

# **16th CLIMATE TECHNOLOGY INITIATIVE (CTI) WORKSHOP**

## **The Potential of Market-based Approaches in NDCs**

**EL HADJI MBAYE DIAGNE (SENEGAL)**

# Feature of the Senegalese INDC

Like many developing countries, Senegal's INDC has a:

- Mitigation component: a deviation from a BaU scenario;
- Adaptation component;
- Means of Implementation component:
  - Finance, Capacity building (human and institutional) and Technology (hard and soft);
- **Conditional and unconditional** components for mitigation and Adaptation:
  - Unconditional: In line with National Development Planning: public and private domestic resources
  - Conditional: need bilateral and international support
- **Use of markets**
- The endorsement of the INDC at the highest political level

# Use of markets

- ▶ Regarding the use of market mechanisms, Senegal does not intend to make its contribution by **purchasing** emission reduction units resulting from any existing or future market mechanism.
- ▶ Nevertheless, Senegal will be a **host country** for projects supported by any international mechanism on climate change that protect the planet and comply with standards that offer **real results, permanent, additional** and **verified** mitigation outcomes while **avoiding double counting** of emission reductions and meet its **sustainable development** objectives.
- ▶ In addition, Senegal supports the Clean Development Mechanism (CDM) established under the Kyoto Protocol and its continuation in a form to be defined in the new Agreement.
- ▶ The elements of the IDNC that are conditional, realized with international support, could include projects that are realized under **non-market based mechanisms** established under the Convention.

# Use of markets

- ▶ When submitting its INDC, the team of experts had in mind some mechanisms that can contribute to achieve the objectives:
  - ▶ A like CDM mechanism (because the new ones are not yet defined) – particularity PoA –
  - ▶ Bilateral approaches like JCM and others
  - ▶ Credited NAMAS
  - ▶ REDD+ activities
  - ▶ ICAO and IMO market mechanisms
  - ▶ UNFCCC financial mechanisms like GCF
  - ▶ Technology mechanism
  - ▶ Public programmes and Private sector projects
  - ▶ Local communities' projects and programmes

# INDC IMPLEMENTATION

**To implement the activities identified in the INDC, additional work is needed:**

- Start some concrete activities to achieve the objectives: Prime minister meeting in next July;
- Large diffusion of the submitted INDC among all stakeholders;
- Awareness on the Paris Agreement and COP 21 decisions (all stakeholders);
- Follow up of the ongoing P.A. ratification process;
- Revision of the NDC, if needed for more clarity and transparency;
- Significant reforms needed (regulations, standards, incentives, subsidies, taxes, exemptions, etc...):
  - The energy, waste and AFOLU sectors
  - Custom regulation
  - Operationalization of the Environment Code: pollution taxes
  - Etc.....
- Build coherence between existing regulations in different sectors;
- Usage of the taxes' revenues

# INDC IMPLEMENTATION

▶ To implement the activities identified in the INDC, additional work is needed:

- ▶ Translate the NDC into detailed sectoral plans of actions;
- ▶ Build the Monitoring, Reporting and Verification framework;
- ▶ Follow closely the negotiations under Article 6, 4, 5, 9, 13 and 14.
  - ▶ Need clarity on the mechanisms under article 6 and its relation with article 4, 5 and 13.
  - ▶ Implementation of the article 14 (Technology)
  - ▶ Implementation of article 4 (types of NDC and their evolution) and Article 9 (Finance)

# Why many african countries have not included market-based approaches in there INDC

- Adaptation is the **Priority** for african countries
- African countries are not big GHG emitters
- African countries didn't benefit from CDM projects
- Sustainable development criteria and high social benefits are not enough taken into account in the existing market-based mechanisms
- Major emitting countries need to take domestic actions and market based activities will increase the ambition
- Carbon pricing will limit foreign investment in african countries
- African countries didn't benefit enough from share of proceeds for adaptation activities
- Existing rules, procedures are too complex and not compatible with small community based projects and programmes
- Reforms proposed for the CDM need to be addressed when implementing new mechanisms.

# PENDING ISSUES

- ▶ Need to maintain the principle of « Bottom - Up process » under the Paris Agreement and ensure the involvement of Parties and a broader range of stakeholders;
- ▶ Sharing of mitigation outcomes between host country and buyer;
- ▶ Clear definition of activities , schemes, mechanisms, units or not, etc.... to be considered under the ITMOs;
- ▶ Internationally Transferred Mitigation Outcomes (ITMOs) and nature of NDCs:
  - ▶ How to allow a broad participation and ensure robust accounting rules;
- ▶ Relationship / difference between mechanism under 6.4 and ITMOs under 6.2 (Share of proceeds)
- ▶ Relationship between KP mechanisms and article 6: Continuation / transition between KP and P.A and future of projects and associated units
- ▶ Definition of non market based activities to be considered under the 6.8 and 6.9





 **Thank you for your attention**

