



RCC West and Central Africa

Collaboration for Climate Action

TERMS OF REFERENCE FEASIBILITY AND OPPORTUNITY STUDY FOR REGIONAL CARBON PRICING IN WEST AFRICAN ECONOMIC AND MONETARY UNION (UEMOA)

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

(ver. of 18 June 2024 – WORKING DRAFT)

Background of the CI-ACA Project:

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. A growing number of Parties are considering carbon pricing instruments as an approach for implementing their climate action under the Paris Agreement, even among those which did not mention carbon pricing instruments in their NDC proposal. The Paris Agreement explicitly recognizes the important role of carbon pricing (decision CP21/1 para. 136).

In addition, as the Paris Agreement enables cooperative action, jurisdictions are also considering putting in place carbon pricing/market approaches to enable future participation in regional and global carbon markets for a variety of reasons: selling mitigation units, attracting funding for their mitigation actions, and achieving their targets more flexibly and more cost-effectively.

The Collaborative Instruments for Ambitious Climate Action (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 project was extended for a second phase, covering the period from July 2018 to December 2020 and a third phase, covering period from June 2022 to December 2023.

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. The initiative is jointly managed by the UNFCCC Secretariat and its Regional Collaboration Centres (RCCs). Under this initiative, some of the countries supported by RCC West and Central (WAC) Africa are Senegal and Nigeria.

Introduction to the activity:

Following successful support to the consideration and adoption of carbon pricing at the domestic level to various countries in the West African region (among which Senegal and Nigeria), the opportunity for introducing a regional approach towards carbon pricing is to be explored, considering in particular the perspective of regional political and economic integration under the West African Economic and Monetary Union (UEMOA).

Worldwide, carbon pricing is advancing as an important solution for managing and addressing GHG emissions, covering already 23% of global emissions. In fact, most developed economies already apply a price on GHG emissions, while carbon pricing is increasingly being considered and introduced in developing countries such as South Africa, Thailand, Chile, etc. Globally, economists see carbon pricing as an essential part of a robust set of mitigation policies. And while emissions in developing countries are still being projected to increase, carbon pricing can play an important role in steering economies towards low-carbon development.

A number of countries in the region have from an early stage adhered to declarations supportive of carbon pricing such as declaration of the V20 through which member States intend to start implementing domestic carbon pricing. Similarly, the “African Leaders Nairobi Declaration on Climate Change and Call to Action” issued by the African Union at the Africa Climate Week 2023 urged “world leaders to rally behind the proposal for a global carbon taxation regime including a carbon tax on fossil fuel trade, maritime transport and aviation, that may also be augmented by a global financial transaction tax (FTT)”¹.

On one side, carbon pricing relates to fiscal policies and on the other one, to mitigation policies in the broader context of Nationally Determined Contributions (NDCs) and Long-Term Low-Emission Development Strategies (LT-LEDS) under the Paris Agreement. In this context, it should be noted that a certain tension may exist between the desire to put in place ambitious mitigation policies at the national level, guided by the principle of common but differentiated responsibilities in the light of respective capabilities, and the implications of carbon pricing in terms of impact on stakeholders and the uneven playing field it may result in. In particular, carbon pricing in a given jurisdiction but not in other trade partners may result in such an uneven playing field and may in the worst-case lead to carbon leakage (that is, the relocation of production without similar carbon costs).

As the creation of an uneven playing field through carbon pricing risks against counter the regional economic integration objectives of creating a unified level-playing field for economic actors, it is proposed to succinctly investigate the risks of fragmented carbon policies and in particular carbon pricing in the region, and consider opportunities for coordinated, aligned or joint carbon pricing policies in the region.

In the broader context, it should be noted that uneven carbon pricing policies are set to start affecting the region, with plans by some countries to apply carbon border adjustment measures to address imports from regions with lower explicit effective and explicit prices on carbons in specific high-carbon intensity goods.

At the same time, regional integration in terms of energy supply and in particular with the West African Power Pool (WAPP) should be noted, considering among other efforts to lay down the basis for monitoring reporting and verification of GHG emissions from the WAPP.

To support such activity, the RCC WAC Africa based in Lomé is seeking to recruit a consultant or groups of consultants experienced in carbon pricing to support an assessment study on the feasibility for a regional carbon pricing approach in the UEMOA area.

¹ https://au.int/sites/default/files/decisions/43124-Nairobi_Declaration_06092023.pdf

Objectives:

The objective of this assessment is to support the Parties to the Paris Agreement in the region and their regional intergovernmental organization (UEMOA) in considering the opportunities and benefits associated with coordinated carbon pricing policies, aligned or joint carbon pricing approaches in the region, as well as to explore and discuss the pros and cons of various potential regional approaches towards carbon pricing.

The work aims at identifying facts, identifying pathways and options, discussing the implications of options and finally formulating proposals and recommendations for the potential future of mitigation related fiscal measures, price-based instruments and carbon pricing at the broader regional level. And while carbon pricing is considered here as approaches which domestically create a price on carbon either through a fee (e.g. carbon tax) or cap-and-trade approaches, the research in this context is to also take into account the role of carbon credits, whether under Article 6 or not, in the domestic and regional context.

Scope of Work**Task 0: Kick-Off Meeting**

- Upon signing the contract, the Consultant, assisted by the RCC WAC Africa, will arrange a "Kick-off Meeting." Coordination of stakeholder attendance for this meeting will be managed by RCC WAC Africa. During this initial meeting, the Consultant will introduce various elements including the proposed work plan, expected deliverables, and timelines. Additionally, the Consultant will outline the required information to be gathered and their overall methodology for the successful execution of the assignment in an Inception report.

Task 1a: Mapping the landscape of instrument in the UEMOA area

- Identify and take stock of the following elements,
 - National carbon pricing efforts and initiatives,
 - Implicit prices on carbon such as fossil-fuel fees and levies,
 - Plans for other price-based mechanism such as for vehicles, feed-in-tariff for electricity, etc.,
 - Regional and national price-based economic instruments for influencing GHG emissions,
 - Other regional and national fiscal measures and strategies which affect GHG emissions,
 - Carbon border adjustment measures (scheduled and considered),
 - MRV efforts at the domestic and regional level with potential linkage to or usefulness for carbon pricing,
 - Carbon crediting schemes.

Task 1b: Identification of regional relevance

- Evaluate the implications (pros and cons) of country-specific price-related and fiscal mitigation policies in UEMOA, and in particular carbon pricing, compared to forms of cooperation, alignment, integration or joint policies.
- Assess opportunity for implementing carbon pricing at the national or regional level. Where regional level is found more appropriate, further conduct an analysis on the opportunity at the UEMOA.

Task 2: Identification of forms of cooperation

- Identify, take stock, formulate and list potential forms of cooperations on carbon pricing, fiscal measures influencing GHG emissions and price-based policies:
 - Define scopes and forms of cooperations/alignment,
 - Identify examples of such cooperations across the world,
 - Propose forms of cooperations on carbon pricing / mitigation fiscal policies and price-based instruments applicable to the region and discuss the pros and cons of different approaches:
 - a.** Framework for alignment,
 - b.** Integration of policies,
 - c.** Joint carbon pricing policies,
 - d.** Other forms of cooperation as appropriate,
 - e.** Cooperation on other price-based policies, including, but not limited to support renewable energy.

Task 3: Discussion and evaluation

The consultant shall:

- Evaluate how regional carbon pricing and fiscal measures can facilitate the penetration of appropriate mitigation technologies/measures in UEMOA.

Task 4: Formulation of recommendations

The consultant(s) shall:

- Formulate recommendations regarding the potential introduction of a regional approach for carbon pricing, related price-based policies and fiscal measures related to mitigation action at the UEMOA level.
- Identify and recommend potential actors/partners who could support such the operationalization of activities
- Propose a roadmap for regional implementation.

Deliverables

The ultimate deliverable for this assignment is the **Feasibility and Opportunities for Regional Carbon Pricing in the UEMOA area Report**. The work will be conducted in several stages starting **July 2024** ending **November 2024**. In the process, the consultant shall provide the following reports

Deliverable	Timeline
Inception report including initial outline of the intended report which is to be reviewed and agreed by RCC WAC Africa.	10 July 2024
First draft report covering all tasks indicated above to the RCC WAC Africa for comments	15 weeks after inception report
Final draft report incorporating addressed comments.	1 week after receiving feedback.

Validation workshop (in-person) to present the results contained in the final draft report and to seek comments/input. This will include planning, facilitating and reporting.	After the submission of the final draft report. (Q1 2025)
Final report, which is to take into account comments received during the validation workshop. This final report is to be delivered 1 weeks after validation of the final draft report. The report should include an executive summary.	1 week after validation workshop

Duty Station:

The consultants will work from his/her place of residence with missions to region for the following purposes:

- As appropriate, necessary fact-finding and interviews with relevant stakeholders
- Participation to Kickoff and final validation workshop to present the results to the UNFCCC RCC WAC Africa and/or additional stakeholders

Implementation and Reporting:

The assignment shall be implemented based on a mutually agreed timeline. The consultant or group of consultants is expected to work in close collaboration with the regional expert on carbon pricing and Article 6 who is based at the RCC for West and Central Africa in Lomé.

The consultant is required to visit at least 4 countries in the region, selecting a balanced sample of 2 advanced countries and 2 less advanced countries on carbon pricing.

The consultant would also be required to participate and contribute findings from this study during the RCC WAC Africa regional capacity building events.

All deliverables shall be submitted to the RCC WAC Africa, as well as Direction of Environment and Water Resources of the UEMOA Commission for quality control and input.

Qualifications and Competences:

Qualifications and Competences	Years of experience Required
Professional experience in climate change mitigation.	5-7 years
Proven experience in designing and/or analysing domestic carbon pricing and carbon market schemes such as carbon tax, emission trading systems and carbon funds.	At least 2 years
Familiarity with the following subtopics related to carbon pricing is desirable: scope and coverage, oversight and institutional arrangements, flexibility provision, setting of cap/price, allocation, or management of price impact.	-
Proven analysis and numerical competences.	-
Good knowledge of the West African region and regarding climate policies.	-

Fluent in French (required).	-
Proven experience in documentation, knowledge management and/or communication strategies.	At least 2 years

All major deliverables (interim reports and final report) would be submitted in both English and French.

Contracting Agency:

RCC WAC Africa (Banque Ouest Africaine de Developpement (BOAD)).

Remuneration:

The expert budget must not exceed 45,000 USD.

How to apply:

Interested candidates who wish to undertake this work should submit the following to RCCWACAfrica@unfccc.int copy to bayittah@unfccc.int and aeaagbetiafa@uemoa.int.

- A technical proposal that will have a description of methodology for implementing the assignment and the tasks therein;
- A financial proposal that will constitute a budget for the work described in this ToR, with a proposed payment schedule;
- A timetable for the completion of the work aligned with the reporting requirements and tentative timeline;
- CVs of the expert/s to be engaged for the assignment, if possible, highlighting only relevant experience/expertise;
- Evidence of up-to-date knowledge on carbon pricing.

The email should have the subject "Feasibility and Opportunity Study for Regional Carbon Pricing in the UEMOA area".

Only candidates under serious consideration will be invited for an interview via teleconference. Qualified women candidates are especially encouraged to apply.

Submission of application must not be later than 12 July 2024 – (23:59 GMT).