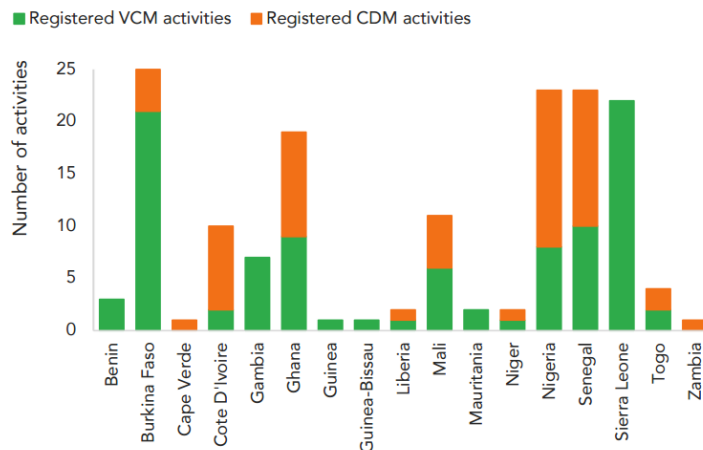


# WHAT IS THE STATUS AND THE ROLE OF THE VCM IN WEST AFRICA?

Several West African nations are increasingly participating in VCM initiatives, implementing projects such as reforestation, renewable energy, and sustainable agriculture to generate carbon credits. These activities not only contribute to mitigating climate change but also offer economic and social co-benefits to local communities. If implemented with robust standards and according to the overarching national priorities, VCM activities in West Africa can serve as a valuable mechanism for promoting sustainable development and fostering a green economy in the region.

As of January 2022, the West Africa hosted a total of 254 registered activities across the Clean Development Mechanism, Gold Standard and Verra. Figure 1 shows them differentiated by voluntary crediting programmes (Gold Standard and Verra) and the CDM).

Figure 1: Overview of registered carbon market activities in West Africa



Source: Greiner, Sandra; Hunzai, Tobias; Long, Imogen; Mikolajczyk, Szymon; Nsikan-George, Emama; Sfeir, Jean-Pierre (2022): Stakeholders' Perspectives on Carbon and Climate Finance in West Africa. Barriers and Opportunities.



These activities encompass both stand-alone projects and **Component Project Activities** included within larger Programs of Activities (PoAs). Burkina Faso leads with the highest number of active initiatives, boasting 25 in total. These activities primarily focus on decentralised, small-scale endeavours, particularly in the field of efficient cookstoves. Nigeria and Senegal come next in line, with 23 registered initiatives each, similarly emphasizing decentralised interventions at the household level.

Regarding new initiatives in the pipeline, there were 107 activities undergoing validation in the region, with a staggering 92 percent of them falling under the Voluntary Carbon Market (VCM). Nigeria leads in this category with 38 activities in the validation stage, followed by Burkina Faso with 35 new projects and Togo with 21. Similar to the registered initiatives, the majority of these projects being validated pertain to activities related to safe water and efficient cookstoves that are integrated into existing programs.

When excluding activities related to safe water and efficient cookstoves, the region's share of all registered initiatives in the VCM remains minimal, accounting for less than 1 percent. This notable preponderance of these two project categories highlights the success of the voluntary carbon market in attracting financial support for decentralised, small-scale technologies. However, the market has not yet garnered substantial investments in other sectors with relevant mitigation potential.

Given that a significant portion of carbon credit sales in the VCM occurs through over-the-counter transactions, precisely quantifying the financial resources mobilised for project developers and investors is challenging. Nonetheless, when applying historical average voluntary carbon offset prices as reported by Ecosystem's Marketplace over the years to the annual issuance levels observed in the region, we can estimate a cumulative sum of USD 80 million in carbon financing since 2010 for the VCM alone.

**Authors: Marco Della Maggiore (Climate Focus), Annika Wallengren (Perspectives Climate Group), Kaja Weldner (Perspectives Climate Group)**

