

Perspectives on the Potential of African markets

CPLC Africa Working Group call | 13 May 2020



What is IETA

Global Cross-Sector Business Association

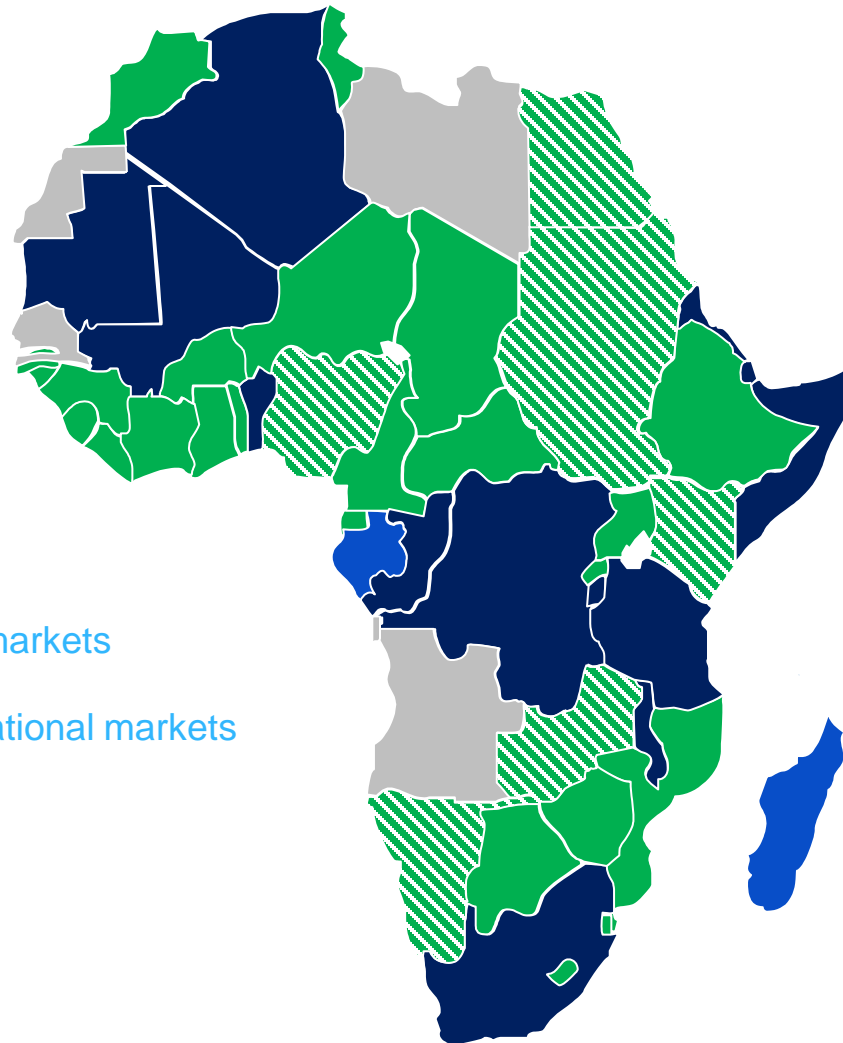
- 130+ companies from oil, electricity, banking, industry, traders and brokers, law, consulting, project developers, exchanges, verifiers, etc.
- ... Collectively providing a global business voice on carbon markets





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

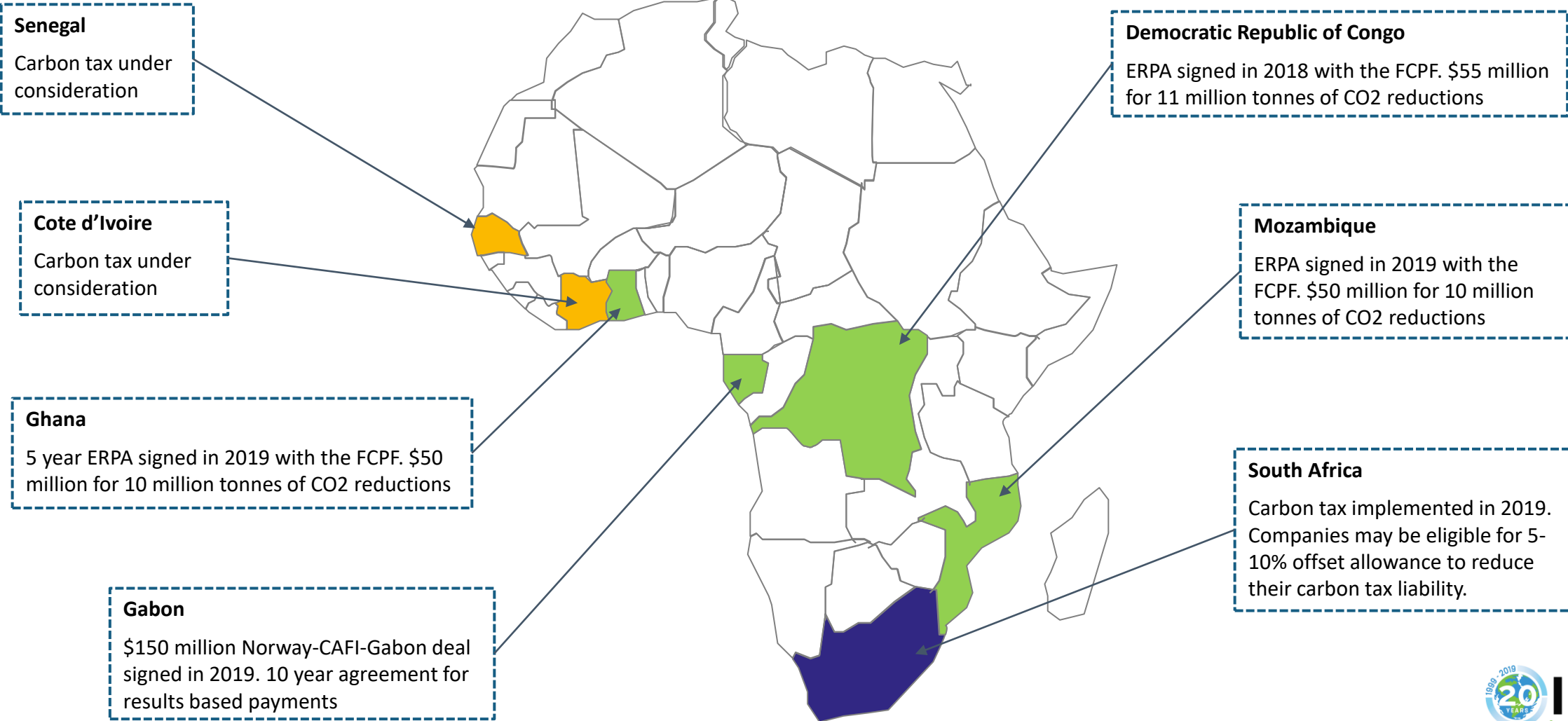


Market friendly NDCs in Africa



-  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

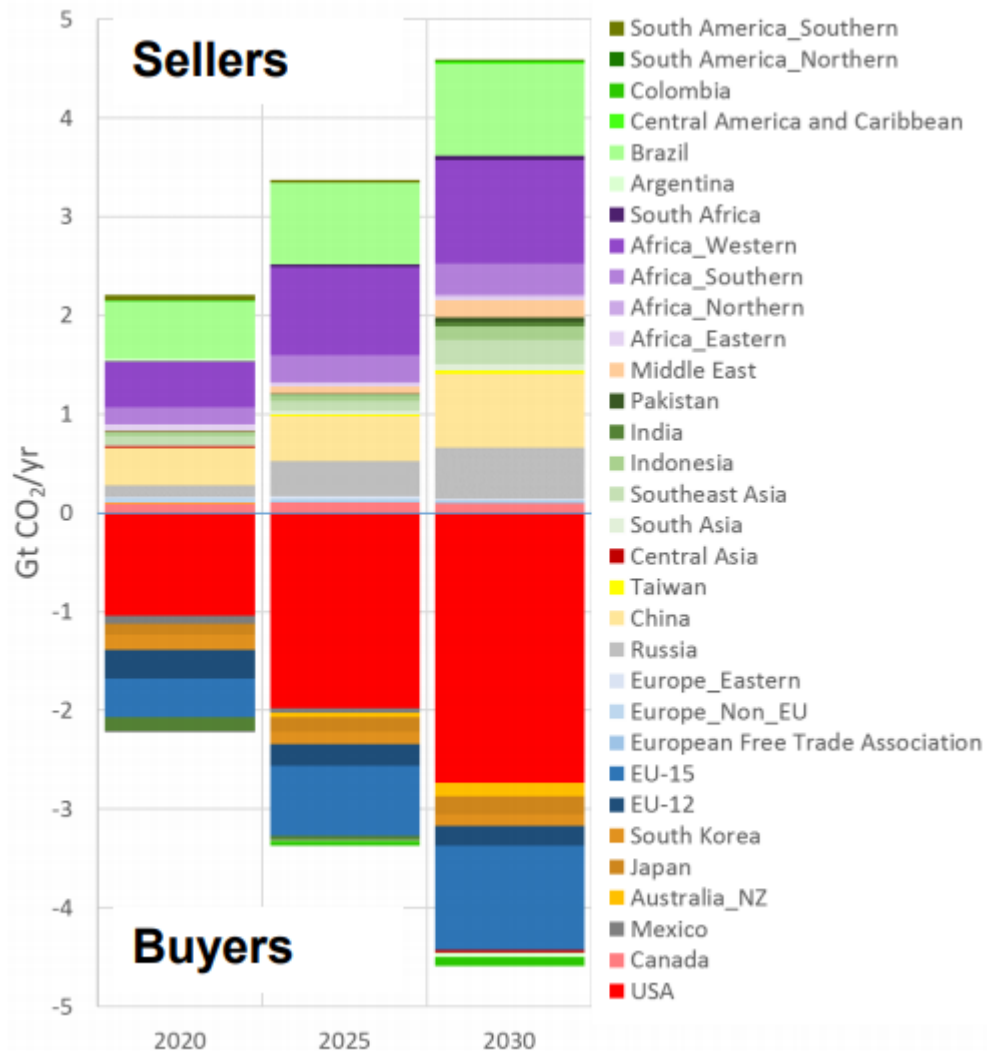


The Economic Potential of Article 6: IETA & UMD



- 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



Volume and revenue of African trade

	2020	2025	2030
Emissions traded (Gt CO ₂)	0.7	1.2	1.5
Revenue from trade (Billion 2015 \$)	1.9	12.7	29.0

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

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>

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 African is needed to help build capacity and facilitate international linkages



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