). It has major trading affiliates in Brazil (Banco Standard de Investimentos S.A.), Argentina (Standard Bank Argentina S.A.), and Hong Kong (Standard Bank Asia Ltd.)

Key facts and figures

- Standard Bank Group assets of approximately US\$172 billion (as at June 2009)
- Market Capitalisation of approximately US\$18 billion (June 2009)
- Present in 33 countries around the world
- Employs more than 50,000 people world-wide (including Liberty)

Standard Bank in the Carbon Markets

Standard Bank was one of the first banks in the world to enter the carbon markets in 2002 and is now a leader in the field, having pioneered a broad range of new transaction and financing types in CDM and completed transactions in 2009 resulting in the investment of approximately \$700 million directly into emissions abatement. We are now deploying this expertise in Africa to help make African countries leaders in the global carbon markets.

Standard Bank has a global carbon team which has won multiple awards for its work, including *Environmental Finance Magazine's Carbon Finance Deal of the Year 2009*. Our approach is to partner with local project developers, consultants and investors to ensure that investments and projects happen. The carbon team also collaborates with governments and NGOs to use its extensive local capabilities to deliver low carbon development assistance with maximum impact.

For further information visit: www.standardbank.com/cib

+44 20 3145 6890

About UNEP and its UNEP Risoe Center

UNEP is the United Nations system's designated entity for addressing environmental issues at the global and regional level. In the area of climate change, UNEP's approach aims at reducing barriers to market development and easing the costs and risks of entry of new actors in both the public and private sector. The UNEP Risoe Center has been leading UNEP activities related to carbon finance and the Clean Development Mechanism (CDM). URC has played a pivotal role in facilitating the participation of developing countries in the emerging carbon market, focusing on support for capacity building, and piloting new approaches. It conducts analysis to strengthen emerging sectors in CDM, and implements country-level and regional activities aimed at enhancing a more equitable regional distribution of carbon project activities.

For further information visit:

www.unep.org

www.unepriose.org

About Germany's International Climate Initiative

The International Climate Change Initiative (ICI) is managed by the German Federal Ministry for the Environment (BMU) to promote climate change projects in developing countries and emerging economies. A large portion of the revenues accrued from the auction of emission allowances in Germany are reinvested through the ICI in international climate mitigation and adaptation activities. This means that the money raised from allowing energy-intensive industries in Germany to continue emitting gases that contribute to climate change is in turn invested in projects that reduce such emissions, such as the carbon investment projects supported through ACAD. ICI funded projects are implemented together with different project partners. Such activities, like ACAD, provide important stimulus in negotiations on the international climate regime beyond 2012. ICI support is given to project proposals that explore new ideas and solutions in sectors like renewable energy and energy efficiency and allow further development of any promising approaches that emerge from the international climate change negotiations.

For further information visit:

<http://www.bmu-klimaschutzinitiative.de/en/results>

http://www.bmu.de/english/climate_energy/doc/41327.php