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## STATEMENT BY

**The Chair,  
PRC Sub-Committee on Environmental Issues**

**Africa Multi-Stakeholder Conference on Carbon Markets  
24-26 July 2024, AU Headquarters  
Addis Ababa, Ethiopia**

- ***H.E Ambassador Josefa Leonel Correia SACKO, AU Commissioner for Agriculture, Rural Development, Blue Economy and Sustainable Environment,***
  - ***Development partners,***
  - ***Member States,***
  - ***Distinguished Delegates,***
  - ***Ladies and Gentlemen.***
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Africa finds itself at a critical juncture, where the pursuit of economic development converges with the imperative to grapple with a rapidly changing climate. The African continent is not the primary driver of the global climate crisis, yet it bears a disproportionate burden of its consequences. Increasingly prolonged droughts, erratic rainfall patterns, soaring temperatures, and intensified extreme weather events pose existential threats to food security, water resources, and the livelihoods of countless communities. Coupled with these pressing challenges is the stark reality of insufficient climate finance, limiting the continent's ability to effectively confront the multifaceted climate crisis.

**Excellencies, Ladies and Gentlemen,** you will recall that the Paris Agreement adopted in 2015, during the 21<sup>st</sup> Conference of Parties to the United Nations Convention on Climate Change (UNFCCC COP21), marked a pivotal turning point in the fight against climate change by renewing the commitment of the parties to take action to limit global warming to 1.5 degrees Celsius. Article 6 of the agreement provides the possibility for these parties to engage cooperative efforts around greenhouse gas emission reduction projects and the exchange of carbon credits generated from these projects. Carbon markets have emerged as a potential flagship solution, as evidenced by the rapid growth of the market in recent years, with even more significant projections for the years ahead.

**Excellencies, Ladies and Gentlemen,** carbon markets present a potential opportunity for the African region to utilize its abundant natural resources to unlock economic value and accelerate sustainable industrialization and economic transformation and diversification. This conference presents an important platform for Africa to collaborate and trigger action on tapping the potential opportunities in carbon trading but, with the assurance that Africa gets the right price for trading its carbon on the global credit markets and that carbon markets are grounded on African contexts, needs and priorities, and not on foreign ontologies and epistemologies.

This is because, Africa has vast amounts of carbon stored in its ecosystems with the Congo forests - dubbed the world's 'second lung' - being able to absorb about 1.2 billion tonnes of CO<sub>2</sub> each year. The Congo Basin holds roughly 8% of the world's forest-based carbon. However, this significant contribution is not reflected proportionally in the carbon trade and, the continent needs to tread carefully with these markets or risk standing on the precipice of auctioning the continent's resources.

**Excellencies, Ladies and Gentlemen,** carbon markets have often stirred controversy regarding their lack of transparency, credibility and scientific clarity and accuracy linked to carbon offsets and their actual contribution to the fight against climate change. Africa's position in this market remains relatively understudied. In fact, the continent is typically viewed as a passive beneficiary of projects rather than a full-fledged participant. There is also need to explore the opportunities that technology-based solutions present. I urge the African Union Commission, our development partners and other stakeholders to be deliberate about investing in research that will yield bespoke data that informs key decisions around nature based and technology-based solutions for the continent, going forward.

**Excellencies, Ladies and Gentlemen,** we need to be weary of the fact that carbon markets growth does not necessarily guarantee nature-positive, climate positive, or equitable outcomes. Lessons from early nature-based markets, and related offset schemes, have shown significant risks, if the needs of frontline actors are not considered in every step of design and implementation. These risks include underpricing, double counting and over accounting based on counterfactuals, displacement and threats to sovereignty, lack of land and marine tenure rights, discounting of future climate risk and biodiversity baselines, additionality, and inadequate local jurisdictional policy and governance.

There is considerable alignment across industry actors - governments, private sector, academia, and non-profit leaders - about the critical need to respond to implementation risks experienced by frontline actors. Communities at the frontline of responding to health impacts of fossil fuel emissions and communities living on land impacted by carbon markets have similar mistrust of the market systems to take their wellbeing into account when designing these systems. The experiences of frontline communities can give all actors insights into where risks lie in the market and potential breaking points as the markets scale. This is critical information in the context of significant market risks and areas with high uncertainty, like carbon projects.

**Excellencies, Ladies and Gentlemen,** to have effective, trustworthy markets that will last, market influencers must take into account implementation challenges surfaced by frontline communities and create effective solutions in policy and practice. Challenges experienced by frontline communities, which include, a lack of clear information about the markets, consultation or informed consent, access to fair compensation, access to data about the markets, and access to legal and technical advice, need to be aptly considered. The pressure to quickly open new markets often has meant that the markets are operating without adequate legal frameworks, grievance mechanisms, or accountability for rights violations.

**Excellencies, Ladies and Gentlemen,** as we delve into the intricate landscape of carbon markets in Africa, it is imperative to address a series of critical questions that have emerged alongside the recent surge in interest for these markets: i) How can Africa effectively harness the newfound enthusiasm and investment in carbon markets to drive its sustainable development and climate resilience efforts?; ii) What specific opportunities do these markets represent for the continent, and how can they be maximized?; and, iii) What challenges could Africa face in capitalizing on this momentum, and how can these be mitigated or overcome?

It is my hope that this conference helps to unpack these questions and provides more guidance on how the continent of Africa can strategically leverage its participation in carbon markets to seize opportunities, navigate challenges, and promote its sustainable development. It is also my anticipation that this conference will offer great insights and recommendations to guide Africa's engagement in these markets, to galvanize our climate resilience efforts.

**Excellencies, Ladies and Gentlemen,** let me conclude by sincerely thanking the Department of Agriculture, Rural Development, Sustainable Development and Blue Economy, under the stewardship of H.E Amb. Josefa Sacko and Director Harsen Nyambe of the Directorate of Sustainable Environment and Blue Economy, for steering the process that has actualized this conference. Permit me to also thank our development partners for the continued immense support that they have always extended to the African Union Commission, subject matter experts for their invaluable technical inputs, and the civil society and other stakeholders, for the deepened collaboration and partnership in driving the continent's agenda towards 'The Africa we Want'.

**I thank you for your kind attention.**