

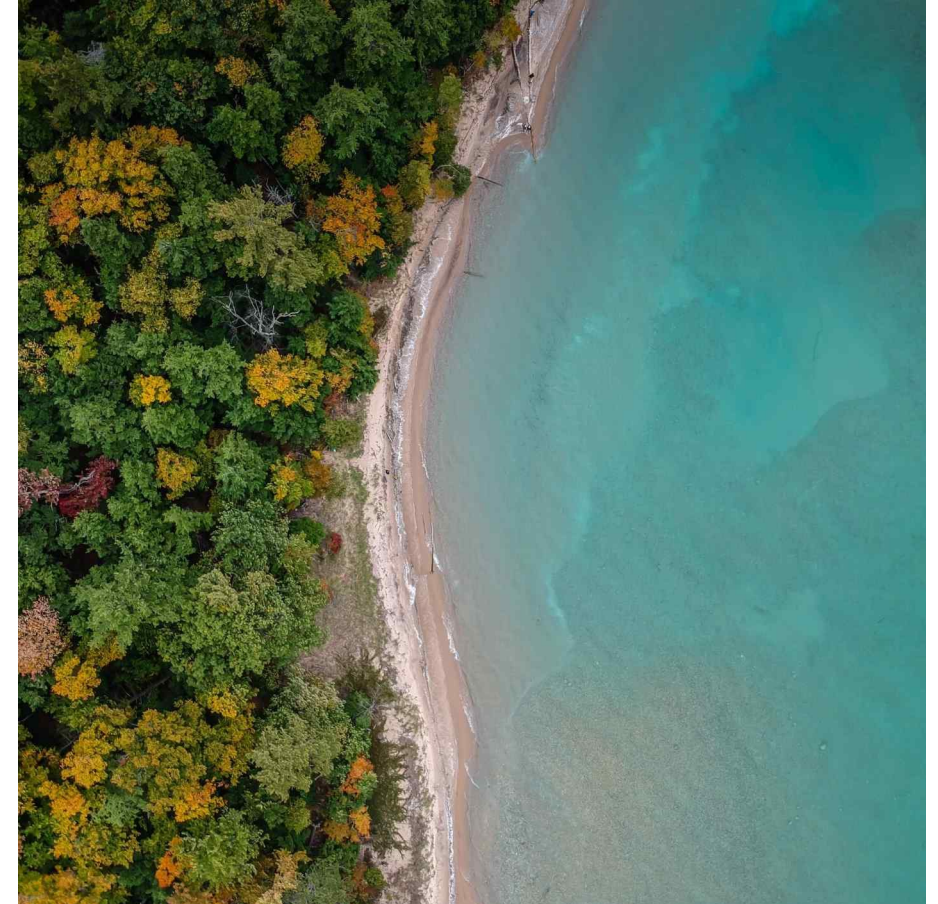
Africa Caribbean regional cooperation and dialogue on Article 6 capacity building

Opportunities for South-South cooperation

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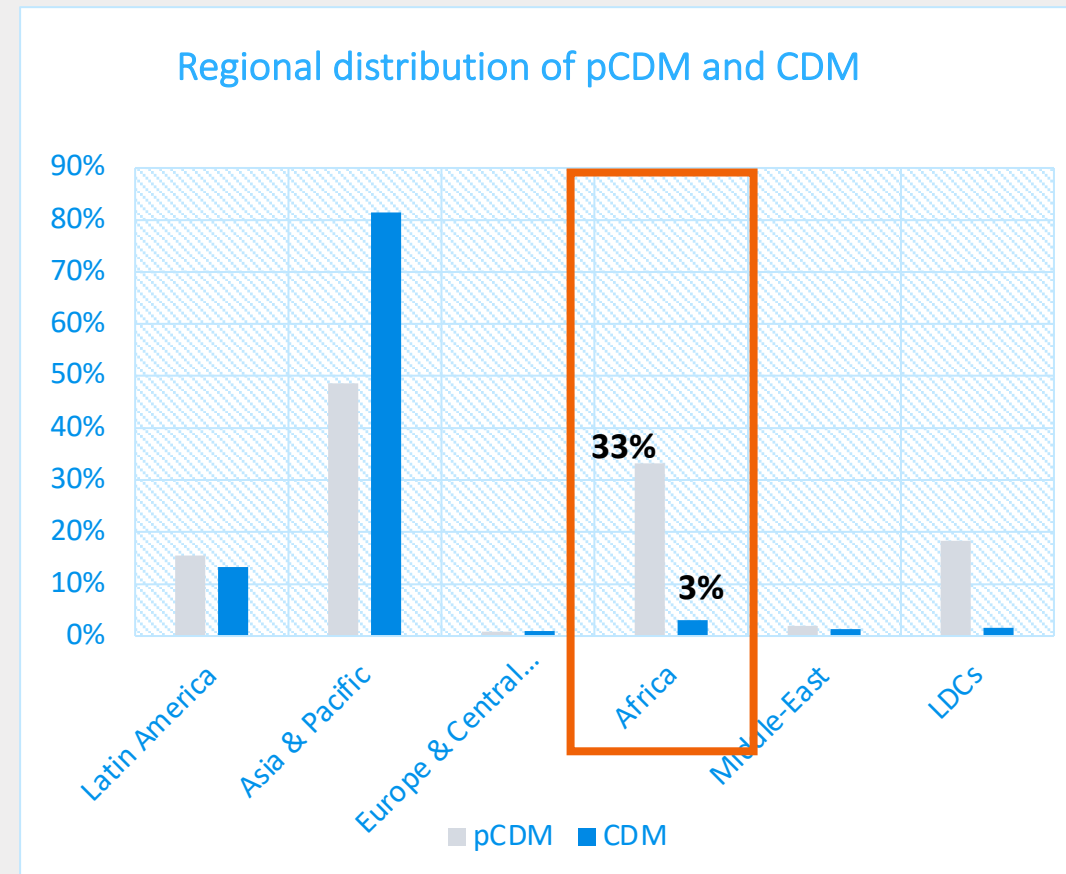
Agenda

1. Challenges for SIDS in carbon markets
2. Carbon market experience in Africa
3. Regional cooperation helps meet new challenges in accessing carbon markets
4. Practical relevance
 - Article 6.2
 - Article 6.4
 - Article 6.8
5. Mobilizing finance for implementation

- **Transactions cost outweigh expected benefits**
 - Small-scale projects bear over-proportionally **high transaction costs** but relatively **low volume of carbon credits**
- **Limited experience** in carbon markets due to low number of activities
- **Limited local capacity**
 - Few local experts with knowledge to develop bankable activities
- **Budget/debt ceiling** restrict investment in **capital intensive projects**
- Public budgets are further constrained by **adaptation costs**
- **Conditional NDC targets do not** have **access to the necessary financial support** to implement them.

Carbon market experience in Africa

- Africa's **low participation** in carbon markets was **initially** a main **criticism of CDM**
- **Substantial reform efforts**, in particular **introducing PoAs** as well as **comprehensive capacity building** led to better access to CDM & VCM in Africa
 - PoAs are of particular relevance for SIDS bc they aggregate small activities
- **Africa** is well represented in initial **Article piloting**



Source: UNEP CCC 2022

Regional cooperation helps meet new challenges in accessing carbon markets

- Art.6 participation requirements are **complex**, many new responsibilities (NDC accounting and reporting)
- Host countries need to establish **new institutional frameworks** for Article 6 participation
- Countries with low previous experience benefit most from **peer exchange** through **regional cooperation**



Practical relevance: Art.6.2

Peer exchange within sub-regions but also between Africa and Caribbean on harmonizing key features (e.g. NDC accounting and reporting)

Bilateral cooperation

- Senegal and Switzerland
- Ghana and Switzerland
- Dominican Republic and Switzerland

VCM

- VCM standards (e.g. Gold Standard, Verra) often have bigger portfolio than CDM (e.g. forest sector)
- Blue economy is a SIDS priority
 - Mangroves / seagrass



Source: F.Fleischer

CDM transition

- Host countries need to decide whether to approve **existing CDM activities** for transition to Art. 6.4 (Africa more relevant)

New projects in Art. 6.4 mechanism

- Building on CDM PoA experience, in particular for decentralised RE solutions, incl. off-grid productive use of RE like solar water pumping
- Transformative emerging technologies
 - E-mobility
 - Green hydrogen?



Source: nation.sc

Practical relevance: Art.6.8 NMA

- **Non-market approaches** (NMA) increasingly needed, both on **mitigation** but also to **support adaptation and resilience**
- Art.6.8 has been **pioneering relevant instruments** (ABM supported by AfDB) but further **capacity building and investment mobilisation** needed



Source: Seychelles News Agency

Mobilizing finance for implementation

- **Integrating technical and financial assistance for practical activities** is crucial for effectiveness of capacity building (training on the job)
- **Coordinated development partner and carbon buyer outreach** helps smaller countries to access finance
- **Experience exchange among peers on best practices** (e.g. business models, use of new technologies)
- **Multi-country programmes** help to deliver **mitigation at scale**, in particular for small countries

Thank you for your participation!

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