

Making the sovereigns from the Congo Basin Climate Commission the net exporter of premium carbon credits

Proposed thematic area: Finance (4 December 2023)

Africa Pavilion

Organizers/partners: UNECA, OSAA, CBCC, Afreximbank, Commercial bank (x)

Draft CN

The demand for carbon credits pulled by increased commitments of investors and governments to transition to net zero pathways is rising globally. It exceeds by far the combined supply from the compliance markets heavily dominated by the EU countries, representing about 22 % of the global carbon emissions with a market size of about US\$ 909 billion in 2022), and voluntary market in which many countries from the three basins have been involved. The latter which account for about 0.2% of the global emissions, with a market size that was moving toward US\$ 2 billion in 2022 is a great opportunity for the sovereigns from African sovereigns to leverage the vast mitigation potentials of their land resources. This could allow the countries to cover 78% of carbon emissions that are unaccounted for, and to play the global leading role in the carbon credit markets.

At a price of US\$ 100/tCO₂e for e.g., projects aimed at reducing deforestation and forest degradation leading to conservation of existing carbon pools in forest, vegetation and soil, the following mitigation potential will be biophysically feasible, using the extent technologies. MtCO₂e 948 to 2213 in Africa and the Middle East, where the Congo Basin has bulk of the rainforest and peatlands. Among other sectors having high mitigation potentials is agriculture mainly agroforestry and soil carbon management.

With a fair and reasonable price for carbon, and the right carbon market instruments that are lacking, these three basins that sequester disproportionately anthropogenic carbon and other greenhouse gases (GHG) emissions from fossil fuel burning from the rest of the industrialized world almost free of charge. A preliminary work of ECA and Dalberg indicated that just using nature-based solutions that cover the sectors outlined above, Africa countries could raise about US\$ 82 billion per annum at US\$ 120/tCO₂e. African countries could raise additional revenues from traded credits to supplement (not substitute) the ongoing efforts to raise finances for their inclusive growth plans, while responding to their global commitment to conserve the biodiversity, accelerate climate actions and SDG progress.

In addition, coherent and integrated regional markets for carbon credits will allow the three Basins to increase market integrity in their respective regions. The markets could support the exchange of high-quality and trustworthy and additional credits, at a premium price, and facilitate trade of credits with other regional exchange markets. In Africa, ECA has been working with the Congo Basin Climate Commission (CBCC) to co-produce the first Africa's central or regional registry and harmonized protocols for carbon accounting and reporting to sustain a high-integrity regional market that generate high-quality tradable credits and attract sustainable investment.

Objectives

The side-event has the following goals:

1. Demonstrate to MDB, commercial banks, philanthropists, governments, and other donors the new pipeline of projects capable of generating credible credits that have been tested in the CBCC registry. Projects cover the blue economy (mangrove conservation from SIDS), energy, agriculture, NBS, etc.
2. Facilitate the linkages between the project developers and their government (focal points) from the CBCC with the MDB, commercial banks, philanthropists, governments, and other donors
3. Discuss how the sovereigns from CBCC could boost their partnership through carbon markets' instruments developed by ECA and CBCC and participate fully in the compliance markets with their high-quality credits, pursuant with the Paris Agreement.

Expected outcomes

- Showcase and raise awareness about the workings of the CBCC carbon registry, focusing on a new pipeline of projects from CBCC's member countries developed in 2023 using the templates of the harmonized protocol for GHG accounting and reporting co-produced by ECA and CBCC.
- Discover and agree on ways through which sovereigns from CBCC and other African countries could trade carbon credits in the compliance markets.
- Strengthen partnership between the public and private producers of carbon credits with MDB, commercial banks, and other donors.

Targeted audience

At least 10 Ministers (Ministers of Finance, Ministers of Environment, Ministers of Energy, Ministers of Agriculture). MDB, Commercial banks, Philanthropists, International Media, firms, UN family, AUC, development partners.

Agenda

Moderator: Nassim Oulmane, Director a.i., ECA

Opening remarks: ES a.i. ECA (8 min)

Introduction to the sovereign carbon market: H.E. Arlette Sudan-Naunolt (10 min).

Financing carbon credit generating credits.

1. Jean-Paul Adam, Director, OSAA (8 min)
2. Afreximbank Director (8 min)
3. Commercial Bank (8 min)

Sample projects from the CBCC Registry: Louis M. Lubango, Environmental Affairs Officer, ECA (5 min)

Q/A: 10 min

Closing remarks: Nassim Oulmane, Director a.i., ECA (3 min).