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GHANA'S ARTICLE 6 FRAMEWORK

Ghana is one of the frontrunners of Article 6 institutional development. This case study elaborates on <u>Ghana's Article 6 strategy</u>, including its institutional framework. The carbon market office (CMO) has released a <u>report detailing its progress in implementing Article 6</u> which complements the information presented below.

NDC Integration and Article 6 policy

In November 2021, Ghana communicated its enhanced and <u>updated NDC</u>, with the target of implementing 34 mitigation measures to achieve absolute emission reductions of 64 MtCO2e by 2030, of which 39.4 MtCO2e are expected to be achieved through 25 conditional measures, provided receipt of financial support from private sector and international sources. Implementing the conditional mitigation and adaptation measures requires USD 5.4 billion, to be mobilized from public, international, and private sector sources, and carbon markets.

In its updated NDC, Ghana has therefore clearly indicated its intention to use voluntary cooperation under Article 6.2 to achieve up to 55% of its conditional absolute emission reductions, which is equivalent to 24 MtCO2e. Ghana aims to primarily pursue Article 6.2 cooperative approaches. It has been actively engaging in projects and pilots to operationalize Article 6.2 as a host country.

Governance framework for Article 6

Ghana has adopted a "pure seller" strategy and views Article 6 as a policy tool that will help achieve its conditional NDC target and foster future alignment to a low carbon development pathway. The Environmental Protection Agency (EPA) and the Ministry of Environment, Science, Technology & Innovation (MESTI) aim to support the adoption of carbon pricing instruments such as emissions trading, including operationalisation of Article 6, to enable private sector participation in green investments, and catalyze technology transfer.

In 2022, the <u>Ghana Carbon Market Office</u> was established as the secretariat to offer administrative and technical support to the public and facilitate the



implementation of the <u>Ghana's framework international carbon market and non-market approaches</u>. This document is intended for various users, including project owners, activity developers, service providers, and participating parties. Its purpose is to furnish them with accurate information and guidelines on procedures for participating in carbon markets within the country.

To define the eligibility of activities under Article 6, particularly Article 6.2, Ghana has developed a "whitelist" of activities and technologies that confer automatic additionality (meaning that they do not need to demonstrate technical or financial additionality) to the NDC. The framework also outlines ineligible activities, which encompass those listed in both the unconditional NDC and those in the conditional NDC programme of actions funded by domestic or international climate finance.

The list is expected to be updated regularly. Further Article 6.2 activity criteria proposed by Ghana include limiting the duration of the crediting period and conservative baselines linked to the NDC baseline.

Institutional framework for Article 6

Entering into a bilateral agreement with Switzerland has assisted Ghana in developing and establishing an Article 6 institutional framework, including establishment of national arrangement for authorisation and tracking of ITMOs, which became operational in 2022. The institutional set up for Article 6 is as follows:

- A high-level Article 6 inter-ministerial group, chaired by the Ministry of Environment and Ministry of Finance, is established at MESTI after approval from the President. This body will be responsible for oversight and coordination functions.
- The existing Steering Committee set up under the Swiss-Ghana bilateral agreement and composed of representatives of relevant ministries in Ghana to provide guidance on the Article 6.2 cooperative approach process will be transformed into an Article 6 Board. The Board, located at MESTI, will be responsible for activity approval and rule-making functions.
- Similarly, the Technical Committee established under the Swiss-Ghana bilateral agreement will be transformed into an Article 6 Technical Advisory Body which will provide relevant technical advice on matters such as methodology development, corresponding adjustments etc. The team will be established at MESTI.
- An Article 6 implementation office will be set up at EPA to undertake an administration and implementation role, with tasks such as methodology application, activity registration, transactions, issuance, knowledge management, grievances, private sector coordination among others. In the initial stages, the office is expected to operate under a ministerial decree, which will be followed by a formal legal basis that will be enshrined in the planned revision of the EPA Act.



Stakeholders engaged in the development of Article 6 policy and framework continue to stress the need of a committed and dedicated team across the government and strong cross-institutional coordination.

Article 6 activities underway

Some of Ghana's recent Article 6 engagements include:

- Article 6 bilateral agreement signed and ratified between Ghana and Switzerland by the parliament in July 2021, detailing the parameters and guidelines for mitigation activities and ITMO transfers.
- Ghana and Sweden have signed a memorandum of understanding (MoU) at COP26 for a potential Article 6.2 bilateral agreement, which obtained governmental approval in August 2023.
- Singapore and Ghana have substantively concluded negotiations on an Implementation Agreement (IA) on carbon credits cooperation. In accordance with Article 6 of the Paris Agreement, the deal will allow for the bilateral transfer of carbon credits. In 2023, the IA completed the full cycle of stakeholder, legal and political approvals awaiting Parliament endorsement.
- Ghana and Korea have engaged in negotiations on a bilateral carbon trade deal, as the Ghanaian government is pursuing its efforts regarding Article 6.2.

Moreover, in 2023, the CMO received 35 Article 6 project requests in its pipeline of which 9 were fully onboarded onto the GCR and assigned mitigation activity participant identification numbers (MID). These projects are at various stages of implementation. Of the 9 projects, 2 received authorisation from Ghana and Switzerland on sustainable rice cultivation by UNDP and waste to compost by Jospong and UNDP. The authorised activities' total ITMOs amount to 2.7MtCO2e, representing 11% of the total authorisable volumes of at least 24MtCO2e over Ghana's NDC baseline.

Tracking, recording, accounting and reporting

The CMO manages the <u>Ghana Carbon Registry (GCR)</u> that performs MRV and database, transactional and accounting functions.

The Ghana Carbon Registry (GCR) is a Registry established by the Government of Ghana to serve as a database for collecting and tracking transactions from mitigation activities at sector, city and corporate levels. The Registry has been designed to operationalise Ghana's Article 6 Framework including other markets and non-markets for global, country, corporate and voluntary obligations. The GCR is managed by a Secretariat under the Article 6 Office run by the MESTI through the Environmental Protection Agency.

The GCR operates by receiving, processing, recording, and storing data related to mitigation projects, as well as the issuance, holding, transfer, acquisition,



cancellation, and retirement of emission reduction credits. This registry plays a crucial role in ensuring the effective and efficient functioning of the carbon market by offering accurate and transparent data to market participants and the public. Furthermore, the GCR publishes publicly accessible information to enhance public trust in the emissions reduction efforts.

ITMOs that are authorised and verified from mitigation activities seeking corresponding adjustments shall be generated either on the Ghana Registry System or on a registry linked to ICS. Each ITMO will be assigned unique serial numbers and stored in a holding account.

Before issuing the Letter of Authorisation (LOA) and releasing the official authorisation statement for each mitigation activity, the Article 6 Office is responsible for preparing the Article 6.2 Initial Report (AIR). Furthermore, the Article 6 Office compiles quantitative information on Article 6.2 transactions in electronic format as an Annual Report, which is then submitted to the UNFCCC for recording in the Article 6 database.

In addition, the Environmental Protection Agency (EPA) prepares Regular Information on Ghana's Article 6.2 cooperation approach, which serves as an annex to the Biennial Transparency Reports (BTR).

For more information on the processes throughout the project cycle, you can visit the <u>Mitigation Activity Cycle</u> page

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