

Eastern Africa carbon market engagement: Regional foundations for Article 6 implementation

An online dialogue and peer to peer exchange for regional carbon project developers

Concept Note

September 2020

Background

A series of virtual dialogues will assess the potential of the global carbon market and Article 6 of the Paris Agreement for carbon project/asset developers in East Africa. The dialogue is hosted by GIZ Global Carbon Markets Programme supported by the German Federal Ministry of Environment, Nature Conservation and Nuclear Safety (BMU), the Eastern Africa Alliance on Carbon Markets and Climate Finance in collaboration with the UNFCCC Regional Collaboration Centre in Kampala and the Climate Finance Innovators project.

In 2015, the global community concluded the Paris Agreement (PA) to combat climate change by limiting global temperature rise to well below 2°C, potentially even to 1.5°C. The PA entered into force in 2016 and has now been ratified by 189 Parties. The Agreement engages all countries through their Nationally Determined Contributions (NDCs). To achieve their NDCs, at least 36 African Parties proposed the use of the carbon markets. The Kyoto Protocol established UNFCCC-backed carbon markets in developing countries through the Clean Development Mechanism (CDM). The Paris Agreement establishes a new generation of carbon markets through its Article 6. The key objectives for these market mechanisms are to serve as tools to mitigate climate change while promoting sustainable development and raising ambition. Parties may choose to implement Cooperative Approaches (Article 6.2), a new multilateral mechanism for mitigation and sustainable development (Article 6.4), which is seen as a successor to the CDM, as well as Non-Market Approaches (Article 6.8).

Various entities, based within and outside of the region, have been engaged in carbon project development throughout Eastern Africa. Alongside public sector projects, the private sector both for and not for profit– including small and medium enterprises as well as large, multinational companies – has been actively engaged in carbon markets. In Eastern Africa, the private sector offers practical experience in financing and implementing carbon market activities, covering a wide range of technologies. Moreover, the private sector has also implemented activities under voluntary carbon standards such as the Gold Standard, Verra and Plan Vivo.

Reflecting on existing experience as well as the anticipated future carbon market rules is important for Eastern Africa engagement in order to navigate the transition from the instruments of the Kyoto Protocol to the Paris Agreement as well as for becoming early movers in future Article 6 initiatives. It is imperative to build on the strengths from existing experience while addressing areas in which improvements can be made. With Article 6 rules yet to be concluded, it is important for Eastern Africa stakeholders to contribute to shaping these rules so that they reflect regional circumstances as well as being earlier movers in activity design in order to access new sources of finance.

Objectives of the dialogue

The main aim of the dialogue is to build readiness for the potential CDM transition and future implementation of Article 6 amongst existing and aspiring carbon asset developers by providing participants with:

- Access to the latest and practicably applicable information relating to:
 - experiences and current status of carbon market mechanisms including the CDM and voluntary standards across Eastern Africa;
 - current status and key issues of international climate negotiations on Article 6 as well as CDM transition;
 - Key impacts of the Paris Agreement and country NDCs on future carbon markets (e.g. accounting requirements for carbon credits such as corresponding adjustments);
 - Status and opportunities related to piloting Article 6 in Eastern Africa and beyond;
 - emerging carbon market demand from a wide range of sources including governments and the voluntary carbon markets;
 - how the private sector can prepare for and aim to get involved with Article 6.
- Access to a regional community of practice and networking opportunities for carbon project developers across Eastern Africa, building on similar interactions in recent years.

Expected Outcomes

The main expected outcomes of the three sessions can be summarised as:

- Increased appreciation by carbon project developers across Eastern Africa for the current situation of Article 6 negotiations and their potential role in feeding into this process;
- An improved understanding of the new generation of carbon markets and climate finance instruments of the Paris Agreement;
- Insights into key issues concerning CDM transition and anticipated regulatory changes after 2020 and their impacts on carbon project developers across Eastern Africa;
- Facilitation of peer to peer learning and provision of a platform for exchanges between the carbon markets community of practise in Eastern Africa;
- Further consolidation and visibility of Eastern Africa Alliance on Carbon Markets and Climate Finance, the GIZ Global Carbon Markets Programme and the UNFCCC Regional Collaboration Centre in Kampala as critical resources for the region on this topic.

Target group

The online dialogue will bring together a targeted group of carbon asset developers from Eastern Africa as well as other regional project developers that have CDM projects in East Africa countries (approx. 50), including public and private sector representatives, financing institutions, and technical experts.

Approach

The event will run as three online sessions with each covering a maximum of 2 hours, within one week. The delivery of the sessions will be through Zoom and aims to be interactive.

Program Overview

Session	Topic	Date	Time (EAT)
I	Carbon market engagement & CDM Transition	Monday 21/09/20	14:00 - 16:00
II	Key features of the Paris Agreement and NDCs	Wednesday 23/09/20	14:00 - 16:00
III	Piloting Article 6	Friday 24/09/20	10:00 – 11:00

Session Program

SESSION I – Carbon market engagement & CDM Transition			
Date/Time	Monday, 21/09/20	14:00 – 16:00	
Time	Topic	Institution / Presenter	Activity
14:00 - 14:15	Introduction <ul style="list-style-type: none"> Welcome remarks from collaborating organizations Brief Introduction to the 3 core topics + session 1 Housekeeping, key features of virtual dialogue 	GIZ – Sven Egbers EAA - Bianca Gichangi Carbon Africa – Tim Cowman	Participants introduction
14:15 – 14:45	Negotiating Article 6 <ul style="list-style-type: none"> Status of the Negotiations and core Article 6 issues The road to COP 26 Q&A 	Moderation EAA – Bianca Gichangi UNFCCC – Perumal Arumugam UK Government - Hugh Salway	Presentation Q&A
14:45 – 15:30	CORE TOPIC 1 - CDM transition? <ul style="list-style-type: none"> What is at stake? - Regional carbon market profile The potential Transition <ul style="list-style-type: none"> Areas of agreement Key open issues Practical implications 	Moderation EAA – Bianca Gichangi Climate Finance Innovators – Tim Cowman UNFCCC - Perumal Arumugam Perspectives – Stephan Hoch <i>Private Sector reflections</i>	Presentation
15:30 – 15:55	Question and Answers, Participants input	GIZ - Gloria Namazzi (Moderation)	Q&A Platform
15:55 – 16:00	Closing, introduction to next session	Carbon Africa – Tim Cowman	-

Session II – Key features of the Paris Agreement and NDCs			
Date/Time	Wednesday, 23/09/20, 14:00 – 16:00		
Time	Topic	Institution	Activity
14:00 - 14:10	Introduction - Brief Introduction to the 3 core topics, Recap of Day 1 and Session 2 - Housekeeping, key features of virtual dialogue	GIZ – Sven Egbers EAA - Bianca Gichangi Carbon Africa – Tim Cowman	Participants introduction
14:10 – 14:50	CORE ISSUE 2 – NDCs and Corresponding Adjustments Key NDC features and their relevance for the carbon market <ul style="list-style-type: none"> - Status of NDC updates - Relevance of corresponding adjustments for host countries and implications for carbon projects - Which project types will be considered additional? - Q&A 	Moderation EAA – Bianca Gichangi UNFCCC - Bernd Hackmann Perspectives – Stephan Hoch	Presentation Q&A
14:50 – 15:30	Implications for the voluntary carbon market <ul style="list-style-type: none"> - Key trends in voluntary carbon markets - Implications of NDCs/Art.6 rules for voluntary projects - Focus on practical preparatory steps being taken in relation to the transition, future eligibility of key activity types and the treatment of corresponding adjustments 	Moderation Carbon Africa – Tim Cowman VERRA - Naomi Swickard Gold Standard - Sarah Leugers PD-Forum – Sven Kometz ClimateCare – Patrick Colas	Panel
15:30 – 15:55	Question and Answers, Participants input	GIZ - Gloria Namazzi (Moderation)	Q&A platform
15:55 – 16:00	Closing, introduction to next session	Carbon Africa – Tim Cowman	-

SESSION III – Piloting Article 6			
Date/Time	Friday, 25/09/20, 10:00 – 12:00		
Time	Topic	Institution	Activity
10:00 - 10:10	Introduction <ul style="list-style-type: none"> - Brief Introduction to the 3 core topics, Recap day 1&2 and Session 3 - Housekeeping, key features of virtual dialogue 	GIZ – Sven Egbers EAA - Bianca Gichangi Carbon Africa – Tim Cowman	Participants introduction
10:10 – 11:00	CORE ISSUE 3 – Piloting Article 6 <ul style="list-style-type: none"> - Article 6 piloting status update African market developments <ul style="list-style-type: none"> - NDC updates and national registry developments - African Piloting - Carbon Pricing/Tax – The role of offsetting 	Moderation Carbon Africa – Tim Cowman Climate Finance Innovators – Axel Michaelowa Government representative (<i>tbc</i>) Kilik Foundation – Mischa Classen (<i>UNDP - Alexandra Soezer</i>) SA National Treasury – Sharlin Hemraj Gold Standard - Sarah Leugers	Presentation Panel
11:00 – 11:45	Peer to peer exchange <ul style="list-style-type: none"> - Group work amongst peers 	Moderation Carbon Africa – Tim Cowman Facilitation (Various)	Break out groups (no recording)
11:45 - 12:00	Closing <ul style="list-style-type: none"> - Session closing - Closing remarks 	GIZ – Sven Egbers EAA - Bianca Gichangi	-