



CONCEPT NOTE

Dialogue on Advancing Environmental Sustainability, Carbon Markets, Energy Access, and Climate Action in Africa

Speke Munyonyo, Kampala, Uganda | 6 April 2025, Hybrid

09:00 – 17:00 HRS

Zoom link: Zoom link: https://zoom.us/webinar/register/WN_MigD0BcXTSazHI7-Z4XU7A

1. BACKGROUND

Africa is at a critical juncture in its development, facing a complex array of environmental and developmental challenges that threaten the continent's progress towards achieving the Sustainable Development Goals (SDGs) and the 2030 Agenda. However, Africa also holds immense potential for innovation and sustainable growth, with opportunities to leverage enterprise-driven solutions that can address these challenges and promote sustainable development.

The 29th Conference of the Parties (COP 29) to the United Nations Framework Convention on Climate Change (UNFCCC), held in Baku, delivered significant outcomes with profound implications for global climate action and, in particular, for the African continent. As climate change continues to pose a substantial threat to Africa's development and resilience, the agreements made during COP 29 are crucial for accelerating efforts to combat climate change while fostering sustainable development.

A key focus of COP 29 was the operationalization of Article 6 of the Paris Agreement, which offers a framework for international carbon markets. This landmark decision creates opportunities for African nations to leverage carbon markets, generate carbon credits, and attract investment in sustainable development projects. However, the outcomes also highlighted the need for greater clarity on the rules, structures, and safeguards necessary to ensure the integrity and effectiveness of these markets.

Additionally, COP 29 underscored the urgent need for enhanced energy access across Africa, where nearly 600 million people still lack reliable electricity. Despite Africa's vast renewable energy potential, the continent faces unique challenges in transitioning to sustainable energy systems. COP 29's focus on energy access provided both opportunities and challenges for African nations, including access to financing and international support to integrate renewable energy into national policies.

Furthermore, the conference emphasized the importance of fostering adaptation and resilience initiatives in the face of climate change impacts. For Africa, which remains disproportionately vulnerable to the effects of climate change, securing adequate financial resources for adaptation is vital. At COP 29, while some progress was made, significant gaps remain in financing adaptation efforts and addressing loss and damage due to climate change.

In this context, the Africa Regional Collaborative Platform (RCP), co-convened by UNEP, UNDP, ECA, and FAO, plays a crucial role in facilitating collaboration among regional stakeholders to advance Africa's climate action agenda. OIBC-4, organized under the RCP, will bring together diverse stakeholders, including UN Resident Coordinators, Regional Directors, and key partners, to discuss how to leverage the outcomes of COP 29 in fostering a sustainable and inclusive future for Africa. The dialogue will focus on carbon markets, energy access, and adaptation, with the goal of translating COP 29's global agreements into actionable plans that align with Africa's unique climate priorities and development goals.

Cop 29 Outcomes:

The recent COP 29 held in Baku delivered critical outcomes that have significant implications for Africa, particularly in carbon markets and energy access. The operationalization of Article 6 of the Paris Agreement was a key highlight, establishing clear frameworks for carbon market mechanisms that enable countries to engage in international carbon trading. This presents a unique opportunity for African nations to harness carbon credits effectively, thereby attracting vital investments into sustainable development projects. Moreover, enhanced financial resources were promised to support adaptation and resilience initiatives, addressing loss and damage due to climate change, which is particularly relevant to Africa's climate vulnerability. Additionally, the discussions on energy access emphasized the importance of integrating renewable energy solutions into national policies, creating pathways for sustainable and equitable energy capacity development and distribution across the continent. These COP 29 outcomes provide African countries with actionable insights to advance environmental sustainability while promoting inclusive economic growth.

Carbon markets:

Among the key decisions of COP 29 was Article 6 of the Paris Agreement on carbon markets. The COP29 agreements on Article 6 of the Paris Agreement mark a significant step towards operationalizing global carbon markets. On Article 6.2 on Authorization, COP29 provided clarity on how countries will authorize the trade of carbon credits. This includes defining the scope and content of authorization statements. It further provided more clarity on the timing and sequencing between authorization and the first transfer of ITMOs, mechanisms for reporting cooperative approaches and tracking ITMOs, on the role of national and international registries and on enhancing transparency and ensuring that environmental integrity is maintained. COP 29 further provided increased clarity on how countries will operate within the article 6.2 framework with clear mandates on Parties' responsibilities when dealing with reporting inconsistencies. Article 6.4 establishes a centralized mechanism for trading carbon credits under the supervision of the UN. COP29 delivered crucial agreements on standards for methodologies and emission removals, providing a framework for ensuring the quality and integrity of carbon credits. The decisions made on these standards allow for greater confidence in the credits generated from Article 6.4 mechanism. COP29 further solidified the establishment of the Paris Agreement Crediting Mechanism PACM, which will oversee the generation and trading of carbon credits. The work of the Supervisory Body, which is responsible for developing and supervising the requirements and processes of the PACM, was reinforced while there was a strong emphasis on ensuring that Article 6.4 mechanism promotes high-integrity climate action, with a focus on delivering real and measurable emission reductions. COP 29 also saw the

adoption of further guidance, clarifying the criteria for eligible mitigation activities, Transition of Afforestation/Reforestation CDM Activities into Article 6.4 and on the standards that will be used to ensure the quality of the credits.

In essence, COP29 provided essential clarity and guidance for both Article 6.2 and 6.4, laying the groundwork for the effective functioning of international carbon markets. This is crucial for enabling countries to cooperate in achieving their climate goals and for mobilizing finance for climate action.

Energy Access:

The relevance of electricity infrastructure for economic development is well reflected in Agenda 2063, which aims to develop world class infrastructure in Africa, and by the UN's Sustainable Development Goals, particularly SDG7 aiming to reach universal access to modern, reliable and sustainable energy for all by 2030. Achieving the goals set by Agenda 2063 and the SDGs requires substantial investment in electricity infrastructures over the next decade. Both centralized and decentralized infrastructure need to expand to connect about 90 million new people per year, of which 70 million live in rural areas.

The 2024 global SDG7 tracking report [1] by IEA, IRENA, UN Statistics Division, the World Bank and WHO acknowledges substantial progress in SDG7 across regions. However, it identifies macroeconomic uncertainty globally, high levels of inflation, debt distress, inequitable access to finance, supply-chain bottlenecks and increasing material prices as emerging challenges. The global number of people without access to electricity fell from 958 million in 2015 to 685 million in the recent assessment. The share of renewable energy has also increased from 16.7% in 2015 to 18.7%, while international financial flows to developing countries for clean energy development increased from 12.3 billion to 15.4 billion. As a result, 91% of the global population has access to electricity.

While these are positive trends, the picture in Africa is mixed. Through concerted efforts of governments and global finance and technology partnerships, 31 million people in Africa yearly gain access to electricity. This is shadowed by the population growth of 29 million people, barely showing net progress. As a result, even though 50% of the population without electricity access was concentrated in Africa in 2010, today that number reached 83%. The pace of progress in Africa must increase significantly!

Similarly, while 74% of the global population had access to clean cooking fuels and technologies (up from 64% in 2015), only 7% of rural households and 40% of urban households do in Africa. This leaves 79% of the population of the continent relying on traditional biomass with deepening energy insecurity. Assessments recommend making “clean-cooking solutions a top political priority, and putting in place specific policies, cross-sectoral plans and investments, supported by renewed game-changing multi-stakeholder partnerships.”

SDG7 progress reports further highlight the importance of doubling global finance for SDG7 from about \$500 billion annually to at least \$1 trillion until 2030 by leveraging private finance. Particularly in the context of Africa where much faster progress needs to be made on SDG7 compared with any other continent, mobilizing private sector investment and available climate finance are critical.

Africa is a vital part of the global energy transition framework. The continent holds at least 55% of global cobalt reserves, 48% of manganese reserves, 22% of natural graphite, 6% of copper and nickel, and reserves of lithium and iron ore. Countries, such as the D.R. Congo, produces 70% of global cobalt output. As such, global energy transition through green technologies closely connects with the continent. Africa needs to pursue its own energy development and transition, which requires

regional and national strategy. Ample opportunities are available in transitioning the continent's transport and energy systems and deliver decarbonization and resilient systems. Furthermore, the global transition process offers Africa unique opportunities to leverage global investments and develop vital value chains to transition from raw mineral-laden development to a proactive part of the global transition process. This requires energy transition frameworks and national strategies, in cooperation with regional and global partners.

COP29 highlighted the urgent need for cleaner energy solutions amid the growing climate crisis. While the summit addressed several pivotal issues surrounding renewable energy, energy transitions, and financing mechanisms, the outcomes revealed both opportunities and gaps, particularly for developing nations like those in Africa. Despite its vast renewable resources, more than 600 million Africans lack reliable electricity, limiting economic growth and social development. Africa, contributing minimally to global carbon emissions, is disproportionately impacted by climate change. COP29 outcomes present opportunities for Africa to advance energy access, security, and sustainability. By aligning with international initiatives and advocating for its unique needs, Africa can secure resources for its energy transition while contributing to global climate efforts. The Regional Collaborative Platform for Africa offers a forum to discuss strategies for advancing energy development across the continent.

COP29 highlighted the **urgent need to accelerate renewable energy**, especially solar, wind, and clean solutions. The summit introduced initiatives like the **Global Energy Storage and Grids Pledge** to boost storage and grid infrastructure, crucial for integrating renewable energy. While discussions on fossil fuel phase-out occurred, little progress was made. A decision on gender and climate urged gender-responsive implementation for a just workforce transition. Progress was made in clean energy and the energy transition agenda, but the **Just Transition Work Programme (JTWP)** stalled, revealing disagreements on equitable transitions for developing nations. This is an opportunity for **African nations to push for energy access, security and social equity**. Though financial pledges were made for clean energy in developing countries, concerns remain about their adequacy and accessibility, particularly for Africa, where initiatives like the **UK's Clean Cooking Initiative** impact many communities.

Post-COP29, the **African Energy Summit**, hosted by the World Bank and African Development Bank with Tanzania, **pledged to connect 300 million people to electricity by 2030** through the Mission 300 initiative. The mission is African led, with 30 heads of state committing to policy reforms for improved energy access through **National Energy Compacts**. These outcomes should be considered in future discussions on Africa's energy access.

2. THE DIALOGUE AT ARFSD 11

OIBC-4 aims to engage in a dialogue with UN Resident Coordinators and Regional Directors to explore how innovative environmental solutions can accelerate progress towards achieving the Sustainable Development Goals. The dialogue will focus on leveraging these COP 29 outcomes to foster collaborative efforts in environmental sustainability, enhancing climate action, and ensuring that carbon markets are aligned with the continent's aspirations for sustainable development. It will address the implications of COP-29 outcomes for African member states, focusing on aligning the commitments made at COP-29 with Africa's priorities. This will ensure that the progress achieved is translated into effective, impactful actions and tangible benefits for the continent. The Dialogue will also have 2 deep-dive sessions on Carbon Markets and Energy Access.

The RCP and OIBC- 4 aim to engage in a dialogue with UN Resident Coordinators and Regional Directors to explore how innovative environmental solutions can accelerate progress towards achieving the Sustainable Development Goals. The dialogue will have three sessions which will focus

on leveraging COP 29 outcomes focusing on aligning the commitments made at COP-29 with Africa's priorities, deep-dive sessions on Carbon Markets, to foster collaborative efforts in environmental sustainability, enhancing climate action, and ensuring that carbon markets are aligned with the continent's aspirations for sustainable development and a session on Energy Access. The dialogue aims to:

- a) Strengthen collaboration in addressing environmental challenges including energy access and carbon markets
- b) Explore pathways to mainstream environmental sustainability in UN-wide support for development.
- c) Identify flagship programs and joint initiatives under the Regional Collaborative Platform.
- d) To Provide UN RCs and UNCTs with a comprehensive understanding of the key outcomes from COP29, particularly those most relevant to African priorities, and to explore strategies for strengthening synergies across UN agencies to support the effective implementation of these outcomes.
- e) Explore the outcomes of CoP 29 and their implementation in preparation for CoP30
- f) Strengthen synergies across UN agencies to enhance capacity-building programs on climate finance and carbon trading.
- g) Explore Africa's energy transition, including transformative projects like the Inga Dam and Lobito Corridor.

The Dialogue will have three distinct sessions whose objectives and expected outcomes are detailed below:

3. SESSION I: COP 29 OUTCOMES

This session will focus on discussing the below key Outcomes of COP 29 and implications for Africa:

- a) **Climate Finance:** The establishment of the New Collective Quantified Goal on Climate Finance (NCQG) was met with considerable discord. While aiming to mobilize USD 1.3 trillion by 2035, a tripling of the 2009 pledge, developing nations, particularly in Africa, voiced strong criticism, deeming the amount inadequate and disrespectful. The inclusion of voluntary contributions from developing countries and private investment within the NCQG framework was highly contested, with African nations advocating for a focus on public grants to rectify historical injustices. Furthermore, the exclusion of loss and damage from the NCQG represented a significant setback for vulnerable communities, leaving a sense of betrayal and underscoring the persistent inequalities within climate negotiations.
- b) **Adaptation and Resilience:** Progress on adaptation and resilience, specifically regarding the Global Goal on Adaptation (GGA), was incremental. Roadmaps and work programs were established, yet disagreements surrounding the means of implementation, notably finance, and the definition of transformational adaptation remained unresolved. The deferral of crucial decisions on the Adaptation Fund to future sessions highlighted the slow pace of advancement. Although the voices of indigenous peoples and local communities were more prominent, the lack of substantial funding to support their adaptation efforts continued to be a critical concern.
- c) **Operationalization of Loss and Damage Fund:** The operationalization of the Loss and Damage Fund advanced with key agreements, but the exclusion of loss and damage from the NCQG and the limited financial pledges resulted in widespread disappointment. The gap between ambition and implementation was further emphasized by the lack of concrete action and the

postponement of crucial decisions to COP30. The pledged funding remains far below the actual needs of those suffering from climate-induced disasters.

- d) **Just Transition Work Programme:** Negotiations on the Just Transition Work Programme (JTWP) collapsed, representing a major setback for equitable climate transitions. Efforts to phase out fossil fuels were weakened due to resistance from fossil fuel-producing nations. While renewable energy and hydrogen initiatives witnessed positive developments, the absence of a strong political commitment to address the root cause of climate change—fossil fuels—was glaring. The concept of a “just transition” has been significantly diluted.
- e) **Mitigation:** Mitigation efforts also faced substantial challenges, with the Mitigation Work Programme (MWP) negotiations ending in deadlock, undermining efforts to enhance global emissions reduction. Although agreements were reached on carbon markets, concerns regarding their effectiveness and fairness persisted. The lack of any commitment to phasing out fossil fuels in official COP29 initiatives was a critical omission.
- f) **Carbon Market Mechanisms under Article 6:** COP29 marked the full operationalization of Article 6 of the Paris Agreement, finalizing rules for carbon trading under the Paris Agreement Crediting Mechanism (PACM). This breakthrough establishes robust standards, including environmental and human rights safeguards, and offers Africa opportunities to attract investments in sustainable projects while ensuring environmental integrity.
- g) **Agriculture and Food Security:** Discussions continued under the Sharm-el-Sheikh Joint Work on Climate Action and Agriculture, with agreements to improve mechanisms for linking climate action with agricultural resilience. Progress was incremental, underscoring the need for a more robust approach to food security in the face of climate change.
- h) **Nationally Determined Contributions:** At COP 29, the primary outcome regarding Nationally Determined Contributions (NDCs) was a renewed emphasis on countries submitting more ambitious and comprehensive NDCs by the deadline in early 2025, with a focus on aligning targets to limit global warming to 1.5°C, while limited progress was seen in terms of new concrete NDC commitments from major emitters, particularly for 2035 targets; however, the focus remained on preparing for a robust review of these new NDCs ahead of COP 30. All countries are expected to submit their updated NDCs before the end of February 2025, allowing time for analysis before COP 30. While many countries stated their intention to raise ambition in their NDCs, few concrete new 2035 targets were announced at COP 29 with a push for new NDCs being strongly tied to aligning targets with the 1.5°C warming limit and the Global Stocktake ambition.
- i) **Gender:** Despite progress on gender inclusivity and the extension of the Lima Work Programme, disagreements over funding and inclusive language persisted. Opposition to inclusive language from certain parties highlighted the ongoing obstacles to achieving gender equality in climate policies. While the Lima work program’s extension is positive, inadequate funding and resistance to inclusive language threaten to impede meaningful progress.” The COP29 decision also mandated the development and adoption of a new GAP at COP30 with in-session workshops at SB62.

Expected Outcomes of the Session:

- a) Enhanced understanding of COP 29 decisions and implications
- b) Foster discussions among regional stakeholders to address shared priorities and solutions
- c) Raise awareness for implementing COP29 decisions, particularly for sustainable development in Africa

4. SESSION II: DIALOGUE ON CARBON MARKETS

The session will discuss carbon markets with the aim of:

- a) **Strengthening Policy Frameworks:** Enhance understanding of the technical aspects of carbon markets and climate finance, with a focus on the Article 6 rulebook, ITMOs, updated baseline and monitoring methodologies, approval processes, NDC accounting, and participation requirements. Government policy is paramount in designing these frameworks and steering the transition towards modern carbon market mechanisms.
- b) **Enhancing Financial Access:** Analyse the potential and challenges linked to the transition from the CDM for private sector entities, emphasizing strategies to improve access to finance for carbon market projects. It is imperative that government policies create an enabling environment that facilitates capital flows to support climate action and sustainable development.
- c) **Deepening Understanding of Voluntary Carbon Markets (VCM):** Explore how the VCM can accelerate NDC implementation in Eastern Africa by offering the right incentives and safeguards. This includes examining how independent carbon crediting mechanisms interact with Article 6 of the PA, under robust government oversight.
- d) **Promoting Public-Private Partnerships:** Facilitate dialogue and collaboration between government bodies and private sector stakeholders. Emphasise how sound government policy and structural reforms are essential to bridging regulatory frameworks with market innovation, ultimately driving large-scale, impactful climate initiatives.
- e) **Evaluating National Regulatory Frameworks:** Discuss and compare the national regulatory systems governing carbon markets, including institutional arrangements, operational procedures (such as activity approvals and ITMO authorisations), fee structures, benefits-sharing provisions, positive lists, and registry systems. Highlight the need for governments to reform and strengthen these structures to support sustainable carbon market development.
- f) **Addressing Implementation Challenges:** Identify key challenges encountered by the private sector in executing carbon market activities, particularly in accessing finance and engaging with carbon credit buyers. Develop policy recommendations that address these obstacles by leveraging improved financial access and institutional support.
- g) **Ensuring Environmental and Social Integrity:** Deliberate on measures to maintain high standards of environmental and social integrity in carbon market activities. Government policy must enforce robust safeguards that ensure sustainable outcomes while providing transparency and accountability.

Expected Outcomes

- a) A deeper and more actionable understanding of carbon market mechanisms, enabling private sector stakeholders to collaborate effectively with government entities in upscaling climate action in support of Africa's NDCs and sustainable development goals.
- b) A clear roadmap outlining opportunities and strategies for African nations to effectively engage in both compliance and voluntary carbon markets, addressing identified challenges.
- c) Established guidelines and principles for ensuring high environmental and social integrity in African carbon projects, promoting responsible market participation.
- d) Enhanced knowledge of UNFCCC and national technical regulations, including the identification of emerging sources of carbon credit demand and priority policy actions.
- e) Strengthened public-private partnerships and networking opportunities within the Africa carbon market landscape that facilitate efficient and equitable carbon market participation.

- f) Clear identification of key challenges and actionable areas for further collaboration, particularly in terms of structural government reforms and enhanced financial access.

5. SESSION III: LEVERAGING COP29 OUTCOMES ON ENERGY ACCESS

This session aims to discuss the key outcomes of COP29 and the Africa Energy Summit, focusing on energy-related decisions, their implications for Africa, and how African countries can leverage these outcomes to enhance energy access, promote renewable energy, and ensure a just transition to clean energy solutions. Specific session objectives include to:

- a) **Develop Strategies & Foster Policy Dialogue:** Define pathways to accelerate energy access and growth, supported by effective regulatory reforms and policies.
- b) **Showcase Projects & Strengthen Partnerships:** Highlight successful projects and build collaborations between key stakeholders.
- c) **Explore Financing Opportunities:** Use carbon markets and other mechanisms to support clean energy investments in Africa.

Expected Outcomes

- a) A comprehensive roadmap for accelerating energy access and sustainable development in Africa
- b) Strengthened commitment to increased investment flows into Africa in clean energy generation and infrastructure development, including through supporting appropriate policy and regulatory reforms in member States, to accelerate SDG7 gains
- c) A stronger African voice in the global energy transition

6. TARGET AUDIENCE

The dialogue will bring together approximately 250 participants, including government representatives from African Union Member States, African power pools, Senior Officials of the AU and the UN especially RDs and RCs and energy professionals and member states, Regional Economic Communities (RECs) such as ECOWAS, SADC, and EAC, Development partners (e.g. AfDB, World Bank), Private sector leaders in energy and climate innovation, Academics, researchers, and civil society organizations.

7. CONTACTS

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