

CARBON MARKETS

Photo: UN-REDD Programme

ADVOCACY BRIEF

CARBON MARKETS: A CASE FOR PARTNERSHIPS WITH UNDP IN AFRICA

The United Nations Development Programme (UNDP) seeks to partner with governments, financial institutions, and private sector entities to advance carbon markets in Africa. UNDP's carbon markets services include capacity strengthening for country preparedness, projects and policy frameworks development and implementation. Join us at UNDP to unlock climate finance to accelerate sustainable development in Africa.

CARBON MARKETS OPPORTUNITIES FOR AFRICA

The Intergovernmental Panel on Climate Change (IPCC) continues to [report](#) the devastating consequences of increasing atmospheric temperature around the world. Despite some progress, the world faces a formidable challenge with rising temperature, exceeding 2°C.

It is estimated that developing countries will need up to US\$6 trillion by 2030 to finance not even half of their climate action goals. This requires concerted and sufficient investment, and many countries are looking to carbon markets as part of the answer.

Carbon markets are trading schemes that provide financial incentives to mitigate climate change effects.

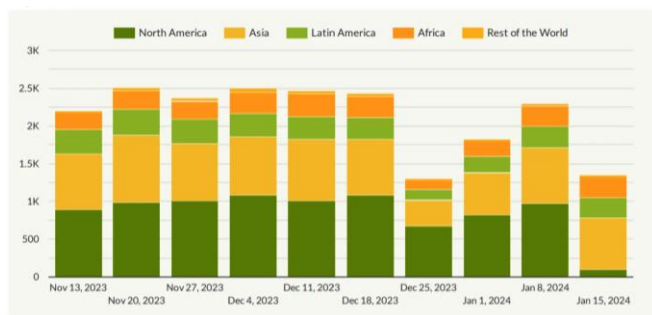
[Article 6](#) of the [Paris Agreement](#) on climate change allows countries to voluntarily cooperate with each other to achieve emission reduction targets set out in

their climate action plans known as Nationally Determined Contributions (NDCs). In line with this, UNDP's [Carbon Payments for Development Facility](#) encourages private and state-owned enterprises to discover and invest in opportunities that provide products or services, to contribute to greenhouse gas (GHG) reduction targets (GHGs are gases that trap heat in the atmosphere).

The UNDP Carbon Payments for Development Facility accomplishes this by preparing countries including those in Africa to engage in projects that access carbon revenues.

Carbon markets are growing, and Africa has unrealized potential.

- Globally, voluntary carbon markets is [anticipated to rise from \\$398.4 billion in 2023 to an impressive \\$1,473.51 trillion in 2028](#), marking a compound annual growth rate of 29.4%.
- Africa has a huge carbon markets potential. In January 2024, available data shows **Africa coming second in terms of carbon credit market volume.**



Geographical analysis on volume of carbon credit issuance by continental regions. Source: [Carbon Credits](#)

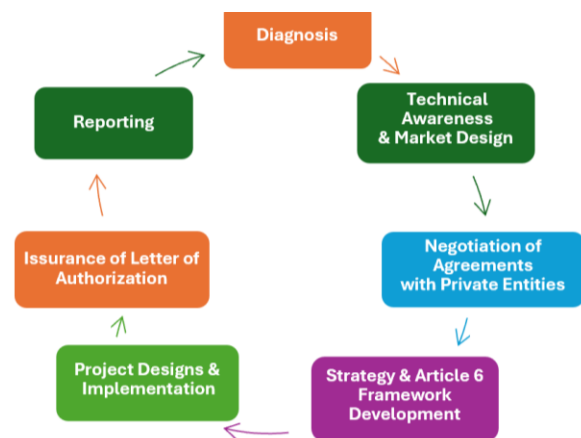
Producing carbon credit could be a transformational opportunity for Africa.

- Carbon markets are gaining traction as a crucial way of funneling finance to developing countries.
- Carbon credit projects cut across sectors and drive critical co-benefits.
- **There is a potential for carbon credits to be a meaningful commodity (e.g. the 'next oil')** and tapping into this can contribute to the continent's transformation.

UNDP'S CARBON MARKETS SERVICE LINES





❖ Governments

UNDP works with Governments to prepare them to unlock opportunities in the carbon market. Technical support to Governments in Africa includes:



The support helps countries **produce high-integrity carbon credits** and **connect them with high-quality buyers**.

In Africa, **UNDP is working with various Governments including Ghana, Kenya, Zambia, and Rwanda to scale carbon markets.**

 <p>Ghana</p>	Facilitated by UNDP, Ghana is working closely with the Governments of Switzerland , Sweden , and Singapore on different initiatives to exchange carbon credits for payment while maintaining the development benefits in the country.
 <p>Kenya</p>	Kenya hosted the world's largest carbon market auction in June 2023 in Nairobi, where more than 2.2 million tonnes of carbon credits were sold.
 <p>Zambia</p>	Zambia has established the eligibility criteria and the approval process for carbon projects under a strengthened guidelines for Article 6.
 <p>Rwanda</p>	Rwanda launched Carbon Market Framework to advance Climate Action for a Sustainable Future at COP 28 in Dubai in December 2023.

❖ Private Sector/Investors

UNDP seeks to partner private sector entities or investors to prepare African Governments to trade in the carbon markets. The private sector partner/investor will support and work with UNDP to:

- Select and prepare interested African countries
- Select project types with Governments
- Design Article 6 Frameworks
- Implement the Frameworks
- Monitor & Evaluate the Cooperation

WHY PARTNER WITH UNDP?

UNDP is **seeking partnerships** from Governments and international investors/donors, financial institutions, energy service providers and private sector entities to collaborate on carbon markets.

Partnerships with UNDP will unlock investment opportunities for governments and investors to advance climate action. These include:

- Finance for governments to advance climate actions
- Investment opportunities for private firms
- ESG (environmental, social & governance) aligned investments for private sector



CONTACT US

Contact us at comms-africa@undp.org to explore partnerships.

Together we can support African countries to unlock carbon markets opportunities to accelerate sustainable development.