

Southern African Carbon Market Association

The South African COP26 delegation

Attn.: Mkhuthazi Steleki
Designation: Director at the Department of Forestry, Fisheries and the Environment
Email: msteleki@environment.gov.za

and

Attn.: Thebe Mamakoko Mkhuthazi Steleki
Designation: Senior Energy Negotiator at the Department of Mineral Resources and Energy
Email: thebe.mamakoko@dmre.go.za

Date: 20th of October 2021

Subject: Request for a continuation of the CDM until a new mechanism, as envisaged under Article 6 of the Paris Agreement, is fully operational.

Dear Mr. Steleki and Mamakoko,

On behalf of the newly established Southern African Carbon Market Association (SACMA), we request the South African COP26 delegation to put forward a position in which the Clean Development Mechanism (CDM) is continued until such time a new market mechanism, as envisaged under Article 6 of the Paris Accord, is established, and has become fully operational.

Such a continuation request will be consistent with the South African Nationally Determined Contribution (NDC) (revised in September 2021) and the Low Emission Development Strategy (LEDS) that lists the Carbon Tax system, inclusive of the provision for offsets through the CDM, as fundamental to the country's mitigation efforts. It will also be consistent with Article 4 of the Paris Agreement in that South Africa's domestic mitigation measures builds on the carbon tax and offset system, of which the CDM is an integral part.

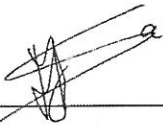
SACMA's main objective is the promotion of a carbon market in South Africa and beyond. In this specific case, the members of SACMA aim to grow the market for Carbon Tax Offsets (CTOs) under the South African Carbon Tax. Following nearly a decade of limited activity in both the generation and commercialisation of carbon credits issued under both the CDM and the Verified Carbon Standard (VCS) in South Africa, the adoption of the Carbon Tax and the Offset Regulations mandated under it, has driven a revival of the local carbon market and the investments in mitigation measures underpinning it.

Southern African Carbon Market Association

Carbon credits initiated from the CDM are responsible for approximately 65% of the CTOs listed on the Carbon Offset Administration System (COAS) for the 2019 and 2020 calendar year. To prevent a slump in the local market – resulting from the termination of the CDM prior to a replacement mechanism under Article 6 becoming fully operational – SACMA humbly requests that the South African position during the COP26 negotiations include the continuation of the CDM in its current form, until such time that it is replaced by a system that in practical terms can substitute the supply of CTOs currently provided from within the CDM.

Please do not hesitate to contact any of the below members of the interim SACMA Executive Council for any further clarification on our request.

Regards,



Henk Sa (Chair)
Partner
EcoMetrix Africa



David Cornish (Treasurer)
General Manager
ENERGY Systems SA (PTY) LTD



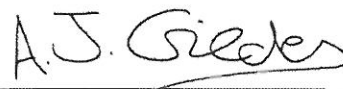
Lloyd Vas (Member)
Head of Carbon Trading
WeAct Pty Ltd



Grant Little (Secretary)
Senior Carbon Developer
Climate Neutral Group South Africa



Robbie Louw (WG coordinator)
Director
Promethium Carbon



Andrew Gilder (Member)
Director
Climate Legal (Climate change
and carbon markets specialist
legal consultancy)