

Saudi companies buy 2.2 million tonnes of carbon credits in Kenya auction

By [Duncan Miriri](#)

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Companies from Saudi Arabia bought more than 2.2 million tonnes of carbon credits on Wednesday, 14 June 2023, as the Kenyan capital hosted what organisers have billed as the world's largest sale of its kind.



Riham El Gzy, CEO of Regional Voluntary Carbon Market Company (RVCMC), speaks during a Reuters interview ahead of the voluntary auction of carbon credits, with projects in Kenya, Rwanda, Egypt and South Africa, at the auction in Nairobi, Kenya, 14 June 2023. Reuters/Thomas Mukoya

Demand for carbon offsets, generated through projects such as tree planting or using cleaner cooking fuel, is expected to grow as companies seek to use the credits to help meet net-zero emissions goals.

Some 16 Saudi firms, including Aramco and Saudi Electricity Company, paid 23.50 Saudi riyals (\$6.27) per metric tonne of carbon credits, auction organiser Regional Voluntary Carbon Market Company (RVCMC) said.

The company, which will launch a full-time exchange in Riyadh in the first six months of next year, was founded by the Saudi Public Investment Fund and Saudi Tawadul Group.

The credits auctioned were certified and come from projects that avoid emissions by using sustainable technologies or removing carbon from the atmosphere, RVCMC said.

Saudi Airlines also took part, RVCMC CEO Riham ElGizy told *Reuters*, since the certification of the credits covers offsets for airline emissions.



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RVCMC, which held its first auction of 1.4 million tonnes of carbon credits in Riyadh last October, said it chose Kenya to highlight the need for investments in climate projects.

Although the East African nation is a small polluter, contributing less than 1% of annual global emissions, it has been hit hard by climate change in recent years, with devastating droughts killing crops, wildlife and livestock.

"We are here to walk the talk," ElGizy said.

Companies see the voluntary carbon market as essential in helping them to meet environmental targets because they allow investment in projects that lock away climate-warming emissions that they are unable to cut from their own operations.

As more companies target net-zero emissions by 2050, demand for offsets is set to grow, although concerns around the quality of some projects have deterred some, prompting calls from climate campaigners, industry and other potential buyers for tougher rules.



Delegates attend the voluntary auction of carbon credits, with projects in Kenya, Rwanda, Egypt and South Africa, at the auction in Nairobi, Kenya, 14 June 2023. Reuters/Thomas Mukoya

Worth around \$2bn in 2021, according to Ecosystem Marketplace, the annual global market for voluntary carbon credits could hit \$50bn by 2030, consultants at McKinsey have estimated.

Criticisms of the carbon offset market have included a lack of transparency and a limited supply of credits, as well as questions over the quality of projects.

ElGizy rejected the criticisms, saying RVCMC works with two separate, independent teams of experts to vet projects that contribute credits for sale.

"If there are any red flags, we immediately exclude this from the auction," she said.

Some 70% of the credits at Wednesday's auction were generated by projects in Africa, RVCMC said.

"This includes the supply of improved clean cookstoves to communities in Kenya and Rwanda and renewable energy projects in Egypt and South Africa," it said.

(\$1 = 3.7475 riyals)

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