

Legal Framework for carbon markets in developing countries

(The development of a legal framework for carbon markets in Botswana)

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Why a legislative framework

- **Why:** Future obligations and GHG reduction commitments under NAMAs and also in compliance with Art 4. of UNFCCC
- **When:** High-level political decision on direction into more formal policy framework
- **What:** Policy translated into legislative, regulatory and fiscal package (from now up to 2012)
- **Process:** National Climate Change Response Policy Development Summit

Key drivers to Legal Framework

- **Policy makers will need to consider the national policy instruments they will need to contribute to the fight against climate change.**
- **FACT: There is a rich array of policy instruments being used by developing countries to achieve national objectives. Most of these policies also reduce emissions of greenhouse gases.**
- **FACT: Evaluating policy options presents many challenges, since the policy making process of most governments involves complex choices involving many stakeholders.**

Possible elements of a Legislative framework

- *Regulations and Standards:*
- *Tradable Permits:*
- *Voluntary Agreements:*

Possible elements of a Legislative framework

- *Taxes and Charges:*
- *Financial Incentives:*
- *Information Instruments:*

Possible elements of a Legislative framework

- *Research and Development (R&D):*
- *Non-Climate Policies:*

Elements for ERPA and Obligations

1. seller

Delivery of CERs: The Seller shall sell and procure delivery of the Contract Quantity to the Buyer.

2. buyer

Purchase of the CERs: The Buyer shall receive and pay for the Contract Quantity from the Seller

Seller Obligations

- *Initial Verification*
- *Selection Of Designated Operational Entity*
- *Validation And Registration* (unless the Project has already been registered):
- *Monitoring Plan*
- *Verification And Certification Of CERs*
- *Project Operation And Management*
- *Delivery Of CERs*
- *Addition Of Buyer As Project Participant*
- *Invoice*

Obligations of the Buyer

- *Authorisation*
- *Purchase Of the Contract Quantity*
- *Payment*
- *Communication With The Executive Board*

Challenges

- Project ownership
- Land – especially for LULUCF and REDD
- Taxation and share of proceeds
- Legality and arbitration capacities
- Interpretation and civil society engagement
- Private sector engagement
- Africa's special circumstances.

Thank you