The Federal Government

IKI INTERNATIONAL CLIMATE INITIATIVE

West Africa Alliance
On Carbon Markets And
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WHAT IS THE STATUS AND THE ROLE OF THE VCM IN WEST AFRICA?

General overview

The Voluntary Carbon Market (VCM) remains an important yet under-developed avenue for climate finance in West Africa. Historically, the region has participated in voluntary carbon trading through small-scale mitigation activities, particularly in energy efficiency (e.g., cookstoves) and community-level interventions, but has not yet attracted substantial investments in sector-wide or high-impact mitigation projects. As of the earlier baseline, 92 % of projects in the pipeline were VCM initiatives, led by countries such as Nigeria, Burkina Faso, and Togo in terms of validation activity.

Despite this high activity level, registered VCM initiatives still accounted for less than 1 % of all registered projects when excluding small-scale water and cookstove technologies, reflecting a limited share of carbon market investments outside household-oriented mitigation projects.

New developments (2024–2025)

Regional coordination and high-level engagement

West African governments have increasingly engaged in shaping a regional carbon market agenda:

- The 2025 West Africa Carbon Market Hub (WACMH)—held in Pointe Sarène, Senegal—brought together over 300 stakeholders from governments, private sector, and civil society, focusing on Article 6 readiness, digital transformation, and emerging carbon credit types. It resulted in an official joint declaration emphasising collective commitment to high-integrity carbon markets and sustainable development.

- The Voluntary Carbon Markets Integrity Initiative (VCMI) participated in the 2025 West Africa Carbon Market Hub, supporting dialogue on quality, equity, and governance in carbon markets and aiming to accelerate Article 6/VCM implementation solutions.

These regional forums signal rising political commitment and ambition to strengthen VCM governance, transparency, and market uptake across West Africa.

Infrastructure and policy support

National and regional efforts are underway to build carbon market infrastructure and readiness:

- Countries are progressively preparing Article 6 frameworks and readiness assessments to integrate market-based cooperation into their climate strategies, building on lessons from previous mechanisms such as the CDM.

- Development finance institutions (e.g., The African Development Bank through *The Africa Carbon Support Facility (ACSF)*) are supporting carbon credit market infrastructure and policy development on the continent, which could benefit West African markets through technical assistance and increased institutional capacity.

- The West African Development Bank (BOAD) launched an initiative in Belém at COP30 called *The Carbon Market Places* aimed at consolidating and channeling funding to support the development of carbon markets in West Africa.

Market trends and opportunities in Africa

Broader analysis of the voluntary carbon markets across Africa shows important context for West Africa:

- Africa's share in global VCM issuances has been increasing, with an estimated rise from 13.5 % in 2018 to ~25 % by 2023, driven by growth in project registrations and increased foreign interest.

- Nearly 300 million carbon credits have been issued across the continent, with around 151 million credits retired to offset emissions — indicating both growing issuance and active retirement markets. Credits are primarily issued under Verified Carbon Standard (VCS) and Gold Standard.

- Project types are diverse but skewed toward forestry/land use and community-led mitigation efforts (e.g., clean cookstoves), with renewable energy credits comprising a smaller share.

These continental trends provide context for West Africa, where similar patterns of community-based VCM participation are evident, but where larger-scale and higher-integrity carbon projects remain underrepresented.

Remaining challenges and emerging focus areas

Quality and integrity

Demand for higher-integrity carbon credits continues to grow globally, with initiatives such as the Integrity Council for the Voluntary Carbon Market (ICVCM) emphasising standards like the Core Carbon Principles (CCP). Buyers increasingly seek CCP-aligned credits, which trade at a premium and signal quality and verifiable climate impact. This trend remains highly relevant for West African developers aiming to attract premium finance.

Inclusivity and community benefit

While many West African VCM projects are small-scale community activities, the ability to link such initiatives to broader carbon finance flows remains constrained by:

- limited access to international registries and buyers;
- relatively low issuance volumes outside small projects; and
- gaps in policy and regulatory frameworks that support recognition, verification, and sale of carbon credits.

This underscores the importance of capacity building underway, Article 6 readiness, and cross-country cooperation, such as through the West African Alliance and other regional initiatives, to unlock greater market participation.

Financial impact and projections

Accurately quantifying financial flows from VCM in West Africa remains challenging due to over-the-counter transactions and informal sales channels. However, applying average voluntary carbon credit prices of around USD 4–5 per tCO_2e in 2020 to estimated regional issuance volumes suggests that VCM activities may have mobilised roughly USD 10–20 million per year in climate finance for West African project developers, primarily from decentralised mitigation activities such as clean cookstoves, water purification, and small-scale renewable energy projects.

Looking ahead, global estimates project that the voluntary carbon market could scale substantially, potentially increasing by 15x or more by 2030, with Africa well-positioned to benefit given its natural resource base and mitigation potential.

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