

Riding the tide of carbon markets: challenges and opportunities for Africa

Venue: Africa Pavilion, Baku, Azerbaijan

Date: 13 November 2024 / Time: 11.30 – 13.30

Organisers

Lead Partner: AUC, ECA, AfDB, AUDA-NEPAD

Background and Context

Carbon markets provide the mechanism through which state and non-state actors can increase their mitigation action by funding emission reductions or removals outside their own scope, while contributing to environmental integrity and sustainable development. As such carbon markets, if done well, provide enormous opportunities for investments, particularly from the private sector, in renewable energy, energy efficiency, afforestation, reforestation, and sustainable agriculture land management.

There are three types of carbon markets, namely: (i) voluntary carbon markets where private sector entities buy credits to enhance their mitigation actions; (ii) national markets where entities are levied or buy credits or offset their emissions, thus contributing to the achievement of national NDCs emissions reduction targets; and (iii) Article 6 compliance carbon markets where Parties may choose to pursue voluntary cooperation in the implementation of their nationally determined contributions to allow for higher ambition in their mitigation and adaptation actions and to promote sustainable development and environmental integrity.

The full operationalization of Article 6 is expected to be concluded at COP29, and it is still not clear how voluntary markets will align with the requirements of the Paris Agreement. Yet, there has been, and continues to be a substantial level of interest and activities on carbon markets in Africa. This raises various issues of concern for African countries, including the urgent need to address the huge asymmetry that exists between demand and supply, as well as overcoming regulatory, technical, and socio-economic challenges.

To benefit from carbon markets, African countries need support with coherent policy frameworks, capacity strengthening, and inclusive approaches to address these challenges and harness the opportunities that well-functioning carbon markets can yield in terms of climate resilience and sustainable development. It is for this reason that AUC, in collaboration with the ECA, AUDA-NEPAD, AfDB, civil society, and development partners convened the first ever Africa Multi-stakeholders' Conference on Carbon Markets in July 2024. The conference resulted in a proposed "Africa Action Plan on Carbon Markets".

The event will bring together regional institutions, development partners, civil society, and the private sector to discuss the opportunities and challenges for African countries in leveraging carbon markets.

Objectives of the event

These specific objectives are to:

- Present the work by regional entities to support effective operationalization of carbon markets that truly benefit Africa.
- Identify opportunities and highlight the potential benefits of carbon markets for promoting sustainable development, enhancing climate resilience, and attracting investments in green projects across Africa.
- Analyze the barriers that may hinder the effective implementation of carbon markets, including regulatory issues, capacity constraints, and socio-economic factors.
- Propose recommendations on actionable strategies to leverage opportunities and mitigate challenges for the successful establishment and operation of carbon markets in Africa.

Alignment with COP 29 Priorities

This event aligns with the **Finance, Investment and Trade** thematic of COP29

Draft Programme

Moderator: xxxxxx

Opening remarks: AUC, ECA, AfDB, AUDA-NEPAD

After the opening remarks:

- **AUC** will provide updates on the Africa Action Plan on Carbon Markets (AAPCM), an outcome of the “Africa Multi-stakeholders’ Conference on Carbon Markets”
- **ECA** will provide updates on its work on Article 6 and common carbon registry and protocols developed for the Congo Basin Climate Commission and to be replicated for the other two climate commissions.
- **AfDB** will provide updates on its proposed Africa Carbon Support Facility
- **AUDA-NEPAD** will provide updates on its work on carbon markets, including the production of standards.
- **Congo** to provide/share experiences of the opportunities and challenges in Carbon markets, including financing and the first Afforestation and Reforestation Conference (ICAR-1)

The presentations from the partner institutions will be followed by a panel discussion.

Panellists:

- xxxx, Ghana
- xxxx, Senegal
- xxxx, Kenya
- xxxx, ACMI (private sector)
- PACJA (CSO)

Questions to be addressed during the panel discussion:

- What are the drawbacks and challenges for countries engaging in voluntary carbon market transactions in Africa, including impacts on meeting their NDCs commitments?
- What are some of the experiences and lessons learned so far with voluntary carbon market transactions in Africa?
- What are the key requirements to ensure integrity in voluntary carbon market transactions in Africa?
- What are some of the key opportunities that African countries can derive from participation in voluntary carbon markets?
- What are the expectations for the operationalization of Article 6 and its implications of voluntary carbon market transactions in Africa?
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Key messages

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- The big asymmetry between demand and supply in carbon markets need urgency to address to ensure that such transactions work in Africa's interest.
- The primary purpose of carbon markets is to provide a mechanism for incentivizing real emissions reduction. Therefore, all parties participating in carbon projects must ensure real emissions reductions over and above business as usual, while contributing to environmental integrity and sustainable development, including through investments in renewable energy, energy efficiency, afforestation, reforestation, and sustainable agriculture land management.
- Countries participating in voluntary carbon market transactions need to consider how any transactions involving internationally transferred mitigation outcomes (ITMOs) will impact on their capacity to meet their NDCs commitments
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