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LINKING CARBON MARKETS WITH CLIMATE FINANCE IN AFRICA

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## Harnessing synergies between carbon markets and climate finance for achieving ambitious NDCs

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INTERNATIONAL CLIMATE INITIATIVE (IKI)



Supported by:



Federal Ministry  
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## **Objectives of the event**

- ✓ Provide a comprehensive overview of Senegal's NDC and the role of carbon markets and climate finance, Article 6 readiness and piloting.
- ✓ Update on regional cooperation (West Africa Alliance)
- ✓ Present key CFI activities

### **Housekeeping**

- ✓ Feel free to ask questions and comment in the chat throughout the event



### **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**

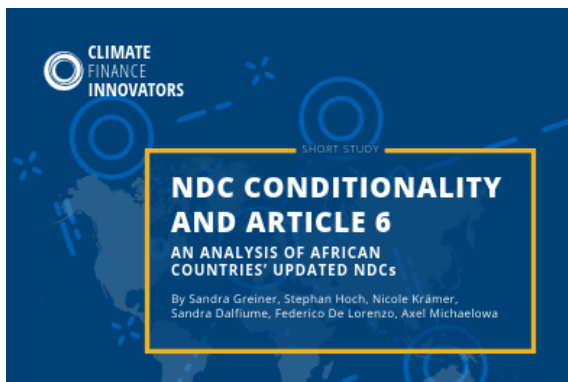
- Supporting African carbon market pipeline (especially PoAs) and scaling up mitigation impacts through mobilized results-based climate finance (GCF) and capacity building.

### **Focus**

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



# Key Article 6 publications



The demarcation between conditional and unconditional targets continues to play an important role in the most recent NDC submissions. In developing countries, the conditional component has often been linked to international support, including through Article 6 carbon markets. However, the UNFCCC does not provide clear guidance on what NDC conditionality means and how to apply it. A lack of conceptual clarity opens space for different applications in NDCs, with potential consequences for access to Article 6 cooperative approaches.

Based on reviewing relevant UNFCCC documents, literature assessing the first set of NDCs, Article 6 buyer documents, and an analysis of the latest African NDC submissions, this short study aims to provide a clearer understanding of how the conditionality of NDC targets may influence Article 6 cooperation. In the absence of international guidance, countries have developed their own interpretation of how to use the carbon market to achieve their updated NDCs. This study proposes a first typology for the link between NDC conditionality and Article 6 carbon markets. However, the study also argues that NDC conditionality alone is an insufficient indicator for Article 6 eligibility. Hence, it recommends undertaking further checks and balances at activity level to ensure environmental integrity. Nevertheless, the study suggests that working towards a shared understanding of NDC conditionality can increase the certainty of expectations in Article 6 cooperation and enhance transparency.

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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".

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# Speakers



**Madeleine Diouf Sarr**  
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**Ousmane Fall Sarr**  
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**Sandra Greiner**  
Lead Consultant,  
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**El-Hadji Mbaye  
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**Moubarak Moukaila**  
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# Setting the scene

- **Climate finance** introduced in **Art. 9**, PA: “to assist developing country Parties with respect to both mitigation and adaptation” while **Art. 6** introduces the **carbon markets**.
- Blending climate finance and carbon finance provides **more flexibility** for multiple international actors to provide support for the same mitigation activity e.g., in transforming a country’s power sector while **combining different financial instruments**.
- Several countries including Senegal have expressed their **willingness to use carbon markets to achieve their NDC targets**.
- Accessing carbon markets and climate finance has been a **particular challenge** in many developing countries. Primary infrastructures and capacities have been created but **need to be further contextualized to the PA**.
- Senegal was the first country to have a domestic accredited entity to access the Green Climate Fund (GCF) and has **harnessed substantial volumes of international climate finance** for the energy and agriculture sectors.
- Senegal is also a **frontrunner in Article 6 preparedness**. It was the third country signing a bilateral agreement with Switzerland on Article 6 cooperation. Furthermore, it has developed a standardized crediting framework for rural electrification in collaboration with the World Bank’s CiDev initiative.