

Sustainable Development through Carbon Markets in Africa

Article 6 of the Paris Agreement enables countries to cooperate voluntarily in achieving climate targets and raising ambition. It provides a framework for the international transfer of carbon credits, with one credit representing one ton of CO2 (or equivalent), which is avoided, reduced or removed from the atmosphere.

Background

The climate crisis is one of the greatest challenges of our time in particular as greenhouse gas emissions continue to rise. Price- and market-based policy instruments play an important role in achieving national and international emission reduction targets in a cost-effective manner and in creating incentives for private investment in climate transformation. Negotiations on Article 6 of the Paris Agreement were successfully concluded at the 2024 Conference of the Parties (COP) in Baku, paving the way for international cooperation through carbon markets to tackle climate change and to unlock financial support for developing countries while meeting sustainable development goals. It is now crucial that implementation is carried out in line with the agreed international rules to ensure climate and environmental integrity, transparency, and credibility. The role of carbon markets is becoming increasingly important. The European Union (EU) has decided to allow the use of international carbon credits in accordance with Article 6 of the Paris Agreement to offset up to 5 % of net greenhouse gas emissions, compared with 1990 levels, to achieve its 2040 climate target. The German government has also committed to actively promote the development of global carbon markets in its coalition agreement.

Objective

The global project ***Article 6 Connect - Sustainable Development through Carbon Markets in Africa (A6C)*** supports participation in carbon markets in accordance with the sustainability and integrity requirements of Article 6. This work takes place at the international political and strategic level as well as in partner countries and neighbouring regions.

KEY FACTS:

Countries: Ethiopia, South Africa and regional support
Partners: Ministry of Planning and Development of the Federal Democratic Republic of Ethiopia, Department of Forestry, Fisheries and the Environment of the Republic of South Africa
Commissioning party: Federal Ministry for Economic Cooperation and Development of the Federal Republic of Germany
Duration: 01/2026 to 12/2028

Approach

Article 6 Connect works across multiple, interlinked levels. The project supports Ethiopia, South Africa and other African countries in developing the institutional frameworks and capacities needed for carbon market readiness. At the same time, A6C supports the establishment of overarching cooperation mechanisms at a regional level. At the European and strategic level, A6C supports the development of a joint approach by the EU and advises BMZ on the potential of international carbon markets.

The different areas of work are closely linked. On the one hand, A6C links European-level discussions and approaches with carbon market-related processes in partner countries in Africa. On the other hand, the project feeds experiences from country level back into strategic and policy discussions at the European and international levels, ensuring that implementation experience informs these processes. The project also supports the development of digital innovations and global platforms for carbon markets and provides exchange formats for partner countries, regions and regional institutions.

By taking this holistic approach, the project helps establish a robust framework for achieving sustainable development through carbon markets.

European Coordination

Enabling participation in international carbon markets in line with high standards requires concerted and strategically oriented action by the EU and its Member States. The design of specific regulatory and technical structures for participating in international carbon markets under Article 6 will be decisive for how European actors can engage in international market mechanisms in the future. A6C promotes international cooperation on carbon markets while incorporating integrity considerations, particularly through close collaboration with the EU in the context of the *Task Force for International Carbon Pricing and Markets Diplomacy.* A Team Europe approach can help pool resources from the EU and its Member States, facilitate exchange and joint positions within the EU, and strengthen effectiveness and visibility across thematic areas.

Ethiopia and South Africa

A6C supports the development and strengthening of institutional arrangements for Article 6 combined with capacity building in Ethiopia and South Africa. The development of institutional infrastructure – including strategies, mandates, regulations, legal frameworks, methodologies, standard operating procedures, registries, and national standards – is a key prerequisite for countries seeking to engage in international cooperation under Article 6. The specific activities implemented in each country follow a flexible, needs-based approach and are jointly developed and agreed upon by the partner ministries and the project team.

In South Africa, examples of the support include the development of Standard Operating Procedures for Article 6 and the strengthening of a national carbon market working group. In Ethiopia, A6C supports the establishment of subsidiary legislation and capacity-building measures, such as the creation of a Carbon Literacy Learning Academy.

Regional Support

In addition to country-level activities, A6C supports regional exchange mechanisms and learning platforms to facilitate knowledge sharing, promote best practices and foster peer-to-peer learning. In March 2026, A6C supported the launch of the Southern Africa Alliance on Carbon Markets and Climate Finance (SAA), which enables and strengthens regional cooperation among Southern African countries. By offering a helpdesk function, A6C will advise and support other interested African countries on Article 6 readiness.

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