

Africa

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Corruption and the Risks of Revolution

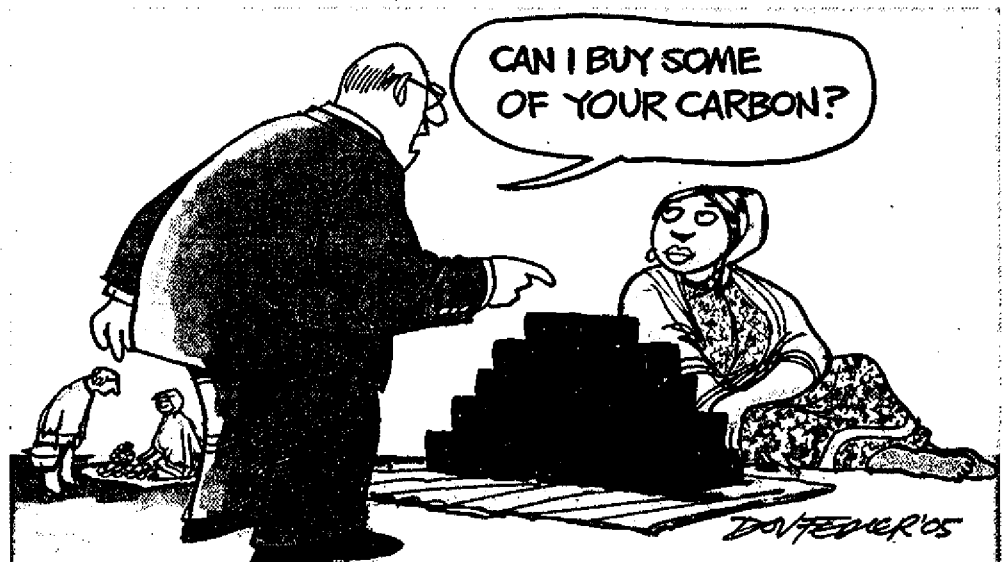
KARL Marx got many things wrong, but he was astute on one point. The deep poverty and brash disregard for the poor in industrialising 19th century Europe were the kindling needed to fire revolution.

Revolution may seem a bygone idea in the 21st century, but Africa suffering over deepening poverty and bad governance is more pervasive and intense than was inflicted in Europe at the dawn of the industrial age. Africa has had more military seizures of power than any other continent, which are often seen as manifestations of ethnic conflict or greed. But viewed from Marx's vantage-point, they also can be seen as an indicator of severe discontent about the unfairness of political governance. They are an ultimate expression of lack of faith that political systems will address grievances and divide resources fairly.

Speaking recently at the South African Institute of International Affairs, former Ghana president Jerry Rawlings argued that his seizure of power as a young military

officer in 1979 was a revolution against corruption. In his speech, reprinted in this edition in abridged form, Rawlings makes a compelling case that Africans must rethink the meaning and form of democracy and abandon the often repressive, centrally-dominated systems inherited from colonialism. He argues that Africa focuses too much on elections while ignoring or sabotaging the other institutions without which democracy has no soul or legitimacy. Whatever his shortcomings as a president, he has opened a debate that deserves serious attention, particularly as more countries embrace the African Peer Review.

This issue also looks at an innovative aspect of the Kyoto Protocol on climate change that offers interesting new financial options to Africa. Kyoto caps output of greenhouse gases in rich countries and embraces the idea of trading in carbon credits. Already, projects in South Africa are using this form of finance to turn gases emitted from garbage dumps into clean electricity.



Verbatim

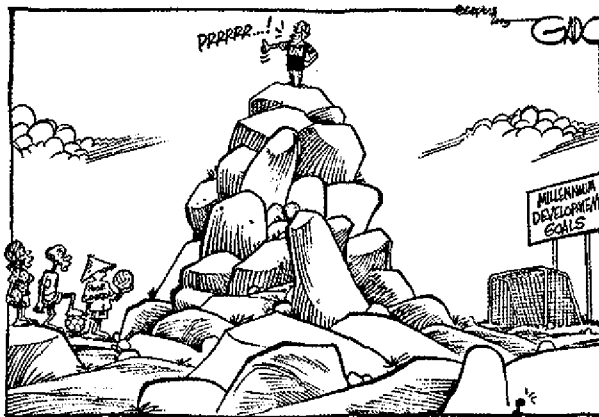
“Petrol is God’s gift to Nigeria. Why can’t Obasanjo allow us to enjoy it?” – A Nigerian demonstrator during a countrywide protest against high fuel prices early in September.

“We ignore the current government led by Pierre Nkurunziza, because this government was imposed by the international community and it was not elected by Burundian people.”
– Pasteur Habimana, spokesman for Burundi’s Hutu Forces for National Liberation.

“In as much as we appreciate the assistance from donors, we have seen that there is a need to free ourselves from their interference in the affairs of Zanzibar.” – Juma Ali Shamhuna, Zanzibar’s Minister of State, opposing the involvement of foreigners in the upcoming elections.

“Otunnu should graduate with his hypothetical degrees and leave the security for us.” – Lt Col. Shaban Bantariza, Uganda People’s Defence Force spokesman, on calls by children’s rights activist Olara Otunnu to the UN to reprimand the government for ‘ongoing genocide’ in northern Uganda. He made the call while receiving an honorary degree in New York.

“For the first time since 1915, there won’t be any member of the National Party who will be taking their seats in Parliament when the bells ring.” – Pieter Mulder, South Africa’s Freedom Front Plus leader, on the former apartheid party losing its last member during parliament’s floor crossing period.



“I would say Angola is a politically stable country. If your frame of reference is Europe or North America maybe it isn’t, but if your frame is central Africa then it’s clearly stable.” – Charles Skinner, Angola general manager for De Beers, as fears among Angolans mount as next year’s elections come closer. The last election in 1992 plunged the country back into a war.

“His deportation has seriously damaged Botswana’s reputation as a plural democracy, which honours both academic freedom and the freedom of opinion.” – A petition from a Swedish research institute on Professor Kenneth Good who was deported from Botswana.

“If you learn, you can go anywhere. But if you don’t know books, then you can’t go nowhere.” – Mary, an 18-year-old Liberian, on the importance of education. Girls in the country torn apart by war have turned to prostitution to earn money to enable them to stay in school.

“I think there will be sufferers from HIV/AIDS and there will be survivors. I strongly believe that I am one of those survivors.” – Andries Nhlengethwa, a South African soldier, who is a parachutist and a bodybuilder, on living openly with the disease.

“None of those who killed him were qualified to make a judgment on his life, and no ‘sorry’ can undo what happened.” – Nicholas Ralonya, a mourner at the funeral of mob justice victim, Thami Dire, who was beaten to death after being accused of raping a nine-year-old girl.

“It came as a shock to us when we heard that the maidens were engaging in a drinking spree and dancing and I was shocked to find her royal highness amongst the people... she was not drinking but it shocked us a great deal, I ended up beating her because of anger.” – Ntfojjeni Dlamini, a Swazi palace official. The maidens were celebrating the end of a five-year no-sex rite.

“We don’t have toilets, so what we do is, we use paper bags and throw them out at night. If you are out at night and unlucky, you will feel something landing on your head, and that’s somebody’s human waste.” – Aloo John, a resident of Kibera, a slum settlement in Nairobi, Kenya. The settlement is said to be the biggest and poorest in the country with no services of any kind.

SPECIAL FEATURE

Carbon Trading – A New Source Of African Finance

Innovative countries are starting to finance new projects through the Kyoto treaty, which allows industrialised nations to cut emissions by paying for pollution reduction in the South.

BY ALL accounts, the Bisasar Road Landfill in Durban is an unsavoury place.

Plunked in the middle of an Indian suburb more than 20 years ago, the site spreads the odour of rotting garbage over the surrounding community and emits thousands of tonnes of harmful methane gas into the atmosphere each year.

Strange as it may seem, though, the stench may turn out to be the smell of money – if a controversial carbon financing deal signed last year between the city and the World Bank gets off the ground. At the inaugural Carbon Expo held in Cologne last June, Durban's Landfill Gas to Energy project became the first in Africa to be financed through an emerging global market in carbon credits.

The 1997 Kyoto Protocol on Climate Change entered into force on 16 February this year and is giving rise to a new market for trading the kind of 'hot air' spewing from Bisasar landfill – specifically so-called greenhouse gases, such as carbon and methane, which trap solar heat in the atmosphere and slowly raise the earth's temperature.

Free-market mechanisms

In its earliest phases, the treaty commits industrialised signatory countries to cut their greenhouse gas emissions in 2012 to an average of 5.2% below 1990 levels. Heavy penalties await those who fail to comply. While industrialised countries can do much



PUFFS OF POLLUTION: *The increase in gas emissions is gradually affecting the earth's temperature causing it to rise. The Kyoto Protocol has penalties built in for countries that fail to cut their emission levels.*

Photo: Joe Sohm/Alamy/The Bigger Picture

within their own borders, the treaty's Clean Development Mechanism (CDM) – one of three carbon-trading provisions outlined in Kyoto – allows industrialised countries to meet part of their obligations by financing projects in developing countries that achieve reductions in greenhouse gas emissions, and then claiming the certified emissions reduction credits (CERs) generated by these projects as their own.

The Durban project is made possible by an agreement to sell 3.8 million tonnes worth of certified emissions reduction credits (CERs) for \$15 million to the Prototype Carbon Facility, a World Bank project funded by industrialised country industries and governments to promote the CDM.

The Durban Landfill Gas to Energy project would lead to emission reductions in two ways: first it would capture the methane gas that is produced by rotting garbage in three city landfills, including the Bisasar Road facility; and then by feeding the gas into a generator to produce electricity, the landfill project lessens demand on the city's dirty coal-generated power, according to Lindsay Strachan, who is project manager for the Department of Cleansing and Solid Waste.

To Strachan, the deal promises not only to generate much-needed revenue for the city, but has also sparked new interest in alternative and renewable forms of energy around the country

and on the continent. In a country like South Africa that is struggling to reduce poverty, fight AIDS and boost economic growth, he says, government has no money to spend on simple methane capture technologies that have become standard in Europe.

'What's happened is that suddenly this project could stand up on its own two legs, but without the CDM it never would have happened,' he said.

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'CDM has really paved the way for sustainable development to happen in this country.'

Consequently, as industrialised countries scramble to find the easiest and most cost-effective ways of reaching their targets, experts say, industries and governments alike in the developing world are seizing the opportunity to transform their dirty emissions into bankable assets.

In South Africa, major industrial polluters and small-scale social development organisations alike are looking to attract carbon financing. Strachan has been advising cities such as Maputo and Kampala on the potential of landfill gas recovery projects. Mining and fuel companies are hoping to obtain financing by switching their operations from coal to cleaner-burning natural gas.

Even the South African government's Working for Water programme – which pays the unemployed to rehabilitate denuded land – is looking into obtaining carbon credits by planting eroded farmland with a native shrub species, the spekboom, that absorbs unusually large amounts of carbon.

The logic of the CDM is two-fold: Firstly, it allows developed countries to spend less on achieving their targets, by investing in developing countries where environmental standards are typically less advanced, and therefore cheaper to improve upon. Secondly, it provides an impetus for developed countries to transfer cleaner, but costlier, technologies to developing world industries that otherwise couldn't afford them – thus enabling countries to pursue their development more sustainably.

'The developed world essentially pays for the developing world to get sustainable technology at a much

sooner stage,' says Johan van den Berg, who is CEO of the carbon-trading consultancy CDM Africa Solutions, based in Cape Town. 'Essentially, you get more emissions reductions for the same money.'

But if this emerging system of carbon finance offers the potential for development in poor countries, critics also insist that the CDM has equal scope for inflicting harm on the poor – and even to the treaty's broader aims of curbing climate change – if it is not implemented properly. Kyoto is described by some critics as a complicated experiment in harnessing the free market system to curb global climate change – the product of lengthy and painstaking compromise between politicians, big business and environmentalists, all with widely diverging agendas.

'[Kyoto] CDM has really paved the way for sustainable development to happen in this country'

The protocol hinges on the use of carbon-trading as a mechanism designed to allow countries to meet their targets with maximal efficiency, proponents say. This inherent free market structure ensures that while national governments bear ultimate responsibility for meeting their targets, virtually anyone – industries, governments, or multilateral institutions like the World Bank – can take part in emissions trading. Most countries are passing their requirements on to the private sector by issuing emissions quotas, called Assigned Amount Units (AAUs) to each specific industry – which in turn distributes them among individual companies.

Under this system, an energy company in Europe, for example, can in theory choose to earn its own CERs by cutting emissions at home, or it can buy them from another First World company that has a surplus of CERs to sell, or it can enter into an agreement to purchase them from, say, a South African power

The Chicago Climate

THE Kyoto Protocol may be the first global environmental agreement, but it isn't the first attempt at creating a market for hot air. The Chicago Climate Exchange (CCX), a voluntary big-business initiative to curb emissions, pioneered by 28 large American corporations such as Ford and DuPont, opened in early 2003. The scheme involves participants making legally binding pledges to reduce their emissions, and provides for trade between members, along the same lines as Kyoto, to achieve this.

The CCX has been criticised for having a limited scope: participation is voluntary – though legally binding – and members pledge to curb their emissions by a modest 1% or more each year. But the scheme is working. More than 70 new participants have entered the exchange since it launched – and they are not just companies, but also universities, NGOs and cities. Analysts have also hailed the CCX as an important first step in getting American industry to act on climate change. The US pulled out during the Kyoto negotiations, but most environmentalists recognise that the treaty is unlikely to succeed in the long run, unless the world's largest greenhouse polluter comes back on board.

Initially a pilot project designed to run until 2006, the CCX recently announced that it would extend the scheme to 2010. Participating company American Electric Power announced that its participation in the scheme would lead it to reduce or offset about 46 million tonnes of carbon dioxide emissions during both phases of the scheme. 'The members of the CCX have achieved real and significant reductions in the greenhouse gas burden, while proving that an emissions reduction and trading programme works,' says economist Richard Sandor, who spearheaded the CCX.

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plant that is switching from dirty coal to cleaner natural gas. No matter which route it chooses, each tonne of greenhouse emissions to be saved earns one CER.

In theory, CERs are just another financial instrument. Not only can they be used to satisfy emissions reduction requirements under Kyoto, but they can be bought, sold or kept for the future. The beginning of this year saw the launch of the EU Emissions Trading Scheme, which allows European countries to trade allocations with one another, while carbon exchanges are being planned and opened around the world in countries such as Brazil, Japan, Singapore and Canada, which experts say could soon be linked in a global system of exchange.

As the reality of Kyoto hits home, fuelling demand for cheap sources of carbon credits around the globe, the carbon economy is growing more robustly than anyone expected, says Van den Berg.

The volume of greenhouse gas emissions credits traded globally rose from 78 million tonnes in 2003 to 107 million tonnes in 2004 – a 38% increase, according to the World Bank's *State and Trends of the Carbon Market 2005* report. And the price of carbon – which had fluctuated between \$6 and \$13 per tonne – has soared to new highs of \$30 per tonne in recent months.

All told, the CDM can only be expected to claim a small share of all this market activity, experts say, as the treaty makes clear that all carbon-trading must be supplementary to cutbacks achieved at home. Nevertheless, it could have big impacts in countries like South Africa that face increasing pressure to achieve their economic growth needs in an environmentally-sustainable manner.

According to the Norwegian consultancy group PointCarbon, the CDM is expected to attract between \$24 billion and \$37 billion in environmentally sustainable investment

A Struggle to the Finish for Smaller Projects

EMILY Tyler, who handles climate project transactions for SouthSouthNorth, a development organisation specialising in CDM projects with headquarters in Cape Town, says that the market structure of the CDM, combined with the current low price of carbon, makes it difficult for smaller sustainable development projects to attract funding. The Kuyasa Housing CDM Project, run jointly with the City of Cape Town, recently became the first project in Africa to be registered with the CDM Executive Board. The project neatly satisfies the criteria of the CDM, and even won third prize in April 2004 at the PointCarbon 'Carbon Insights' Conference in Amsterdam for the best CDM project. But its small scale, and intensive use of relatively costly renewable energy technologies, has proved an obstacle to getting the project off the ground, Tyler says.

The Kuyasa project will involve retrofitting 2,309 of the tiny matchbox houses the government builds for the poor with insulated ceilings, solar water heaters and energy-efficient lighting. Designed to bring low-cost and energy-efficient services to the poor, while simultaneously reducing their use of dirty power, the project is also the first in the world to be validated against a Gold Standard methodology for CDM projects, developed by environmental groups. The Kuyasa project would earn 132,300 carbon credits over the next 21 years, which, at current market value, would only pay for 15% of the upfront capital costs of the project, Tyler says. The resulting gap in funding has held the project back.

Environmentalists and community groups complain that under the current pricing scenario, only the large-scale, inexpensive projects that concentrate on reducing large volumes of greenhouse gases such as methane are viable. The robust prices seen on the European market have yet to trickle down to developing countries, where CDM projects generally require upfront

capital, experts say. Much-needed projects in areas like transportation are being pushed aside in favour of this 'low-hanging fruit' – the projects that are easier to do and earn lots of credits, Tyler says.

'The market-based emissions trading system is designed to find these cheap projects, but unfortunately what is happening to the renewable energy projects – the projects that change the way we do things in the economy – is that those projects are being pushed out initially by the market,' Tyler says. For the time being, SouthSouthNorth has many potential buyers interested in the carbon, Tyler says, but none will commit until the rest of the financing falls into place. As a result, SouthSouthNorth is trying to find other sources of financing for Kuyasa in order to continue developing it as a CDM project, in hopes of getting a better deal in future, when the market is better and the project is further along. As it is, investors tend to be wary of getting involved in high-risk schemes, Tyler says, and may be willing to pay a premium for the credits once the project has made progress. 'By developing the projects further prior to the sale of the credits, the price (of carbon) increases,' she says. But finding other sources of funding can be just as tricky. Normally, Kuyasa would be a good candidate for overseas development aid, but the rules of CDM don't allow that.

In the end, the Department of Environmental Affairs and Tourism has agreed to put up a large chunk of the funding. Meanwhile, Tyler says, it is only a matter of time before all the low-hanging fruit gets snapped up and the cheap supply of carbon credits dwindles, driving carbon prices higher and creating room in the market for the more sustainable development-focused projects like Kuyasa. 'If the (carbon) price was four times what it is at the moment, we would have far less of a problem,' she says.

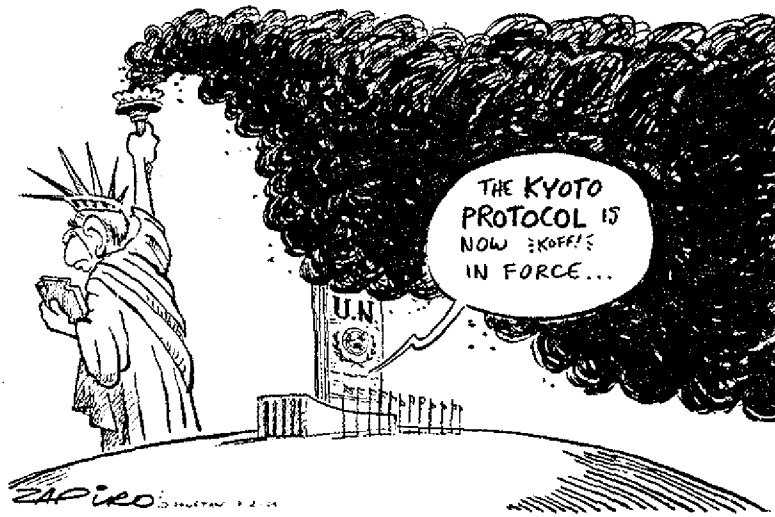
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to the developing world by 2012. Given the hot market so far, Van den Berg says, that figure will probably grow even higher.

But if the theory of CDM seems relatively simple, the practicalities are infinitely more complex. The system is governed by an international body called the Kyoto Executive Board, which sets the rules for participating in the scheme, maintains a registry of all approved CDM projects, and accredits firms that independently measure and monitor these projects at every stage.

Each CDM project must first be approved by a government-run Designated National Authority in its home country; then it must line up financing, be validated by independent auditors, register with the Executive Board, and then undergo a verification and certification process in order to receive CERs. Since most CDM projects by definition require up-front financing to begin, investors usually fix a price for CERs long before they are earned or issued.

Only one project so far is actually registered with the Executive Board – a landfill methane recovery project in Brazil – which is an indicator of the intricacy of CDM. The Protocol allows CERs generated from the year 2000 onwards. Even now, says Van den Berg, CDM deals tend to be highly speculative and involve a lot of risk for investors. There are no guarantees that a project will actually generate the CERs agreed to, or that these will ultimately be admitted to the investor country's CER registry. And



even the CERs themselves only exist in theory, as none have been issued yet.

In most cases, the project host and investor agree up front on a price for the carbon credits, with the purchasing institution paying up front for, perhaps, 10 years worth of carbon credits at a fixed price, often assuming the risk of the project in exchange for a reduced price for the credits.

Dirty industry

In spite of such uncertainties, South African officials have hinged their plans of achieving future sustainable development on attracting CDM investment. A National Climate Change Response Strategy released last year by government, for example, identifies the CDM as an important lever for shifting the economy away from dependence on cheap but dirty coal. As soon as 2012, the country will face mandatory targets under Kyoto, government officials have warned, which will render coal far too costly an alternative.

Ironically, the country's wealth of dirty industry is precisely what makes it such a potentially attractive destination for CDM investors, Van den Berg says. While there may be

limited potential for CDM investment in other African countries like Kenya and Namibia, which already have large clean energy sources like hydropower, South Africa desperately needs to find alternatives to coal, which supplies 90% of the country's electricity.

'South Africa has a very dirty electricity grid,' says Van den Berg. 'Our per capita emissions are much more like a developed country than a developing country. Working from this relatively poor position, it's quite easy to improve on that.'

With foreign investors being drawn to the kinds of projects that achieve the largest emissions cutbacks for the lowest prices – the 'low-hanging fruit,' as the experts say – South Africa has much to offer.

Even so, it is a relative late-comer to the carbon-trading party, government officials acknowledge. While China, India and Brazil – all abundant potential sources of cheap carbon credits – have aggressively pursued CDM investment, and collectively account for 58% of all global transactions so far, the Durban project remains one of only about a dozen in South Africa that are in various stages of the approval process by the Department of Minerals and Energy (DME).

Richard Worthington, who is coordinator of the South African Climate Change Action Network, says this abundance of easily exploitable projects on the carbon market threatens to undermine the integrity of the treaty, by creating perverse incentives for countries and companies to keep polluting in order to attract investment, as well as by keeping carbon prices so low that only the cheapest and easiest

'Since most CDM projects require up-front financing to begin, investors usually fix a price for CERs long before they are issued'

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projects that deliver large volumes of carbon credits remain viable.

Ironically, the CDM can also effectively transfer the impacts of dirty industry from developed to developing countries, he says.

US author Daphne Wysham writes, on the website for the organization CorpWatch, that all too often CDM projects serve to undermine, rather than help, sustainable development: 'Critics charge that carbon trading is a smokescreen. At best, it is designed to attain "carbon neutrality" – representing no net growth in emissions for a country or industry, but doing so cheaply. At worst, it may make the warming climate even less stable, while robbing the poor of their rights.'

Other critics say the system will be open to abuse in developing countries which lack the monitoring and enforcement capacity to ensure that projects are carried out in a sound and sustainable manner.

According to Worthington, the bar was not set high enough in the 2002 Marrakesh Accords to the treaty, where the rules of CDM and the project categories to be allowed were set. As a result, the kinds of projects that are viable under current market conditions often offer dubious environmental benefits at best, he says.

According to the 2005 World Bank carbon-trading study, for example, the types of alternative energy and efficiency projects favoured by environmentalists account for less than 5% of all CDM projects. The most common categories, on the other hand – hydroflouorocarbon emissions, methane capture and landfill gas recovery, biomass energy production and hydropower – often do little to further genuinely sustainable development, he argues.

The inclusion of carbon sinks – forested or agricultural areas that absorb carbon

dioxide from the atmosphere – under CDM has been particularly contentious. Many scientists say that not enough is known about carbon sequestration to determine sound methods of accounting for and verifying how much carbon the sinks would actually absorb. Nor can they predict the extent to which carbon absorbed into the soil would actually remain there.

The Durban Landfill Gas to Energy project exemplifies the debate over whether CDM serves the needs of the global poor, or forces them to bear the brunt of reducing greenhouse emissions for the greater good – while the west carries on with business as usual.

To Sajida Khan, who lives across the street from the Bisasa Road Landfill, the dump once symbolised a partheid-era discrimination that lumped non-white communities with all the landfills and heavy industries that whites wouldn't have in their own backyards. The community has fought for years to have the dump closed, also claiming that they have been exposed to toxic chemicals that have caused cancer clusters in the neighbourhood. Instead, Khan says, the city has ignored locals' complaints and forged ahead with the project.

Now, the scheme faces an uncertain future. Khan has appealed against it, arguing that it will prolong the life of the dump and expose the community to increased pollution locally from the generators, while failing to make a difference globally. 'This will cause harm to people at an international level too,' she says. 'Selling these credits to northern industries is going to give them license to increase their emissions there, and so people in the north who live around these industries will suffer too.' – Megan Lindow

'Critics charge that carbon trading is a smokescreen. At best, it is designed to attain carbon neutrality'

Briefly

Worthy try: One of Africa's unrecognised countries, Somaliland, holds parliamentary elections at the end of September – it's third since it seceded from Somalia and declared independence in 1991. The major setback for the otherwise peaceful state has been lack of international recognition, which has been reserved for fear it might trigger instability in the region. 'Please give us credit for being disciplined, self-administering people. It is unfair to keep us away from the world until the warlords in Somalia agree on something. Bringing back Somaliland to former Somalia is like attempting to bring back the former Soviet Union,' said Awil Ali Duale, the finance minister.

It's a first: Egypt's first multiparty elections early this month did not yield any surprises as incumbent President Hosni Mubarak retained his position. Despite being declared far from free and fair, the poll was still described as a step forward for a country where opposition candidates have never been given room to operate. 'There are violations but in comparison to before, it's much better than we expected,' said Gasser Abdel Razeq, of the Egyptian Organisation for Human Rights and a vocal government critic. At different polling stations, Mubarak supporters were seen standing over voters as they cast their ballots, while at one polling station, the only person in charge was a party representative sporting a Mubarak button.

Off the hook: President Robert Mugabe's Zimbabwe got a six-month reprieve from the International Monetary Fund after paying \$131 million of its \$295 million debt. The Southern African country was on the verge of being expelled from the fund as it had been in arrears since 2001. After rejecting South Africa's offer of loans of up to \$500-million on condition that Mugabe implements specified reforms, there were conflicting reports on where Zimbabwe got the cash, with some speculating that China helped out.

What is Carbon Trading?

UNDER the Kyoto Protocol, each industrialised country is assigned a legally-binding greenhouse emissions quota, which it must meet or face penalties. To make the process efficient, the treaty allows polluters who fail to curb their pollution sufficiently to purchase CERs from another company that produces a surplus – or from a project in the developing world that earns CERs under the Clean Development Mechanism of the treaty. Carbon trading has been conducted on an experimental basis over the past few years, but the treaty's entry into force on 16 February 2005 is quickly ensuring that a brisk trade in hot air becomes inherent to the process of curbing emissions globally.

How are quotas distributed?

Each industrialised country has been assigned an emissions quota (the EU was assigned quotas as a block), and has compiled a registry of polluting companies. These companies must effectively apply for permission to pollute from the government, and are allocated specific individual emissions quotas from year to year. A country's targets were determined roughly by calculating the volume of fossil fuels it consumes; however it determines each company's individual quotas based on its current levels of emissions, and the scope for improvement. The quotas are designed to collectively curb a country's emissions to below 1990 levels, but each company or industry's specific allocation is a matter of complex negotiations with government.

What is the time frame?

The Kyoto Protocol has three commitment periods, which will introduce progressively stricter limitations on greenhouse gas emissions. The first, from 2005 to 2008, is effectively a test period in which industries are expected to make the first strides in curbing their emissions. The second, from 2008 to 2012, sets targets for signatory countries of reducing their emissions by about 5.2% below 1990 levels. The third, which

begins in 2012 and is still under negotiation, will involve even stricter emissions caps, and may introduce mandatory targets for developing countries such as South Africa.

How does a free-market system for carbon trading achieve the aims of the treaty?

Kyoto is the world's first legally binding treaty on the environment. The treaty structure holds governments accountable for meeting their emissions reduction targets, but also encourages them to harness the free market to do so through their industries. The result is a system where the EU and individual countries bear ultimate responsibility for meeting the targets, but the actual cutbacks are largely achieved by industry – whether through carbon-trading or employing cleaner technologies at home. Carbon-trading is governed by strict rules under the treaty, but the flexible mechanisms such as the Clean Development Mechanism are turning the 'hot air' trade into a big business as well. Independent carbon brokers are cropping up and earning hefty commissions through structuring these deals, and even the World Bank has emerged as a leading carbon financier in the developing world, through its Prototype Carbon Fund.

How are the quotas enforceable?

Countries are required to have registries, in which they account for how their targets are met under the treaty. Each tonne of greenhouse emissions to be saved earns an Certified Emissions Reduction (CER) credit, and is admitted into a country's registry only after it has been certified by an independent auditor. The treaty introduces fines for not meeting emissions reduction targets of 40 Euros a tonne during the first commitment period, and 100 Euros a tonne during the second, and also adds a penalty of 30% for the next commitment period.

Why the Clean Development Mechanism?

The Clean Development Mechanism (CDM), one of the treaty's three market-based mechanisms, was

conceived as a way to allow industrial countries greater flexibility in meeting their emissions targets, while at the same time transferring cleaner technologies to developing countries so they can build cleaner technologies into their own economic development programs. Thus, investors can identify projects in the developing world that will reduce emissions, and negotiate an agreement with the project developers to purchase the CERs generated by the project.

Who participates in the CDM?

Typically, a local project developer identifies the potential for CDM in a particular project, and seeks an investor through a carbon broker, a direct investor like the World Bank, or through his home country's Designated National Authority – the national body established to oversee CDM transactions in the country. So far, the World Bank has been a key investor in the developing world, and a key proponent of the CDM. The Bank's Prototype Carbon Fund – a body funded by national governments and industries in the developing world – acts as an investor in CDM projects, for which it will earn CERs that can later be sold on the open market.

How does a CDM deal work?

Every CDM project has to go through a process of approval, monitoring and validation in order to earn CERs. First, it must be approved by the Designated National Authority in its home country; then it must obtain overseas financing; undergo validation by an Operational Entity – an auditing firm recognised by the Kyoto Executive Board; obtain approval by the Executive Board; and have the carbon savings accrued during the project's lifetime verified and certified by the Operational Entity.

Dozens of projects around the world are in various stages of laying the groundwork for participating in CDM, but only one project so far is formally registered with the Executive Board.

– Megan Lindow

Facing the Challenges of Democratic Reform in Africa

AFRICA'S political history since independence has largely been characterised by a scarcity of verifiable documentation and a dearth of information on the activities of the key players in the struggle for liberation and democratic evolution.

Leaders such as Patrice Lumumba never had the opportunity to contribute to our knowledge of Africa's political development because their lives were cut out prematurely by the anti-liberation forces of their time. The few who committed their thoughts to writing, such as President Kwame Nkrumah, did so in exile, and could hardly avoid some sense of bitterness and self-justification. It is only in recent years that some African leaders have been able to collect their thoughts after leaving office, without fear of reprisal.

The chequered political history of many of our countries has led to the loss of a great deal of archival material, which could have influenced subsequent political developments in our countries. This, in turn, has made it easy for successor-regimes to distort the immediate past to their advantage.

Now that a growing number of African countries are moving towards some sense of continuity in governance, with relatively peaceful and democratic transfer of power, it is imperative that this process be strengthened by the building of collective sources of material.

It is only when our electorates are armed with true, factual and objective information about our political past that they can make informed decisions and see through attempts at misinformation.

The history of our continent, for the better part of the 20th century, was



The western democracy is not always ideal for Africa and it's time the continent explored participatory democracy that is rooted in culture and traditions, argues Ghana's former president Jerry Rawlings in this abridged speech he gave while in South Africa recently.

engrossed by the struggle to move beyond colonialism and the last vestiges of racist control and arrogance.

In spite of the traumatic experiences of post-colonial Africa, political independence and relative self-determination remain the struggle's most important achievements of Africa in the same period.

The west factor

African countries, which had hitherto been clients of a bipolar world, have had to face a new challenge: that of adopting a new set of responses to impulses coming from the West.

Autocracies have had to be quickly dismantled; frozen centralised economies are opening up, while relationships with multilateral institutions are similarly being realigned and redefined. In short, Africa has had to, as it were, reinvent itself and learn new ways of doing business with a changing world. That challenge lingers and is one of the defining characteristic of the present.

African countries will make progress, depending on the degree to which their national leadership can come to terms with and re-direct their national affairs in line with these imperatives.

It is also gratifying that in so short a time, the indications of positive change in Africa have been encouraging. New democracies are taking hold in different

parts of the continent. Concurrently, existing 'democratic' governments that had been virtually one-party states have opened up the political space and have embraced reforms, albeit often reluctantly.

This brings us to another defining challenge, that of moving beyond mere forms and institutions of democracy as defined by Washington and Westminster to make it meaningful to the ordinary people of Africa. Meaningful participatory democracy must involve our people in day-to-day decision-making, as it did in most African cultures in pre-colonial times and still does to some extent in our traditional areas. Voting once every few years is just a part of what true democracy should be.

If we settle for meeting the basic criteria of democracy as prescribed by the West, we will find ourselves dealing with a façade behind which very undemocratic power is wielded to the benefit of a political elite.

Yet another defining challenge concerns how we deal with negative internal issues such as corruption and civil strife.

Whilst there has been appreciable progress towards lasting peace in Angola, the Democratic Republic of Congo, Liberia, Rwanda, Sierra Leone, Sudan, many issues still remain to be resolved, whilst in other countries seemingly at peace, including Ghana, there are unresolved areas of tension.

Whilst we are rid of the Bokassas, the Mobutu Sese Sekos, the Idi Amins and

'Voting once every few years is just a part of what true democracy should be'

their gross corruption propped up by the West during the Cold War, and whilst many of the newer generation of African leaders believe in service to the people rather than personal gain, there is still an insidious smell of corruption at many levels.

Nobody can solve these problems for us. It is the responsibility of Africans to hold their leaders to account, and the responsibility of African governments to demonstrate that their hands are clean.

We must not be deceived by the modest signs of progress into thinking that the African rebirth is well on its way. Our economies are still overly dependent on resources and direction from the G8 and other industrialised economies. Our most important resource, our human capital, either remains ineffectively tapped at home or relocates, out of frustration, for greener pastures in the developed economies.

Our politics remains less than transparent while some of our governments are largely inefficient and regrettably very corrupt. Human rights are held in abeyance in a number of African countries in spite of the proclamation of democracy throughout the continent. Rural hunger and poverty, disease and ignorance hold many hostage and our urban areas remain unsafe and unclean.

Happily, there is increasing awareness of the injustice in the blind pursuit of profit at the expense of humanity among the younger generations of people in the industrialised countries.

The world has become increasingly interdependent, perhaps to Africa's long-term advantage.

Africa's relative poverty and low socio-economic status is not only a blight on the conscience of the developed world but it is a source of problems that threaten the whole of humanity. These include problems of illegal immigration into Europe, increasing cross-border

crimes, outbreaks and spread of diseases such as HIV/AIDS and other pandemics as well as the growth in financial crimes driven by poverty.

The challenge on hand is squarely an African one. We cannot begin the process of piloting our countries away from these difficulties by depending solely on externally induced solutions or assistance no matter how well intentioned. Nor can we rely on blindly copying structures and institutions that were bequeathed to us.

'We must critically question all received assumptions, be they alien or indigenous'

Question assumptions

As I see it, the basis of the African reform of our economies and governments. Such reform, in order to be meaningful, must be informed by a radical change in our perceptions. We must critically question all received assumptions, overturn moribund institutions and jettison counterproductive beliefs, be they alien or indigenous.

This brings us to a fundamental question: Between economic reform and political democracy which should come first? That is one question that begs for an answer as African countries are made to fall over each other in the scramble to impress creditors by embracing westernised formal democracy.

What do we mean by 'reform'? I shall take it to mean amending and improving existing institutions and policies to better perform their functions in furtherance of the sustainable well-being of the people, and where necessary, thinking 'outside the box' of external prescriptions.

Too often on our continent, 'reform' means demolishing useful indigenous culture, jettisoning long-term objectives, removing competent administrators, technocrats, board

members for no other reason than that they are perceived as connected to a previous regime.

This is the destructive face of reform, which has abruptly interrupted long-term programmes designed to benefit future generations.

To me, 'reform' should mean building upon what exists, but with an open mind to reshaping it where it is necessary to refocus and to realign.

Reform means change. Change is simply replacing one set of conditions by another. It may be positive or negative. It may be motivated by nothing more than boredom with the status quo or a genuine response to an intolerable situation.

Change in itself is neither good nor bad, but any change carries a cost. Since change disrupts the status quo, it is necessary to weigh the cost of reorganisation after disruption, and the consequences of interrupted programmes and policies. Obviously, it is only when change is for the better that these costs can be justified.

Democratic change could also mean change brought about by democratic means. Such change is not necessarily good even if the process by which it is brought about is acceptable. For example, elections may be held and adjudged free and fair by the most objective of observers and yet bring about a change which is to the detriment of the generality of the people.

'Between economic reform and political democracy which should come first?'

In countries such as ours, where many people still exist on the edge of desperate poverty, and where there is a large deficit in education, it is easy to promise the electorate the moon if only they will democratically endorse change. It is also easy to temporarily corrupt the electoral process.

Those countries which have appointed themselves our 'tutors' in democracy (whilst undemocratically threatening

us with withdrawal of aid if we do not swallow their forms of democracy whole) will say that such a 'democratic mistake' does not matter because at the end of the term of office of that government, it can be democratically voted out. Meanwhile, the crimes and human rights abuses, killings and tortures are shamefully treated with the case of the three monkeys – see no evil, hear no evil, speak no evil!

The good and bad of democracy

What those prosperous countries fail to acknowledge is that for people living at the edge of existence as we do, four years of misery is a long time. When people become desperate, social norms and order may be subjected to immense stress, leading to the destruction of the fabric of society – especially when the judiciary becomes subservient to the executive.

Change brought about by democratic processes, or at least the forms of democratic processes which bear the seal of approval of the present world order, can therefore be either good or bad, depending to a large extent on how well informed the electorate is and the ability of the average voter to make reasoned choices.

I would, in the African context, prefer to define democratic reform as change which enhances democracy in the sense that it provides broader opportunities for more citizens to be involved in the process of governance.

What I would call participatory democracy goes beyond the periodic right to vote. It goes beyond lining the electorate up behind political parties in order to determine winners and losers. It means getting ordinary men and women involved in the day-to-day decision-making of grassroots governance in their communities to the extent that they feel that their actions can influence events.

I have known from personal experience,

both when I was at the bottom and when I became a Head of State, that if we could decentralise some of the burdens and the responsibilities carried by the central government and share these responsibilities with the people by empowering them with some of the economic and political authority that a growing percentage of our citizens would become real participants in governance, understanding the hard realities of development and progress and sharing in successes and difficulties. Both the governed and governors, therefore, end up taking responsibility for the right and wrong policies.

This means encouraging an active sense of ownership and pride rather than a passive feeling of helpless acceptance of whatever is decided by the government. It means nurturing a spirit of positive defiance, a readiness to confront that which is clearly wrong and which undermines the building of a just society.

I have sometimes been accused of being against democracy because I have said that the people's involvement in governance must go beyond the ballot-box, and because I have expressed concern about the tendency of multi-party politics, especially on our continent, to become antagonistic and divisive, to foster a cynical kind of expediency which owes more to prospects of the next election than it does to the long-term interest of the people, and makes politics too dependent upon which group has more money.

When I speak about positive defiance, it may seem that I am stoking flames of civil disobedience. No. I mean a readiness to confront that which is clearly wrong and which undermines the building of a just society. If our

people lose the courage to confront what is wrong then we become collaborators.

Let me reiterate quite clearly that I am a passionate believer in democracy. This is why I am more concerned about the essence of democracy than about the outward forms of democracy. We must infuse those forms with the spirit of the people. They must own democracy; they must feel a part of it. That is the only way democracy

can thrive on our soil.

Let me also say that I believe that my concerns about partisan politics are valid. This does not mean, however that I am saying that the multi-party system must be abandoned. It means that all of us, the electorate and the political parties – whether in power or in opposition – must endeavour with all sincerity and strength of will to avoid the latent negative tendencies which can so easily distort multi-party democracy, and turn it into a mere cloak of political respectability to hide the misuse of money, power and influence to benefit a political group to the detriment of the long-term interests of society as a whole and of the disadvantaged in particular.

Birth pains of independence

In Africa, independence from the colonialists was gained without the necessary empowerment of the majority yet they were required to adopt the democratic norms of the metropolitan countries a day after the colonialist flag was lowered. The masses of Africa were thus thrown into political independence and Western democracy at the same time. It was this situation that produced the political convulsions of the immediate post-colonial era.

Today again, the logic of world history has led to the projection of Western-style multi-party democracy as a universal model. Every country is now to be measured in terms of whether

'When people become desperate, social norms and order may be subjected to immense stress'

'The masses of Africa were thrown into political independence and Western democracy at the same time'

their political system approximates the classical Western model. More dangerously, adoption of this brand of democracy has suddenly become the criterion for either debt forgiveness or new grants or loans. Very little effort is being made by the champions of this universal democracy to accelerate the economic development of those parts of the world that have obvious difficulty in embracing this foreign type of democracy. Also, very little effort is being made to understand the cultural and historical peculiarities of these diverse societies.

To my mind, the very essentials of democracy are in themselves desirable requirements for every civilised society. These include respect for the basic freedoms and responsibilities, the rule of law, due process, orderly succession. I, however, refuse to accept the claim that there is only one model of democracy that ought to command universal application, as, indeed, no one model has as yet been known to be above blemish. What is called for is a creative adaptation of the basic principles of democracy to the local peculiarities of different societies. The cultural and historical diversity of Africa dictates this imperative. Perhaps what we need to be speaking about is 'Appropriate Democracy'.

In South Africa, for instance, centuries of white rule dictated a different constitution from what we adopted in Ghana, where racial discrimination has not been as destructive an issue in our history, outside the slave trade.

It is possible to see how some conflicts and tension in some parts of Africa are traceable to the rigid application of divergent interpretations of democracy to heterogeneous societies.

Most African economies are still caught in a web of contradictions, with a constant crisis of expectations between what the West expects as the natural outcome of an election in Africa and what actually happens. This is one reason why foreign observers of elections in Africa's new democracies always come out perplexed.

'I refuse to accept that there is only one model of democracy that ought to command universal application'

A political system predicated on poverty cannot yield fair results or engender fair play, especially when a sitting government makes it its preoccupation to subordinate the spirit and corrupt the moral fibre of a people.

Homegrown solutions

In today's troubled world, the concerns of Africa have often been marginalised. But we Africans, who daily experience those concerns, have no excuse to relent in the struggle to empower our peoples to harness the rich human, economic and natural resources of our continent to provide social justice and self-development in peace and dignity. Thankfully, a growing concern for Africa in some international circles has led to a movement towards some relief of the inequities which have held us back.

But the models of democracy which are held up before us for admiration and emulation, and by whose yardstick we are judged according to how closely we copy them, have themselves become rather threadbare.

It is no secret that these models are themselves riddled with unethical and self-serving practices and the influence of money, and that the electorates of these 'model democracies' have become cynical and apathetic about their political systems, if not outright antagonistic.

Let us therefore fashion our own path, one which will foster true, meaningful and participatory democracy in the nations of Africa. And let us have the

'Let us fashion our own path, one which will foster participatory democracy'

courage to speak out in the world about global wrongs instead of seeking to please major powers for the sake of a few aid dollars.

But to do this, we and nobody else, must answer the question of why, for example, we cannot address the problems of bureaucratic inefficiency and apathy in our own countries, of pervasive corruption, of sudden eruptions of ethnic or religious violence, of the erosion of moral values, of mindless lawlessness. We debate and discuss, exhort and preach. But we do not get to the roots of the problems and so we do not act appropriately.

If meaningful democracy is to become a force for real change in our continent, then we must empower our people to make it their own. To impose 'democracy' from above is a contradiction of terms. It must be a process whereby ordinary men and women voluntarily take on the responsibility to speak and act for the good of the broader community. Where this is ignored or suppressed, resentments will build and will sooner or later lead to another cycle of disruption. Let us once again learn from history, and from the world around us today.

I believe that the real roots of democracy in Africa derive from the best aspects of our traditional systems of governance. Whilst we reject the outdated and negative aspects, such as superstition, attitudes and prejudices towards women, family planning, we need to build upon the positive. The traditional spirit of community, of building broad consensus, of social cohesion, of the right of the humblest citizen to voice his or her concerns before the council of elders – all these and more can help us fashion a participatory democracy which is rooted in our own cultures, rather than modelled on the historical experiences of other continents. I am not advocating a divergence from the basic principles of internationally accepted democracy, but rather a marriage of ideas which will produce systems which our people perceive as their own. ■