OPPORTUNITIES FROM PARIS ON CLIMATE FINANCE

Climate Finance for Clean Cooking
Africa Biogas and Clean Cooking Conference
Addis Ababa, 7 April 2016

Vikrant Badve, Technical officer
RCC Kampala, Collaboration between UNFCCC secretariat and EADB
An agreement, a global agreement
THE PARIS AGREEMENT

Increased ambition of the long term goal

2°C  1.5°C  zero
COP21 was a success, but that was the easy part

Christiana Figueres
Executive Secretary,
United Nations Framework Convention on Climate Change
THE PARIS AGREEMENT

- Implementation of INDCs
- Higher ambitions by Parties
- Collaborative actions
CLIMATE FINANCE
CLIMATE FINANCE is financing channelled by national, regional and/or international entities for climate change mitigation and adaptation projects and programs.

could be in the form of climate specific support mechanisms and or financial aid for mitigation and adaptation activities.
To enable the transition towards low-carbon, climate-resilient growth and development through capacity building, R&D and economic development and thus to achieve ultimate objective of the Paris Agreement.
COOKING SECTOR UNDER CDM

- Only 49 projects and 51 PoAs from > 10,000 + CDM database
- Expected to generate @ 75.4 MtCO2e up to 2020
- Participation CER generation potential from cooking sector under CDM is @ 1%
CDM SOLUTION

• Addresses the environmental integrity and transparency issues
• Payment for performance to ensure delivery
• Facilitate the development of policy tools such as green bonds, result based finance etc.
• Provide visibility to the contribution of institutional investors in mitigating climate change
• Contribute in levelling the playing field for transaction costs of green bonds and non-green bonds
CARBON FINANCE UNDER CDM

Public benefits

Debt finance / Grants / Subsidy

Clean cooking project

Host Party approvals

Annex I Party approval

Annex I Party compliance buyer

CERs

CERs cancelled
Market mechanisms are reinstated under the Paris Agreement

Parties can use a market mechanism (SDM) that combines features of CDM and JI

Credits generated can be traded as “Internationally transferred mitigation outcomes” (ITMOs)

Results-based finance in terms of Debt finance / grants / subsidies / conditional finance

Allocation of credits to buyer and seller countries to prevent double counting

Cooperative approaches

Bilateral mechanisms and direct emissions trading
CLIMATE FINANCE UNDER THE PARIS AGREEMENT

• The CMP requested CDM EB to explore opportunities for the financing of the CDM through GCF

• Parties are encouraged for voluntary cancellation

• Post 2020, the mechanism agreed at Paris will give opportunities for the blending of different type of incentives (use of green bond proceeds and sale of carbon credit in the carbon market without double claiming)
CLIMATE FINANCE UNDER THE PARIS AGREEMENT

Public benefits

Clean cooking project (Cookstove or Biogas or Bio-digester)

Host Party approvals

Host Party commitments

Annex I Party approval

Annex I Party compliance buyer

Debt finance / Grants / Subsidy / Conditional finance

Climate finance / Carbon funds

MFIs

ITMOs

CERs

CERs cancelled
Market based mechanism

- Cooperative approach
- ITMOs
- Real, measurable, long-term reductions
  - Policies and measures
  - Net-mitigation and sustainable development
  - Share of proceeds
Increased pre-2020 mitigation actions

- Into force in 2020
- INDCs kick-started long term planning
- Climate finance
- Restoration of CDM demand
- Sustainable development co-benefits
United Nations Framework Convention on Climate Change

Vikrant Badve, Technical officer
RCC Kampala, Collaboration between UNFCCC secretariat and EADB