



West African Alliance on Carbon Markets and Climate Finance



Pilot activities on Carbon Markets and Carbon Pricing

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Outline

1. Alliance ongoing activities
2. Introduction to Carbon Pricing in Senegal
3. Approach and Results
4. Next steps and Recommendations



West African Alliance activities

- Creation of a Carbon Market Platform (pipeline of CDM, VCS, V) projects
- Creation of National Carbon Market and Climate Finance National Platforms in every country (for all national stakeholders: Private, Local com, NGO, Government Agencies): Communication and awareness platforms
- Capacity Building for National Stakeholders members of the National Platforms
- Provide Technical Assistance to member countries to improve their readiness for A6 and MRV requirements (Ex Togo, Nigeria),
- Piloting of Carbon Market Instruments: SCF (Standardized Crediting Framework) a country based system, selection and training of local verifiers, issuance of virtual Emission Reductions
- Early phase of ITMO transaction between Swiss Klik, Sweden and SN, Nigeria, Ghana,
- Opportunity studies for Carbon Pricing in Senegal and Cote d'Ivoire



Introduction to Carbon Pricing in Senegal

Many countries, including Africa, have begun to consider the opportunity to introduce carbon pricing instruments for their climate action, as provided in their National Determined Contribution (NDC) under the Paris Agreement.

Senegal with the support of "Collaborative Instruments for Ambitious Climate Action (**CI-ACA**)" as conducted an opportunity study to identify a Carbon Pricing instrument suitable for the country and relevant for the achievement of the NDC target.

The results expected from this opportunity study is supposed to determine the next steps towards the implementation phase.

The Approach and the main Results



- The study was conducted in a participatory and inclusive manner (40 Stk)
- Many analyses and consultations conducted on the basis of validated **criteria**
- Stakeholders identified the carbon tax, particularly on large greenhouse gas emitters, as the most appropriate instrument. The carbon tax could be applied to the following sectors identified as the most suitable:

- Electricity generation;
- Industrial supply including cement manufacturing;
- Oil and gas production;
- Solid and liquid waste.

Instruments	Exploitation pétrolière	Production d'électricité	Industrie	Déchets solides	Déchets liquides
ETS avec Gestion des prix	5	6	5	3	4
ETS avec ou sans Crédit Carbone	6	8	6	2	5
Taxe Neutre	2	3	2	4	3
Taxe + avec ou sans recyclage des revenus	1	1	1	1	1
Taxe avec ou sans Crédit Carbone	3	1	3	4	2
Réformes fiscales	8	6	8	5	5
Syst Crédit Carbone National	4	4	4	5	4
Syst CC International Article 6	6	5	6	5	5

Note : 1 = meilleur, 10 = pire

Source : Élaboration propre

The participants expressed the wish that the tax should initially be revenue neutral for the final consumers and eventually finance adaptation and mitigation actions. The contributors also proposed to extend the action of the tax, which could be used in conjunction with carbon credits, as some sectors could be sources of demand, while others could benefit from investment -such as the forestry sector.

Next steps and recommendations



To move forward on the implementation phase the following steps have been identified:

1. On the basis of the work accomplished, an in-depth study would be necessary in order to develop a detailed proposal defining the basis of the taxation, the sectors targeted, the amount, the use of the revenues, as well as the elements related to the risks, opportunities, threats and opportunities related to carbon taxes can be properly addressed;
2. Define an appropriate communication strategy on CP;
3. Explore the opportunity of a regional collaboration on this issue, considering the fact that in West Africa, some countries are exploring or willing to explore opportunities for using CP Instruments in the implementation PROCESS of their NDC.



Thank you.

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