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LINKING CARBON MARKETS WITH CLIMATE FINANCE IN AFRICA

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

NDCs and Corresponding Adjustments

23rd September 2020

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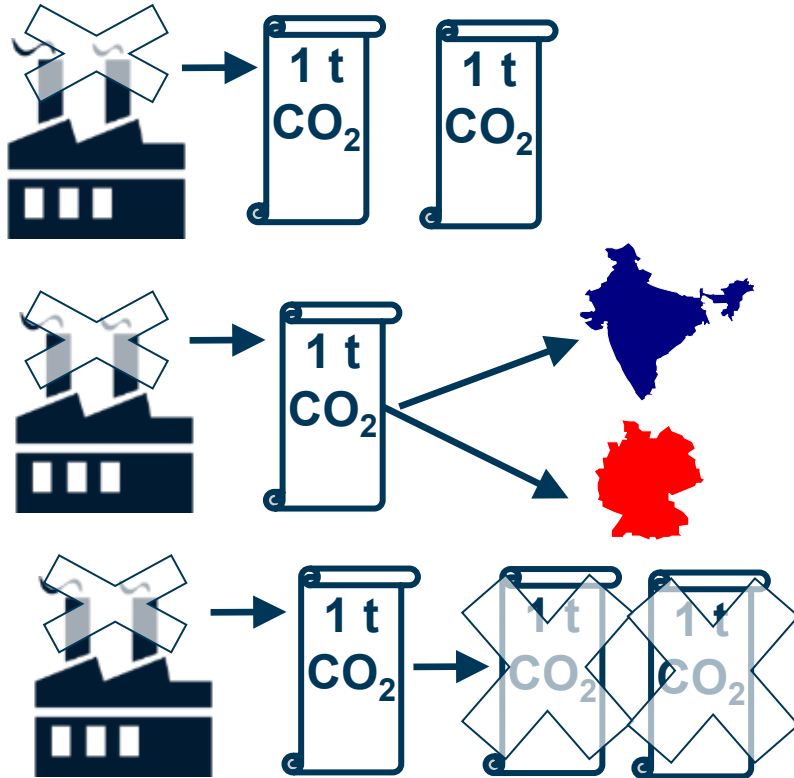
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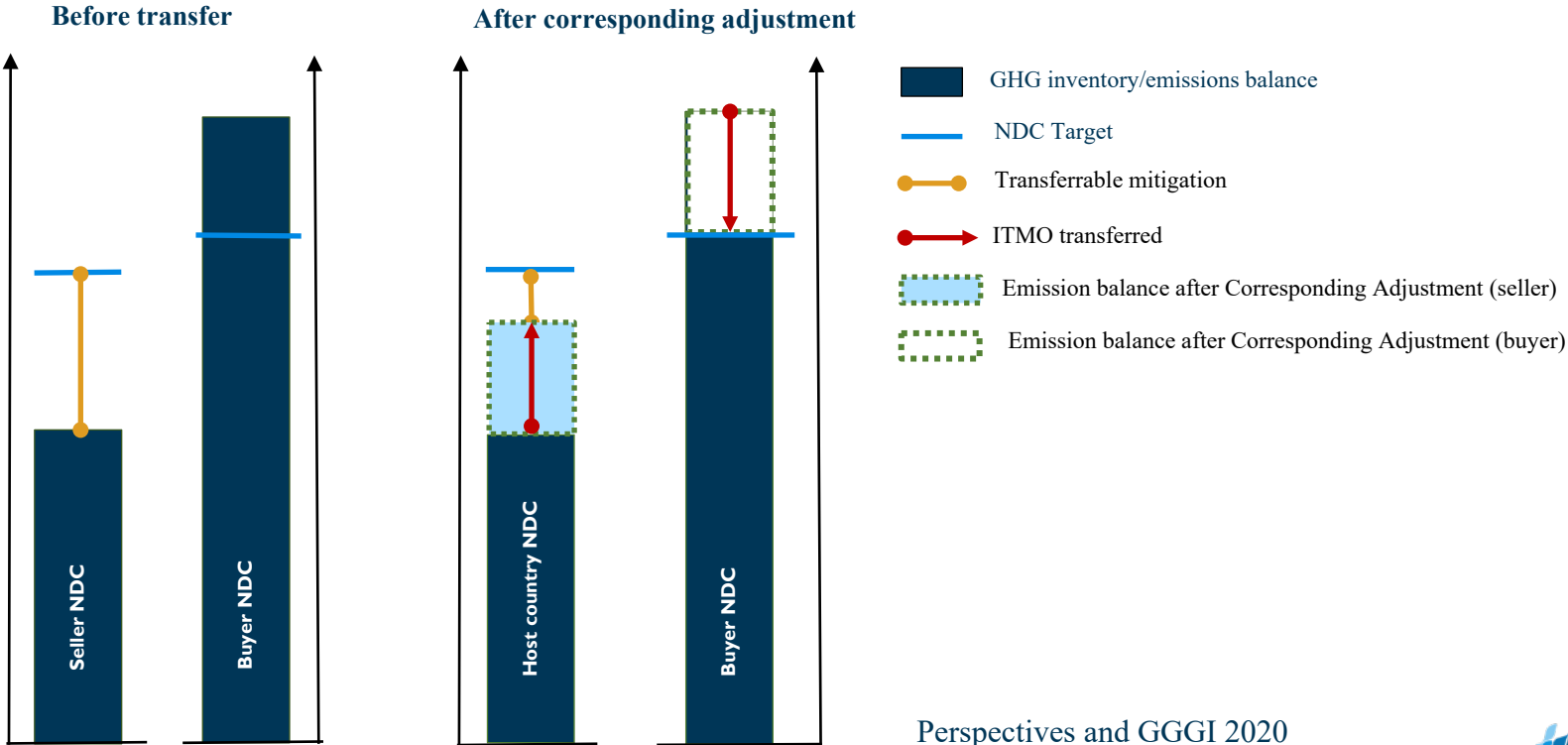
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Double counting can take different shapes!



- **Double issuance**
 - Verification, easy to deal with
- **Double claiming**
 - Accounting, more complex (activities may claim units for adaptation/SDGs)
- **Double use**
 - Registry use, ideally of a global registry

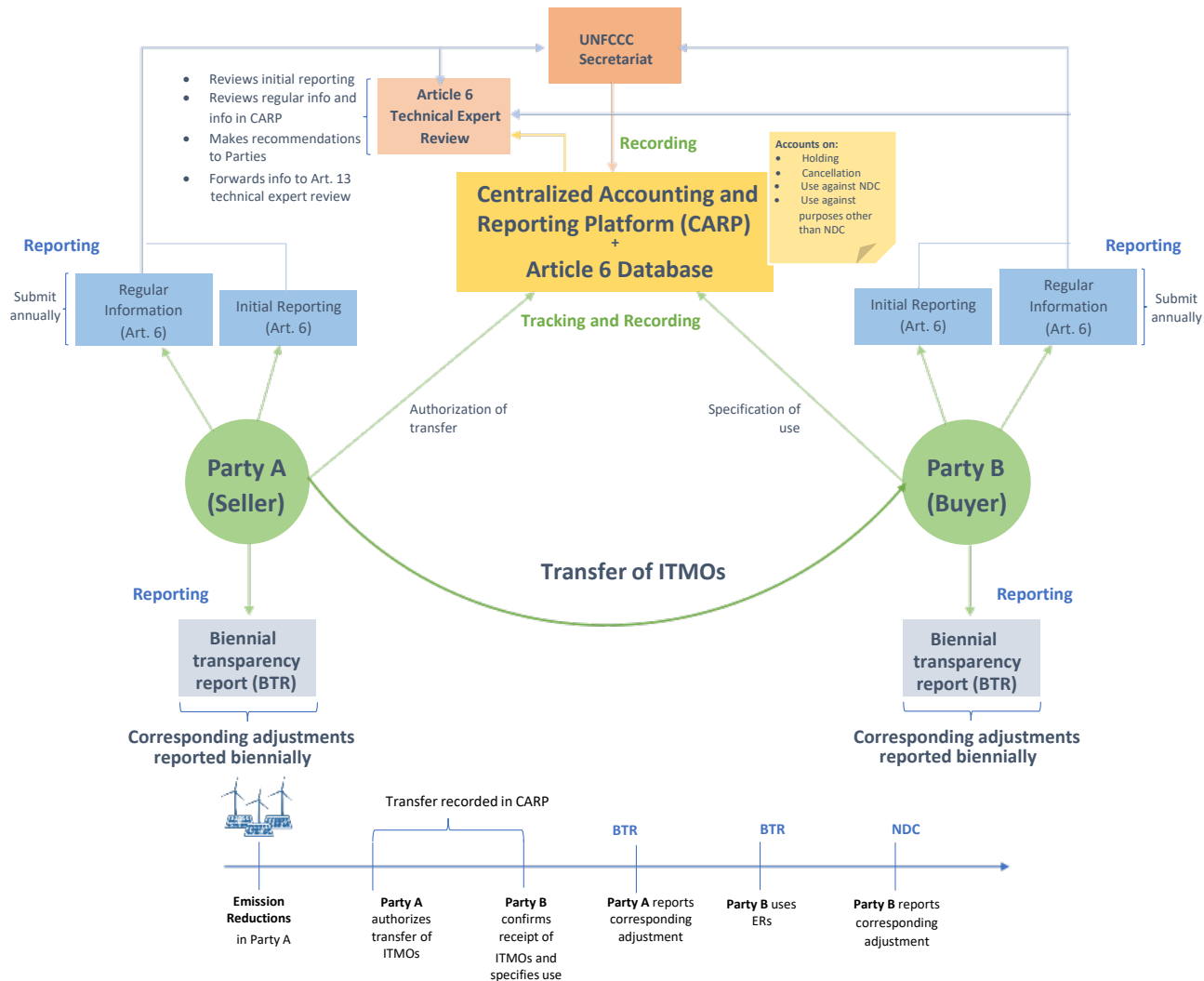
Corresponding adjustments upon ITMO transfers



Perspectives and GGGI 2020

Reporting and review processes of Corresponding Adjustments

Source: [Perspectives and Climate Focus 2019](#)



Risks related to ITMO transfers

Host country does not achieve unconditional NDC targets



Mitigation:

- Clear link to NDC achievement in baseline
- Host country share of mitigation outcomes
- Keep part of mitigation in a buffer until NDC is achieved

Host country does not perform corresponding adjustment



Mitigation:

- Commitment in bilateral agreements, including use of registries
- Good capacity of the host country to develop robust national inventory

Technical expert review states breach of Article 6 guidance

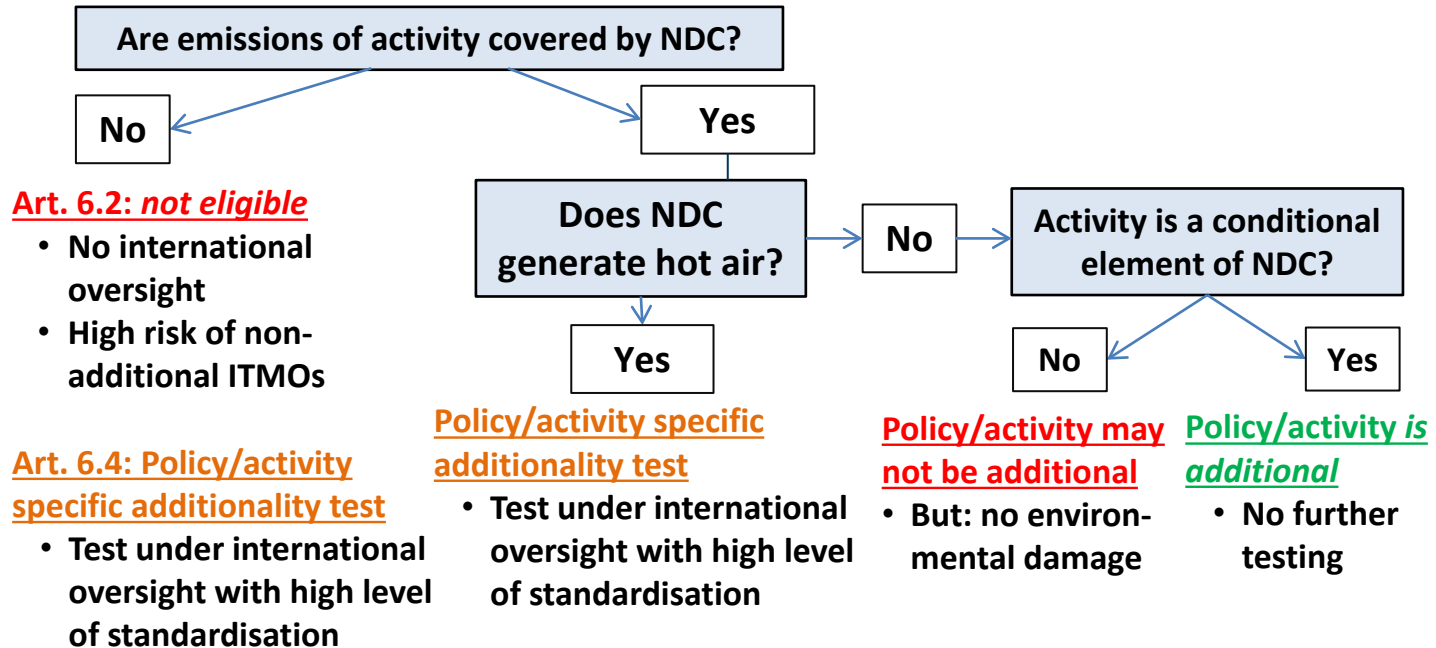


Mitigation:

- Robust activity design
- Following international rules best practice

Reputational risks!

Post-2020 project eligibility: Art. 6 additionality in an NDC world



Relevance NDCs & CAs for private sector, East Africa

- **Technical implementation of CAs currently unclear, but likely to be resolved over time**
 - Host countries need to invest in capacity/infrastructure in a sustainable manner (resources?)
- **Host country NDC targets fundamentally transform the incentive structure of the global carbon market, at least over time**
 - Kyoto Protocol: identify cheapest mitigation options for export to other countries
 - Paris Agreement/NDCs: cheapest mitigation options should remain in country, carbon market should incentivize high cost mitigation options → willingness to pay unclear
 - Additionality needs to be reinterpreted against NDC targets → Project eligibility narrower
- **Differentiation of rules on NDC requirements results in preferential treatment for LDCs**
 - Low own contribution / higher share of conditional elements in NDC favourable for carbon markets
- **Recommendations for a „no regret“ approach by project developers, ahead of clear rules**
 - Robust, conservative baseline setting, additionality testing and MRV, taking into account NDC
 - Apply Corresponding Adjustments to host country emissions balance for all ITMOs



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Stephan Hoch

hoch@perspectives.cc

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