



RCC West and Central Africa

Collaboration for Climate Action

TERMS OF REFERENCE

ASSESSMENT OF THE POTENTIAL AND FEASIBILITY OF CARBON PRICING APPROACHES IN CAMEROON

With financial and technical support from the UNFCCC under the CIACA Initiative

BACKGROUND:

To limit the impacts of climate change, several countries, through their Nationally Determined Contributions (NDCs), are taking measures to curb greenhouse gas (GHG) emissions and transition to a low carbon society. In recent years, a growing number of Parties, including those from the developing countries, are considering carbon pricing instruments for doing so. Carbon pricing is a fiscal or economic approach for reducing Greenhouse gas (GHG) emissions as it puts a price on carbon creating an incentive for investments into more climate friendly solutions. It is based on the “Polluter-Pay” Principle, which allows that the entity responsible for the pollution pays for the cost of remediation and damages. The Paris Agreement explicitly recognizes the important role of carbon pricing (decision CP21/1 para. 136) to provide incentives for emission reduction. Carbon pricing instruments can serve both the implementation of NDCs and long-term low-carbon development strategies. In addition, under article 6 of the Paris Agreement, international cooperation through carbon pricing can play a crucial role in reducing the cost of implementing mitigation actions and increasing resource mobilization by crowding in public and private capital.

NATIONAL CONTEXT

The Republic of Cameroon submitted its updated first NDC in 2021. The NDC projects GHG emissions to increase by 71% compared to 2010 base year by 2030. The country therefore commits to an unconditional emissions reduction target of 12% and a conditional target of 23% reduction in emission by 2030 as compared to the 2010 base year. The country is a low GHG emitter but its ambitious development strategy of becoming an emerging economy by 2035 could result in a sharp increase in emissions.

Cameroon therefore intends to reduce such carbon footprint of its development without slowing down its growth, by favoring mitigation options with high co-benefits; strengthening the country's resilience to climate change; aligning its sector policies and strengthening its mechanism and implementation tools to facilitate the achievement of these objectives; and mobilize all relevant means to this end including funding, technology transfer and capacity building.

Cameroon has demonstrated a robust intent to explore carbon pricing instruments and the potential they pose to limiting emissions growth and revenue mobilization for climate action. An example

includes incorporating carbon pricing objectives in its NDC (2021) and National REDD+ Strategy (2018). Also, a circular by the President on 30 August 2023 indicated the country's considerations for the introduction of a carbon tax in the fiscal year 2024¹.

Against this background the government of Cameroon requested the UNFCCC through its Regional Collaboration Centre for West and Central Africa to provide support through the UNFCCC Collaborative Instruments for Ambitious Climate Action (CIACA) initiative.

THE CIACA PROJECT

The CIACA project was announced during COP22 in Marrakesh, starting with an initial period of 2.5 years from 2017 to mid-2019, with the objective to support Parties in the development of carbon pricing approaches for implementing their NDC under the Paris Agreement while fostering collaboration. The initiative is purely on a voluntary basis and does not create obligations for jurisdictions supported or for its donors. It is currently funded from voluntary contributions provided by the Government of Germany.

CIACA is implemented by the UNFCCC through its Regional Collaboration Centres (RCCs). Jurisdictions and countries like Cameroon, interested in better understanding and/or developing instruments for carbon pricing/markets could benefit from support at different levels to:

- (i) identify the options available and how these fit with their own circumstances and objectives; to elaborate concrete proposals to establish instruments,
- (ii) adopt the instruments at the national level and
- (iii) implement the instruments on the ground.

The CIACA initiative offers support to jurisdictions, in accordance with their needs, for considering and developing carbon pricing instruments. Nevertheless, a thorough study needs to be undertaken to ascertain the potential, interest and feasibility for applying carbon pricing approaches in the domestic context.

Under this project, the RCC West and Central Africa (RCC WAC Africa) will provide support to Cameroon under the CIACA implementation.

¹ <https://www.businessincameroon.com/environment/0109-13385-environment-cameroon-mulls-over-the-introduction-of-a-carbon-tax-in-fy2024>

PROJECT GOALS AND OBJECTIVES

The overall objective is to develop and recommend appropriate carbon pricing instruments that can assist in mitigating GHG emissions in Cameroon, foster sustainable development by doing so, support the implementation of successive NDCs, as well as contribute to putting the country on a low GHG emission pathway. This will be done under consideration of their expected mitigation potential in the reduction of greenhouse gas emissions, especially in consideration of the domestic legal, regulatory, institutional, social, and economic frameworks under the view of domestic NDC implementation.

The RCC WAC Africa and The Government of Cameroon seek to hire a consultant to carry out activities related to the key elements of the domestic context which may influence the choice of carbon pricing instrument and its specific design in Cameroon under the CIACA project.

The specific objectives will include to

- Identify and describe key elements of the domestic context which may influence the choice of carbon pricing instrument and its design;
- Assess the existing legal and policy framework in the country with respect to carbon pricing and perform a preliminary stocktake of the status-quo of MRV structure for enabling carbon pricing instruments;
- Analyze existing carbon pricing instruments or related instruments already in place in the country if any;
- Identify potential opportunities for various carbon pricing based on the country circumstances and context;
- Analyze potential scenarios or options of and use of carbon pricing revenues, including to mitigate potential adverse impacts;
- Determine carbon pricing linkages with the NDC and potential/opportunities to meet the mitigation targets for sectors mentioned in the NDC;
- Subject to the specific interest of the country, to explore how carbon pricing approaches could support involvement in cooperative climate action such as foreseen under Article 6 of the Paris Agreement;
- Identify and recommend potential actors/partners as well as climate finance windows and procedures for accessing the various funds that could support the country in a possible design and implementation of carbon pricing;
- Provide an overall assessment of feasibility for carbon pricing for the country and provide recommendations on the possible way forward.

SCOPE OF THE STUDY

Specifically, the study is to identify key elements in the following area which may influence the feasibility and design of carbon pricing options in the country:

1. 1. GHG emissions, including by sector, focusing on sectors with high mitigation potential;
1. 2. Major developments in key sectors such as forestry, Agriculture, energy and industry;
1. 3. Analysis of current and planned policies (fiscal and non-fiscal) or tools affecting GHG emissions;
1. 4. Relevant domestic climate-change related framework
 1. 4. 1. Domestic climate-change related institutional arrangements;
 1. 4. 2. Elements of the domestic policy and legal framework of relevance to carbon pricing;
 1. 4. 3. Domestic environmental goals and strategies;
1. 5. Overview of social and economic factors that are likely to affect, or be affected by the consideration of adoption of carbon pricing instruments;
1. 6. Overall development priorities;
1. 7. International environment and developments (in particular in relation to GHG emissions and energy) with relevance to Cameroon and commitments (among which, but not restricted to the NDC under the Paris Agreement);
1. 8. Information on the interest to consider cooperative climate action under Article 6 of the Paris Agreement.
1. 9. Information on the feasibility for carbon pricing for Cameroon and recommendations on the possible way forward.

METHODOLOGY

The study is expected to consist mostly of qualitative research. Nevertheless, the following requirements apply:

- As far as possible, quantitative elements should be presented, for example regarding GHG emissions, the socio-economic context, planned or existing policies, etc.
- The conduct of this study may require, as appropriate, interacting with various national stakeholders, either for fact-finding purposes, or for collecting views from major stakeholder (among others, but not restricted to element 1.8 “Information on the interest to consider cooperative climate action under Article 6 of the Paris Agreement”).
- To provide an overview of findings from section 1.3 (regarding quantitative policies), the study is required to present a matrix of economic penalties and incentives influencing GHG emissions by fuel/sector.

DELIVERABLES

| | Outputs/Deliverables | Indicative date |
|----|---|---|
| 1. | Inception report including initial outline of the intended report which is to be reviewed and agreed by RCC WAC Africa. | 17 July 2024 |
| 2. | First draft report to the RCC WAC Africa for comments | 30 September 2024 |
| 3. | Final draft report incorporating addressed comments. | 2 weeks after comments from RCC WAC Africa. |
| 4. | Validation workshop (virtual or in-person) to present the results contained in the final draft report and to seek comments/input. This will include planning, facilitating and reporting on the workshop. | TBC |
| 5. | <p>Final report, which is to consider comments received during the validation workshop.</p> <p>This final report is to be delivered 2 weeks after having received feedback on the final draft report. The report should include an executive summary.</p> | 30 October 2024 |

START AND DURATION

Start date: 12 July 2024.

Finalization date: 30 October 2024 .

Estimated working days: 20 Weeks.

QUALIFICATIONS AND COMPETENCIES

Academic background: The Consultant(s) should have an academic background and professional experience with relevance to carbon pricing and/or carbon markets, such as economics (ideally environmental economics and/or energy economics), or policy.

Professional expertise

Required:

- Knowledge on UNFCCC climate change negotiations, with particular focus the Paris Agreement (including Article 6 & NDC Implementation);
- Familiarity with GHG mitigation instruments, especially economic instruments;
- At least 5 years of experience working with government and non-state stakeholders in national and/or regional policy development and implementation of climate change activities;
- Strong analytical and critical thinking abilities;
- Fluency in English and strong drafting skills. .

Desired:

- Knowledge of existing structures in Cameroon in line with low carbon development is considered an advantage;
- Good communication and presentation skills (able to communicate on complex matters with clear and simple messages);
- Familiarity with carbon pricing approaches (carbon taxes, ETS).
- Consultant(s) bilingual in English and French are desired

REMUNERATION

Expert budget must not exceed 25,000 USD.

HOW TO APPLY

Interested candidates whose qualification and experience match the established requirements must submit their application to rccwacafrica@unfccc.int and kagonbet@yahoo.fr until **19 July 2024** which will contain the following:

- A summary of a technical proposal that will have a description of the methodology for implementing the tasks in it; and a schedule for completion of the work aligned with reporting requirements and tentative schedule, CV of the expert(s).
- Financial Proposal.

Only candidates under serious consideration will be invited to a teleconference interview. Please indicate *“Study on Carbon Pricing approaches in Cameroon”* in your email subject. Qualified women candidates are especially encouraged to apply.