

West African Alliance on Carbon Markets and Climate Finance



Africa Region Workshop for the Implementation of Article 6 of the Paris Agreement

Presentation of the Alliance and its Capacity Building activities

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Introduction : Why CDM didn't work well for West Africa?

*To address the issue of Capacity building in the WAA, we should respond first to the question :
« Why CDM didn't work well for West Africa and Africa in General? »*



Complexity or inadequacy of rules (we Were not very active in negotiations)



Lack of expertise



Size of projects, disaggregated data availability, and MRV barriers



Access to finance for upfront investment (Project origination Barrier)



High transaction cost (PD, VVB Services)



Lack of Political engagement and enabling environment for private sector engagement

Article 6 being more complex, It becomes fundamental to address these barriers if we don't want to miss the train again

The Alliance

Vision & Mission

- Launched in Marrakech during COP22 in 2016
- Enhance the position of West African countries to participate in international carbon markets, benefit from technology transfer and access result-based climate finance for NDC implementation

Objectives

- Foster active participation by West African delegates in the UNFCCC negotiations
- Promote access to market mechanisms and climate finance opportunities
- Pilot the transition of CDM related capacities and activities to the Paris Agreement context
- Support Article 6 pilot experiences in the sub-region while sharing implementation knowledge in the negotiations and vice versa
- Contribute to the setting up of a dynamic Carbon Market Hub in West Africa

Currently supported by:
Federal Ministry
for Economic Affairs
and Climate Action



Member countries



West Africa at glance

Source: University of Texas Libraries

- Total Population: **418 Millions**
- Integrated Electricity Market: **WAPP**
- Free movement of population and goods
- Some common policies and strategies

Alliance supported activities



Supported activities



Technical Workshops & meetings for members



Member participation at COPs and international events



Technical work to support :

- Article 6 negotiations,
- in-country readiness,
- CDM transition to A6.4,
- mitigation projects development,
- Technical reports,
- Surveys and studies
- Capacity Building for implementing actors



Outreach, Networking, and Communication



Alliance management, Partnership Development



Organisation



Strategic guidance

**Steering committee members:
Coordinator, Secretariat, Alliance Partners, 2 Member
country representatives**

The Coordinator

**Financial partner:
West African Development
Bank (RCC Lomé / BOAD)**

**The Secretariat
(ARC-Holding)**

**16 Member Countries
(Alliance National
Focal Points)**

Implementation
coordination

Technical Partners: Climate Focus; Perspectives; AERA Group; AEE, ENDA Energie

Thematic
Working
Groups &
Consultation
Fora

- 1. Carbon Pricing WG**
- 2. Transparency WG**
- 3. Climate Finance WG**
- 4. Tech Transfer WG**

**Policy makers forum
Ministers Roundtable**

**Strategic partners forum
Steering Committee meetings**

**Project developers forum
West Africa Carbon Market Hub**

ITMO Buyers

**Development
Organisations**

Donors

Alliance Capacity Building activities & achievements



WAA Main targets and scopes for Capacity building activities

- **NATIONAL FP** (technical preparation for negotiations on A6, support for participation,
- **POLICY MAKERS** (Minister or HoD roundtables)
- **IMPLEMENTING ACTORS** (WAPP, LOCAL TERRITORIES “RECODD”, PRIVATE SECTOR)
- **STUDIES & DEVELOPMENT OF TOOLS** ((diagnostics, consultations, surveys, A6 Blueprint, Web Ptfm)
- **IN CONTRY READINESS SUPPORT** (awareness raising, Stakeholder mapping and Creation of Nle A6 Platforms, regulatory framework)
- **SSE** (Senegal and the Gambia: not reinvent the wheel)
- **CREATION OF FRAMEWORK FOR PARTNERSHIP DEVELOPMENT AND RESOURCES MOBILISATION** (Strategic Partnership with UNFCCC-RCC and BOAD facilitates the Development of Funding proposals to German IKI, UK, Canada, organization of SELLERS & BUYERS Roundtable, WACM Hub, Bilateral Agreement Facilitation, coordination to ensure complementarity in Partners intervention, to avoid duplication of effort)
- **OUTREACHING and Strategic Communication** (inspired East, Central African, and the Caribbean countries to create thier Alliances.
- **FUTURE AREAS OF IMPROVEMENT**
 - **WAA Academy “Young Professionals”**
 - **Local VVB**
 - **Promotion of innovative Digital solutions to streamline MRV process and reduce transaction costs**



Alliance Capacity Building activities & achievements

Sub-regional cooperation and coordination

- Implemented **in-person members' meetings** (5) with the last one being on March 2022 in Lomé, Togo
- Support to WAA **member countries' participation at CoPs and SBs**
- Creation of **thematic working groups** (4) (carbon markets and pricing, transparency, climate finance and technology transfer) to sharpen members' engagement in international negotiation processes
- Two rounds of **ITMO buyers-sellers roundtable** to improve members' participation in Article 6 pilots (jointly WAA – EAA)
- Initiated partnerships with regional and international actors** (UNFCCC, ECOWAS, WAEMU, EAA, BMWK, KliK, AfDB, AGN, World Bank, UNDP, IETA, CPLC, Carbon Market Fairness and Transparency Coalition, Pacific Alliance)
- Supported ECOWAS with A6.4 sub-regional dialogue and Climate Finance needs-based strategy development

Support for national Article 6 readiness

- Hosted Thematic workshops** (5) and **preparatory meetings** for negotiations (10+) (Article 6 components, CDM transitioning, Share of Proceeds, Corresponding Adjustment, etc.)
- Report: Article 6 readiness in West Africa.** A scoping study assessing Article 6 readiness support needs of WA countries
- In-country readiness support** for Nigeria and Togo
- Report: Blueprint for Article 6 readiness in member countries of the West African Alliance**

Enhanced access to finance for WA mitigation projects and programmes

- Report: Stakeholders' Perspectives on Carbon and Climate Finance in West Africa – Barriers and Opportunities**
- Developed a stakeholder's database intended for supporting strategic networking within the sub-region. **Outcome: Stakeholder mapping tool**

Outreach

- Hosting side events at **I4C event** and African Climate Weeks
- Established a communication structure and social media strategy
- Offsetting of the Alliance related flight emissions through a Gold Standard Project in Nigeria (Alliance neutrality program)
- Organisation of the first **West Africa Carbon Markets Hub** in 2023, Abidjan, +200

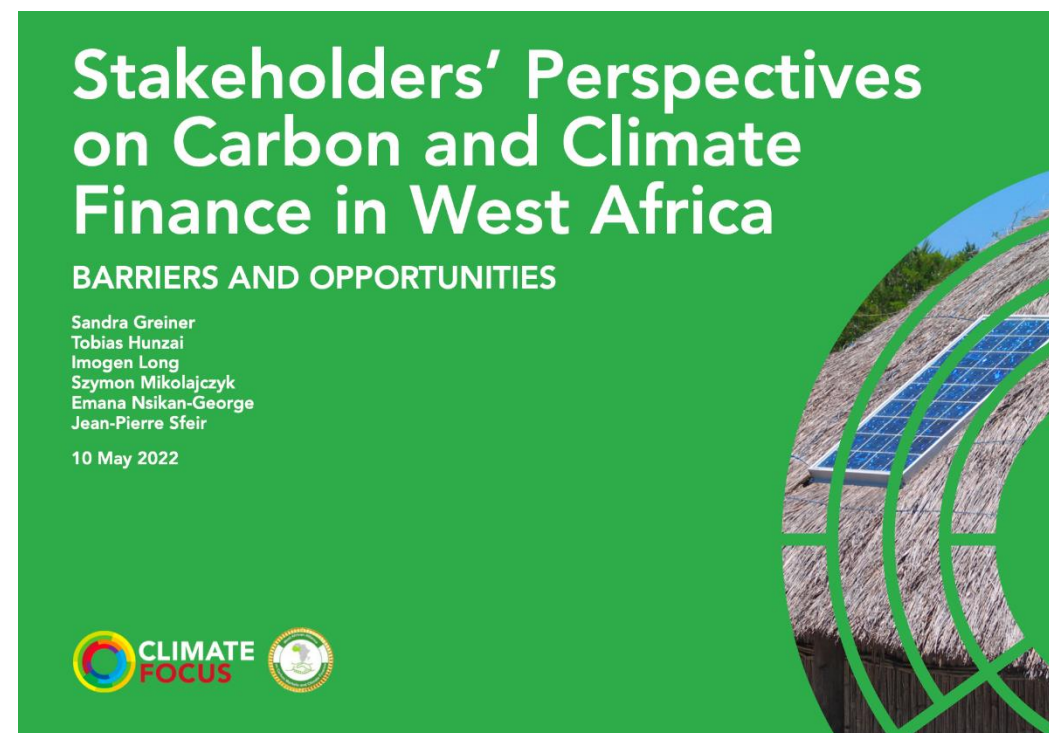


Some Examples of WAA publications

Article 6 Readiness Blueprint

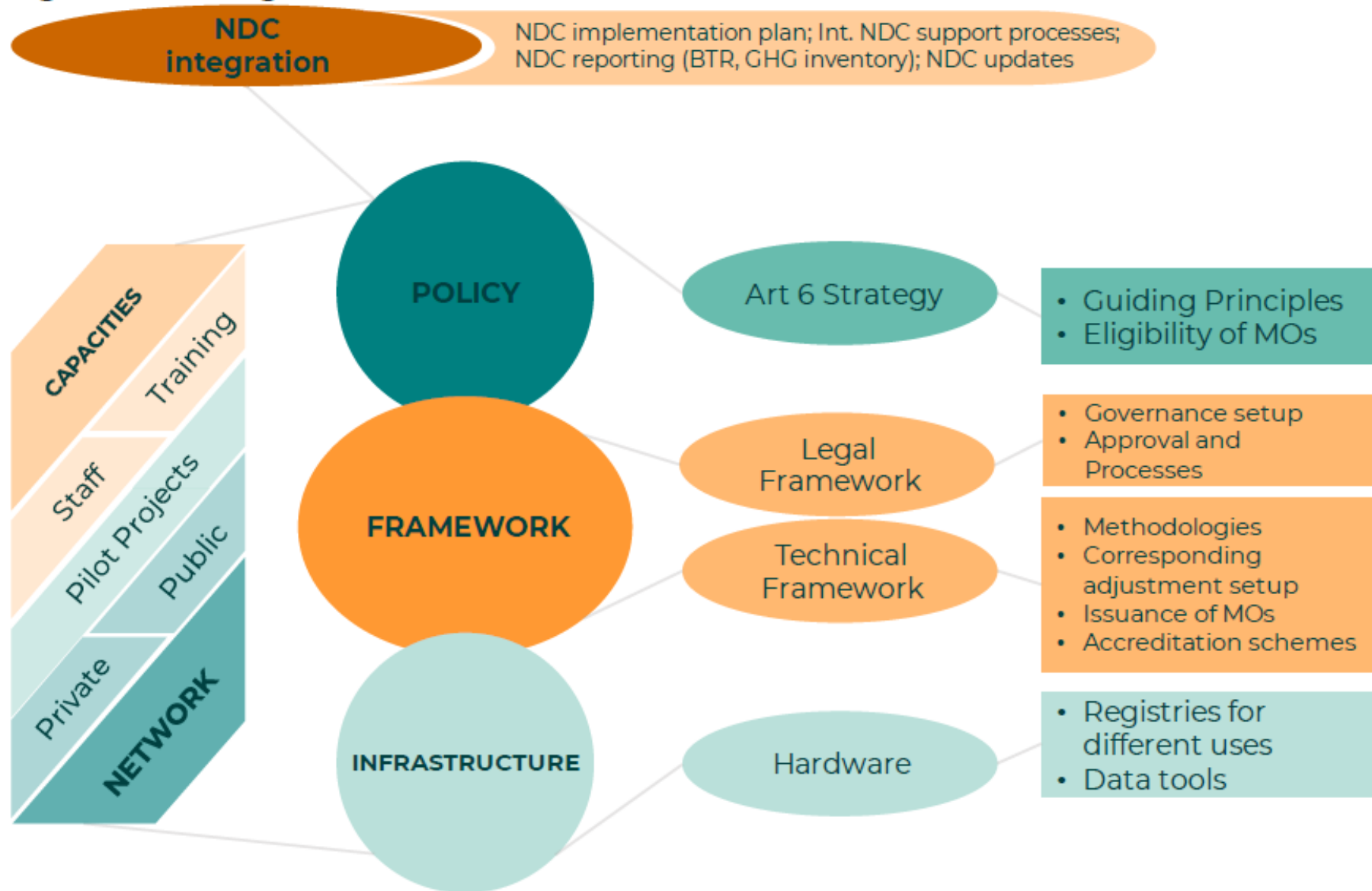


Access to Finance Report



1. Readiness Blueprint

Figure 1: Building blocks of Article 6 readiness



Source: WACC (2021), p. 18



2. State of climate & carbon finance in West Africa

Analysis Overview



Purpose of the analysis

Aggregate data on climate- and carbon finance flows to West Africa to understand the current state and trends in the region.

- First publicly available analysis of its kind

Analysis focus

International climate finance channelled through multilateral climate finance funds, specifically to mitigation activities

- Adaptation activities have been excluded

Good to know

West Africa on the global stage

- Recipient of only 4.6% of total international climate finance flows during the assessed period 2006-2021
- Hosts only 0.3% of all carbon projects registered to date globally under the CDM and selected voluntary standards



Climate Finance in West Africa



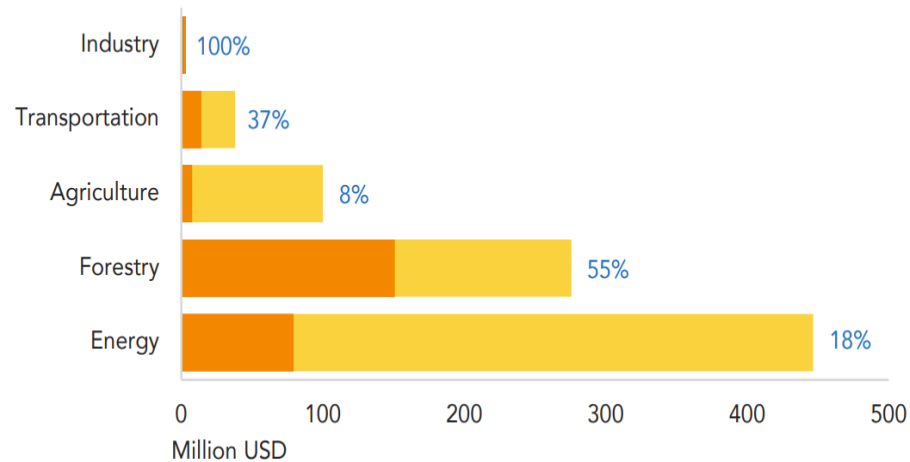
Climate finance analysis

104 GHG mitigation programmes are funded by international climate finance funds

- USD 864 million allocated to these programmes as of 2022 of which 30% has been disbursed

Allocated vs. disbursed finance, by sector:

% Disbursed ■ Allocated ■ Disbursed



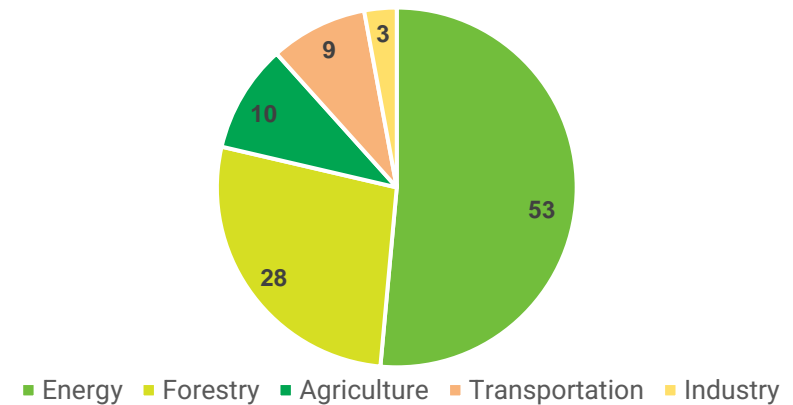
Leading Funds: CIF, GCF, GEF

- Responsible for 88% of total finance allocated by multilateral climate funds to West Africa

Trends

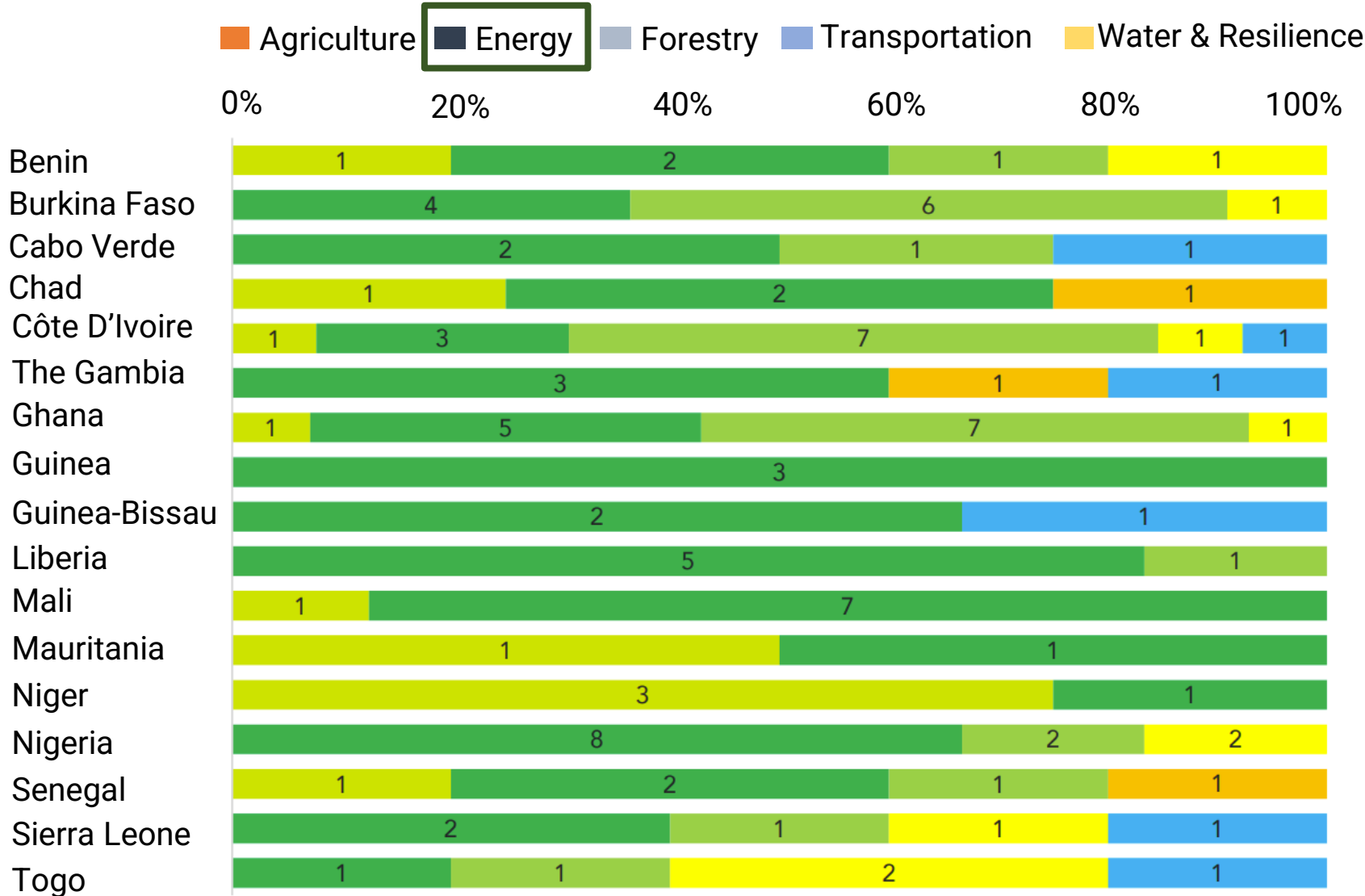
- Energy and forestry projects 3/4 of all approved projects & 4/5 of all regional finance flows since 2006

Approved climate finance projects, by sector:





- Approved climate finance programmes per West African country, by mitigation project type:



Carbon Finance in West Africa

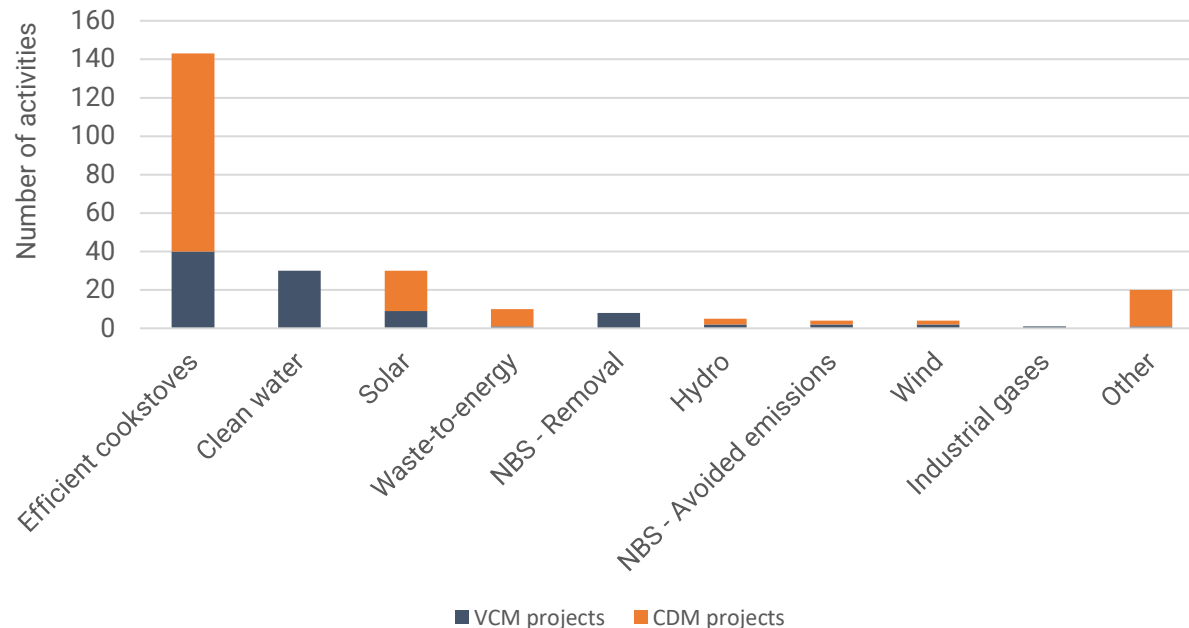


Carbon finance analysis

367 carbon market activities under CDM or voluntary standards of which 1/3 have issued carbon credits

- As of 2022, these activities have collectively issued 24.7 million carbon credits

Registered activities under the CDM and VCM, by category:

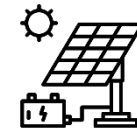
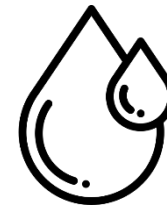


Carbon finance flows

- Since 2010, USD 100 million flows, half of which can be linked to 2021 issuances alone

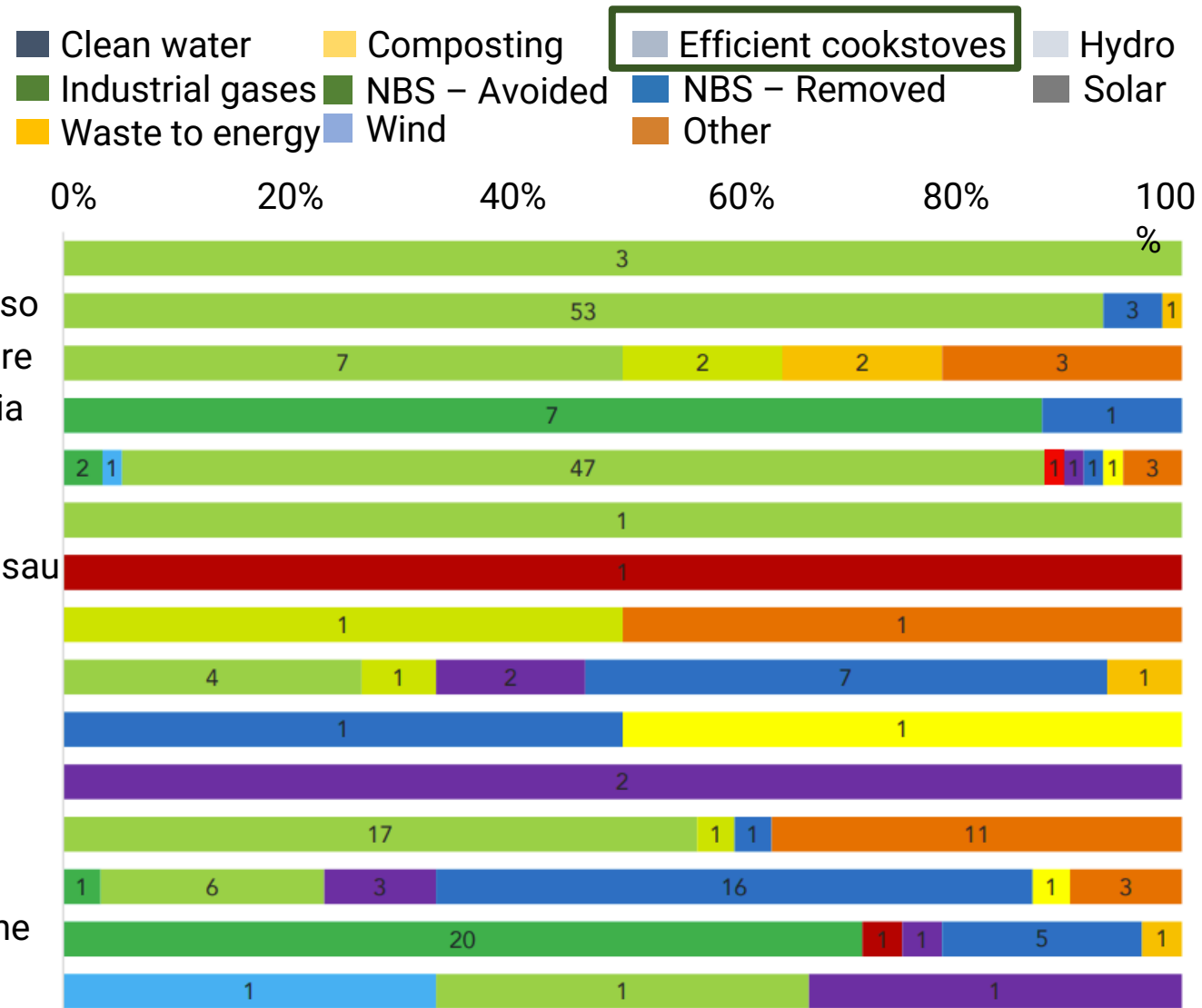
Trends

- Strong trends shown towards efficient cookstove projects followed by clean water and then solar projects





- Registered activities under the CDM and the VCM per country, by project type



New Opportunities and way forward



- 1. Continue to Strengthening the African Voice during UNFCCC Negotiation process and make sure that rules works for us through creation of an inter-Alliance framework on Carbon Markets (with West, East, Central and South African Alliance) with support of UNECA and AU;**
- 2. Work on Moving Towards real Implementation and delivery of good quality carbon credits** (Strengthen ongoing in country readiness process and facilitate peer to peer learning on Environmental Integrity principle, Benefit Sharing Mechanisms, overselling risk mitigation solutions, Contribution to SDG, fair pricing of Carbon)

3. Work on Unlocking West Africa's Carbon Market Potential

West Africa is home to numerous CDM activities and valuable experience has been gained in the implementation of innovative concepts, such as Programme of Activities and Standardized Baselines. Ensuring the continuity of future ready activities and exploring how promising CDM concepts can be integrated into the Paris regime are among the main objectives the Alliance is pursuing). Furthermore, the Alliance is working for better West African Private sector involvement in carbon markets **“HUB”**

4. Provide assistance on Linking Carbon Markets with Climate Finance

The framework and the infrastructure introduced with the CDM have fostered the emergence of climate change mitigation project ideas in Africa. Some of these were not brought to the implementation stage, however, due to the difficulties involved in finding financial support in tight market conditions. Under these circumstances, climate finance represents an innovative way to make such projects viable.

5. Promote the Development in the future of Regional Domestic Markets and Carbon Pricing systems:

Carbon pricing is spreading worldwide, and a growing number of countries are exploring ways to introduce carbon taxation or domestic emission trading schemes (ETS). In west Africa, few initiatives exist. The Alliance will work on exchanging experience gained, providing technical support, sharing lessons learned, and advice on how to address issues like CBAM.



Thank you

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