Perspectives on the Potential of African markets

CPLC Africa Working Group call | 13 May 2020
What is IETA

Global Cross-Sector Business Association

- 130+ companies from oil, electricity, banking, industry, traders and brokers, law, consulting, project developers, exchanges, verifiers, etc.
- ... Collectively providing a global business voice on carbon markets

What do we do?

- Promote the use of carbon markets around the world
- Provide an information service to our members on the latest market developments
- Build a global community of carbon market stakeholders
Market friendly NDCs in Africa

- NDC will be met domestically
- NDC includes the use of international markets
- Country will maybe make use of international markets
- Not Specified
- NDC not submitted
Recent market and climate finance developments

Senegal
Carbon tax under consideration

Cote d’Ivoire
Carbon tax under consideration

Ghana
5 year ERPA signed in 2019 with the FCPF. $50 million for 10 million tonnes of CO2 reductions

Gabon
$150 million Norway-CAFI-Gabon deal signed in 2019. 10 year agreement for results based payments

Democratic Republic of Congo
ERPA signed in 2018 with the FCPF. $55 million for 11 million tonnes of CO2 reductions

Mozambique
ERPA signed in 2019 with the FCPF. $50 million for 10 million tonnes of CO2 reductions

South Africa
Carbon tax implemented in 2019. Companies may be eligible for 5-10% offset allowance to reduce their carbon tax liability.
The Economic Potential of Article 6: IETA & UMD

- Study comparing the cost differences between countries delivering their NDCs independently, and through international cooperation under Article 6

- The use of a well functioning Article 6 could reduce the cost of delivering NDCs by as much as $250 billion per year by 2030

- If those cost savings are reinvested, it could double the ambition of the Paris Agreement
The potential for African emissions trading

- Africa and Brazil together account for more than 50% of emissions traded

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<th>2020</th>
<th>2025</th>
<th>2030</th>
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<tr>
<td>Emissions traded</td>
<td>0.7</td>
<td>1.2</td>
<td>1.5</td>
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<td>(Gt CO₂)</td>
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<td>Revenue from trade</td>
<td>1.9</td>
<td>12.7</td>
<td>29.0</td>
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<td>(Billion 2015 $)</td>
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Markets for Natural Climate Solutions

- New IETA initiative launched at COP25 called “Markets for Natural Climate Solutions”
- Aim to maximise business investment in NCS to ensure it plays the fullest role possible in delivering the goals of the Paris Agreement
- Working to help develop an active carbon market in South Africa, with a significant role for NCS
- Further details [https://ncs.ieta.org](https://ncs.ieta.org)
Conclusions

- Many countries in Africa are interested in, or intend to use, markets to help deliver their NDCs under the Paris Agreement.

- Our analysis shows there is huge potential for African countries to sell emission reductions under a well functioning Article 6.

- Further domestic market development in Africa is needed to help build capacity and facilitate international linkages.
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