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# DETERMINING STRATEGIC OBJECTIVES

Various priorities and objectives can guide strategic decisions on engaging in Article 6. These priorities and objectives should regularly be re-assessed, and the strategy for engaging in Article 6 adjusted as necessary.

## 1. Decide on the intention and/or strategy of the country to use Article 6 (seller/buyer/mixed)

Firstly, the Article 6 strategy should clearly indicate the intention and/or strategy of the country to use Article 6. We identify three main types of strategies:

1. **'Pure seller'**, i.e., country uses Article 6 to access international carbon finance by generating mitigation outcomes that are all internationally traded as ITMOs;
2. **'Pure buyer'**, i.e., country uses Article 6 to buy ITMOs and meet its own NDC mitigation targets; or
3. **'Mixed strategy'**, i.e., country uses Article 6 both ways, allowing ITMOs generated in the country to be sold internationally and contributing to own mitigation targets through the utilisation and purchase of mitigation outcomes.

Most members of the West African Alliance may initially adopt a pure seller strategy (1), but over time, the emergence of intra-regional carbon trading could make mixed strategies more relevant.

## 2. Define clear objectives

The objectives for engaging with Article 6 can vary based on the country's goals, resources, and domestic context. Key objectives may include:

- **Maximising revenues from credit sales**
  - Are net revenues for all stakeholders or net government revenues the primary focus of the credit sales?
    - The latter depend on whether private sector participants can directly sell ITMOs or if all sales must go through government which might then retain (part of) the revenues. Even if private sector entities can

sell ITMOs, the government may still impose taxes on ITMO sales (SOP).

- In cases where private sector entities retain revenues, government revenues would be limited to government-led mitigation activities and the involvement of state-owned enterprises.
- For what purpose would the revenues retained by government be used? Contributing to NDC implementation and raising ambition can be achieved by reinvesting the revenues into further mitigation action.
- Are there considerations for domestic carbon pricing? What carbon price levels are anticipated domestically? What implications would that have for the prices sought for ITMO sales?
- **Maximising amount of mitigation remaining in the host country** This includes strategies for sharing mitigation benefits through Benefit Sharing Arrangements (BSAs), ensuring a fair distribution of gains from carbon credits and promoting local development.
- **Mobilising investment into strategic sectors** of the economy to finance “high hanging fruits” mitigation outcomes.
  - Different options are available to identify the most relevant sectors: contribution to (conditional) NDC targets, increase of MRV capacities, importance for socio-economic development of the country, etc.
- **Receiving technology transfer** for technologies that play an important role in long-term development strategies or decarbonisation opportunities.
- **Signalling readiness to receive international climate finance** (e.g., get ready for robust MRV of mitigation activities).
- **Reaching specific conditional NDC targets** (depending on definition of conditionality adopted by the host country).
- **Preparing measures to update the NDC**, e.g., specifying floor prices in line with planned domestic carbon price levels for specific sectors or allowing private sector entities to finance the introduction of more efficient technologies that will be mandated for the next NDC implementation period.
- **Maximising sustainable development co-benefits**, e.g., adaptation benefits, biodiversity, air pollution improvements that align with country’s national priorities.

Objectives can differ across timelines, with some goals being more relevant in the short term (e.g., mobilising investment by 2027), while others might focus on sector-specific strategies by 2030 to align with NDC ambitions for the third NDC implementation period. A strategic working group should take these timelines into account, aligning objectives with mitigation opportunities and engaging stakeholders.

Author: Kaja Weldner (Perspectives Climate Group)