

Piloting Article 6 in Africa

IKI Brown Bag Lunch



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An aerial photograph of a rural agricultural landscape. The scene is dominated by vibrant green fields, some of which are terraced. A prominent feature is a large, rectangular pond or reservoir in the center-right, filled with water that reflects the sky. The fields are separated by narrow dirt paths and small structures, possibly farmhouses or storage buildings. The overall impression is one of a well-maintained and productive farming community.

Climate Finance Innovators

Linking carbon markets with climate finance in Africa.

Agenda

- | | |
|------------|---|
| 1st | Linking Carbon Markets with Climate Finance |
| 2nd | Highlight I
Article 6 Pilot Study |
| 3rd | Highlight II
Support for African Negotiators |
| 4th | Highlight III
Successful GCF bid for solar mini-grids in Senegal |

Linking Carbon Markets with Climate Finance



Challenge

Accessing carbon markets and climate finance has been a particular challenge in many African countries. Basic infrastructures and knowledge has been created but needs to adapt to the context of the PA.

Project response

Supporting African carbon market pipeline (especially PoAs) and scaling up mitigation impacts through mobilized results-based climate finance (GCF).

Focus

- Partner countries Ethiopia, Uganda, Senegal
- Regional organizations in East and West Africa (UNFCCC, WAA, EAA)
- UNFCCC negotiations

Linking Carbon Markets with Climate Finance



3 Climate Finance Proposals

Identifying projects, linking Accredited Entities, developing project proposals in Senegal, Uganda, Ethiopia



Regional Capacity Development

Strategic capacity building support for sub-regional organizations in Africa



Conceptual Work

Guidebooks, policy briefs, Articles



Feeding lessons into UNFCCC negotiations and public debate

Support for African negotiators; Event organization

Highlight I
Article 6 Pilot
Study

First ever landscape overview of practical Article 6 pilots by countries and bi- and multilateral organizations.

Expert analysis of state of play and stakeholder experiences with Article 6 implementation focusing on how the pilots respond to the new context of the Paris Agreement / NDCs

Showcase of the diversity of approaches that can be pursued under Article 6.2/6.4/6.8

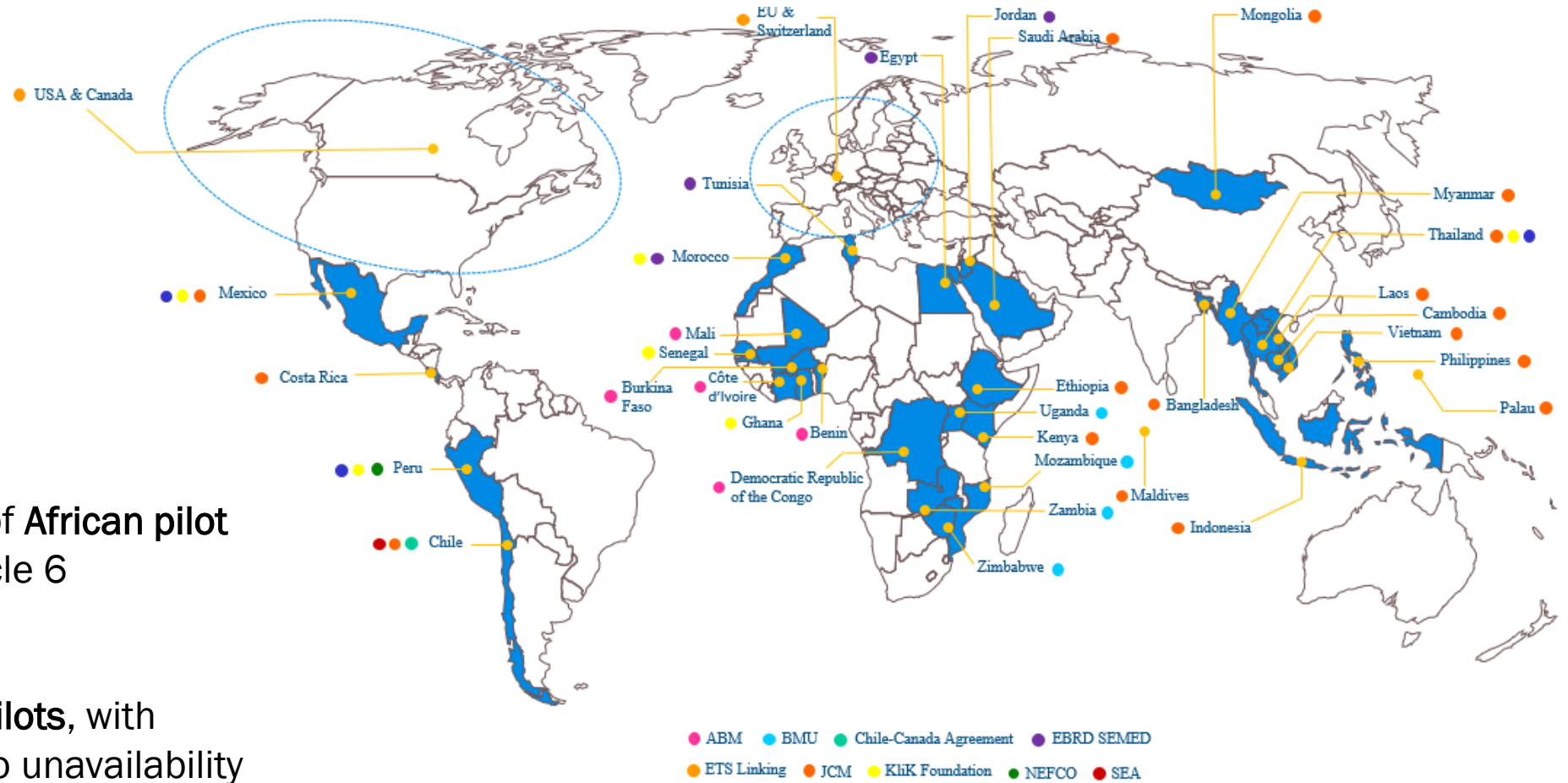
Update to be published in December 2020



Highlight I Article 6 Pilot Study

Strong representation of **African pilot initiatives** in global Article 6 landscape.

Increasing number of pilots, with focus on Art. 6.2 (due to unavailability of Art. 6.4 mechanism).



Highlight II
**Negotiation
Support**

Challenge

African Article 6 delegates face an uphill battle in UNFCCC negotiations with much less resources and expert support available to them when compared to other blocs. In this imbalance, African positions are harder to establish, communicate and negotiate.

Project response

Providing the African Group of Negotiators with technical and logistical support on key topics in Article 6 negotiations to increase the African representation in the PA operationalization.



Highlight II
**Negotiation
Support**

Conceptual support

Technical support has been provided to elaborate **African priorities and options** in regards to crunch issues such as:

- Transition of CDM projects into Article 6 mechanisms
- Share of Proceeds



KEY MESSAGES

The rulebook on Article 6 has to be inclusive and designed to encourage participation from all countries and private sector stakeholders.

Engagement by African countries in Article 6 should be facilitated from the very start by leveraging the existing domestic Clean Development Mechanism (CDM) pipeline and related infrastructure.

Initiatives that build on successful CDM reforms such as scaled-up programmatic crediting approaches with high sustainable development impacts are particularly promising for Africa.

Article 6 offers opportunities to tap into new finance streams, but also defines a new set of potentially challenging requirements.

African countries are actively participating in a number of initiatives related to market readiness and possible Article 6 pilot activities.



This short policy-oriented study seeks to contribute to the elaboration of the rulebook for carbon market instruments under Article 6 of the Paris Agreement. The tax on market mechanism activities (officially called "Share of Proceeds (SOP)") is a key topic and priority for the African Group of Negotiators and other alliances. The objective of the study is to enhance the base of evidence for this discussion by providing an analytical background on previous experiences with the SOP under the CDM and current technical options as an input to the political negotiations.

This study has been prepared in the context of the project "Climate Finance Innovators - Linking carbon markets with climate finance in Africa".



Highlight III Successful GCF bid for solar mini- grids in Senegal

- CFI has been supporting the Senegalese Rural Electrification Agency (ASER) in an approved funding proposal to the Green Climate Fund (GCF)
- Senegal aims to achieve universal electricity access, focusing on the most vulnerable and disadvantaged people in rural areas.
- Most isolated and rural communities are hardest to connect due to high investment costs and low returns.

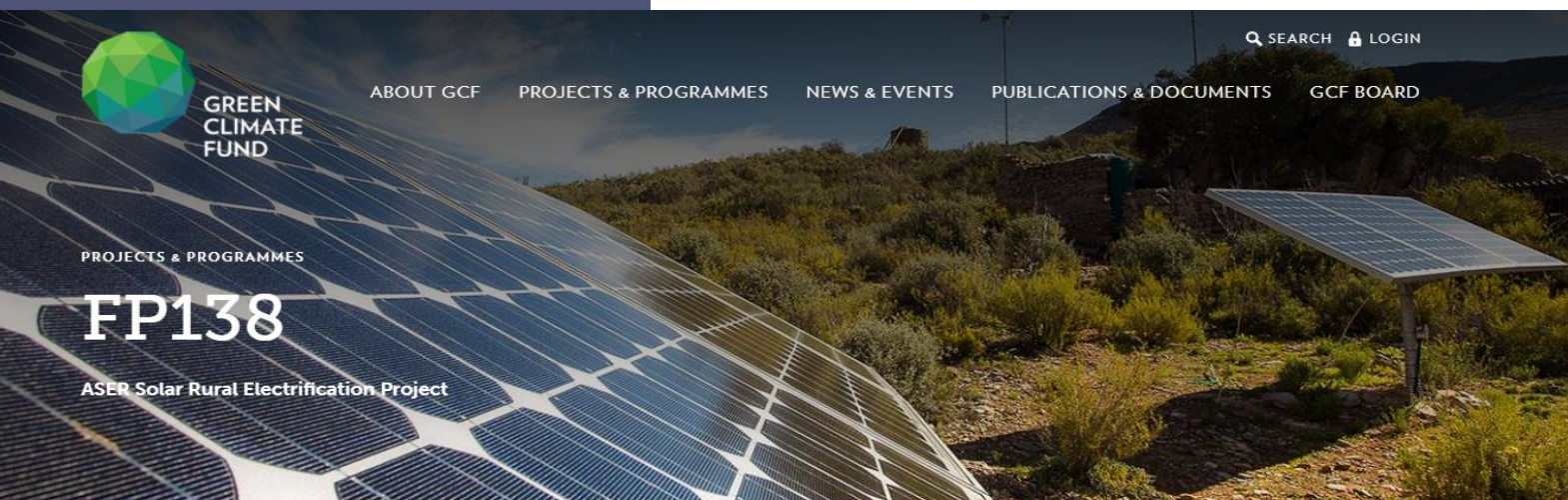


- The supported project will deploy **100% solar mini-grids in 1,000 isolated villages across Senegal** through private rural electrification concessionaires.
- **Link to market mechanisms:** GCF project uses **CDM MRV methodology**, ASER also has a registered CDM activity for rural electrification and is working with the World Bank in the transition to Article 6.

Highlight III Successful GCF bid for solar mini- grids in Senegal

Success story

- The CFI team was successful in matching ASER with the West African Development Bank (BOAD) to serve as Accredited Entity to the Green Climate Fund
- CFI supported the GCF proposal throughout the entire GCF application process
- At B26 in July 2020, the GCF Board approved the project



ASER GCF project in numbers

GCF Grant	2.1M USD
GCF Loan	86.7M USD
Co-financing Loan	137.5M USD
Co-Financing Grant	6.5M USD
TOTAL	234M USD
Avoided lifetime emissions	1,100,000 tCO2e

Thank you



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A large, ancient baobab tree stands prominently in a savanna landscape. The tree has a thick, gnarled trunk and a complex, spreading canopy of branches. The ground is covered in dry, yellowish grass, and the sky is a clear, bright blue. In the background, other trees and a line of palm trees are visible.

West African Alliance

PROJECT PRESENTATION

Agenda



- | | |
|------------|---|
| 1st | The West African Alliance |
| 2nd | Highlight I
Article 6 donor roundtable |
| 3rd | Highlight II
Article 6 country readiness support |
| 4th | Highlight III
Coordination and Cooperation |
| 5th | Highlight IV
Doha Amendment ratification |
| 6th | Highlight V
Compensating the real climate cost of travel |



enda



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The West African Alliance

In the fast-developing West African sub-region, financing sustainable development is a major challenge.

West African governments are looking for means to finance low emission development policies and projects, which are competing with the ‘quick fix’ of large fossil fuel infrastructure projects popping up across the sub-region.

West Africa intends to **utilize Article 6** after limited participation in carbon markets of the past and to make sure that the rules governing any new mechanisms are realistic and applicable.

In September 2017, delegates to the UNFCCC formed the West African Alliance on Carbon Markets and Climate Finance to jointly tackle issues relating to accessing carbon markets and climate finance for NDC implementation.



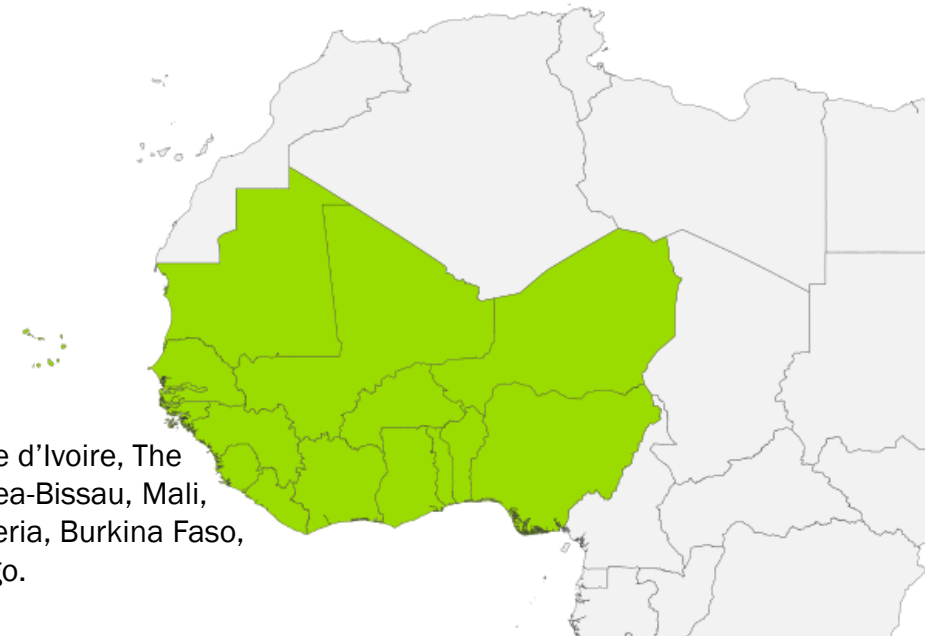


The West African Alliance

1. **Foster active participation** by West African delegates in the UNFCCC negotiations
2. **Promote access** to market mechanisms and climate finance opportunities
3. **Pilot the transition of CDM** related capacities and activities to the Paris Agreement context
4. **Boost Article 6** readiness in the sub region

“We have to make carbon markets accessible for West African countries to make sure least developed countries do not miss the train under the Paris Agreement as they did with the CDM”

Member countries: Benin, Cote d'Ivoire, The Gambia, Ghana, Guinea, Guinea-Bissau, Mali, Mauritania, Niger, Nigeria, Liberia, Burkina Faso, Sierra Leone, Senegal and Togo.





Eastern Africa Alliance
On Carbon Markets And
Climate Finance



Highlight I Article 6 Donor Roundtable

For this new generation of market mechanisms to succeed in West and Eastern Alliance member countries, early **engagement with countries seeking to purchase ITMOs** under Article 6 is key.

The Alliances organized a virtual donor roundtable that allowed donors and member countries to exchange on their expectations. In this roundtable participated:

- 18 African country representatives
- The Swiss KliK foundation
- The World Bank
- Japan
- Sweden
- BMU
- UK COP Presidency





Highlight II Country readiness support

With the guidance and support of the Alliance, West African countries will initially need to:

- Devise national strategies for engaging with Article 6
- Develop a robust channel of communication with the domestic private sector to enhance momentum and engagement, clarify the position of the government in relation to carbon markets under the Paris Agreement,
- Link carbon markets to a country's NDC and maintain overall credibility of the country as a supplier of quality ITMOs





From a political and economic perspective, West Africa is closely intertwined. Through the Economic Community of West African States (ECOWAS), West Africa is working towards a vision of a:

- borderless region,
- harmonized policies,
- a single currency,
- and an **integrated answer to climate change.**

The Alliance secretariat is hosted by key West African institutions, namely the West African Development Bank (**BOAD**), the UNFCCC Regional Collaboration Centre (**RCC**) in Lomé and **ENDA Energie** based in Dakar.

The Alliance has built a strong network of member country representatives, technical partners and development organisations serving the region. This allows for the creation of synergies with other projects and partners. **Partners** of the Alliance include:

<i>BMU</i>	<i>NDC Partnership</i>	<i>GIZ</i>
<i>ECREEE</i>	<i>AfDB</i>	
<i>ECOWAS</i>	<i>The World Bank</i>	

Highlight III

Coordination Cooperation



Highlight IV

The Doha Amendment Ratification

The **Doha Amendment** established a second emission reduction commitment period under the Kyoto Protocol for 37 countries that runs from 2013 to 2020.



A total of **144 signatory countries** need to submit their formal acceptance of amendment for it to enter into force. The deadline for the entry into force of the Doha Amendment was October 2nd 2020.

On October 1st, only 143 ratifications had been received.

← **Tweet**



Patricia Espinosa C.  @PEspinosaC · Oct 2 

An incredible milestone! With 144 parties now signed, the Doha amendment enters into force. This is fantastic news for our process [@UNFCCC](#) towards [#ClimateAction](#) . Many thanks Nigeria  [@MBuhari](#) for your ratification!

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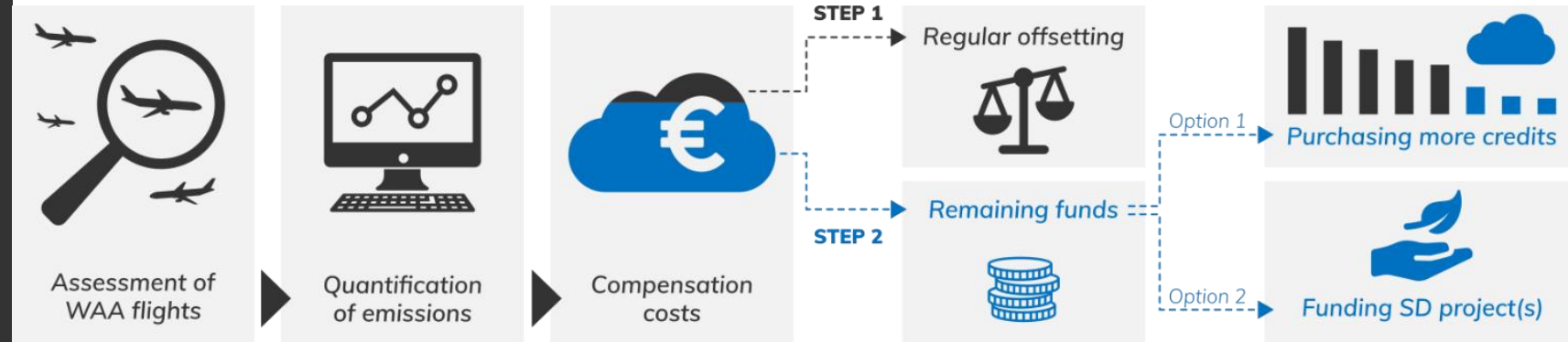
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Highlight V

Compensating travel emissions



In today's voluntary carbon market, offsetting costs on average \$3.01 per ton of CO₂.

The real socio-economic impact of emissions (or shadow price of carbon SPC) is estimated to currently cost around \$80.

The Alliance compensates its travel emissions by

- Purchasing an amount of credits,
- from relevant projects located in West Africa,
- that exceed the calculated volume of emissions generated but meets the actual cost of emissions as per the SPC

Thank you



www.westafricacclimatealliance.org

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based on a decision of the German Bundestag

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