



Eastern Africa Alliance
On Carbon Markets And
Climate Finance

NEEDS BASED CLIMATE FINANCE WORKSHOP

Presenter: Bianca Gichangi
Date: 20th February 2020
Venue: Hotel Verde, Zanzibar





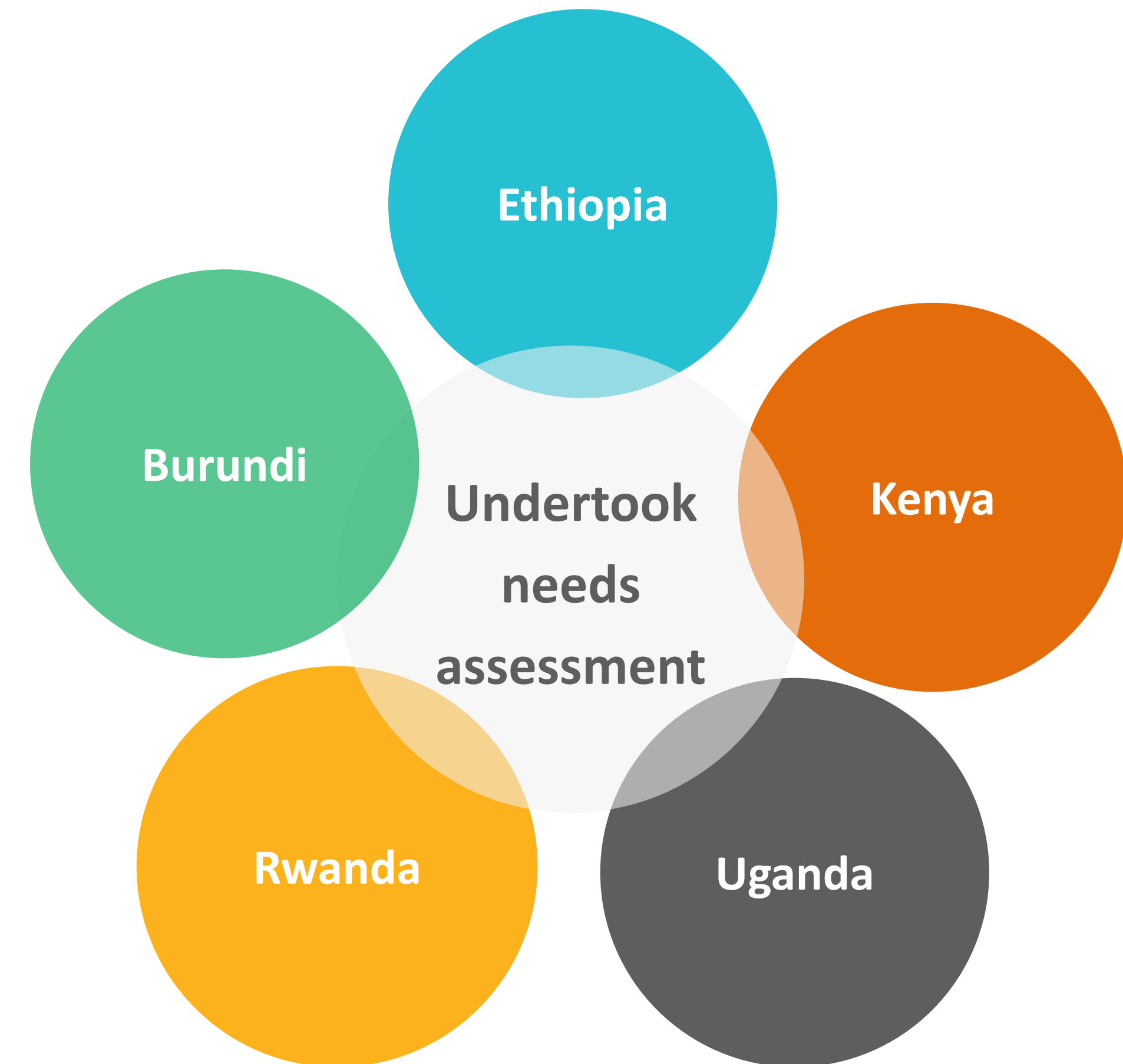
The Alliance's Approach

Objectives

1. Enhance Article 6 readiness in the region
2. Managing the transition from CDM from KP to PA
3. Active and well coordinated participation of delegates in the UNFCCC negotiations
4. Promoting regional exchange on experiences and lessons learned
5. Facilitating the mobilization of Climate Finance in the Eastern African region

Purpose of country needs assessment

- Article 6 can be used as a tool towards NDC implementation and achievement.
- Identify common country priorities
- **Country driven process** - Burundi, Ethiopia, Rwanda, Uganda, Kenya presented country needs
- Feed into the Alliance workplan





Orienting investment patterns towards economic diversification and sustainable development

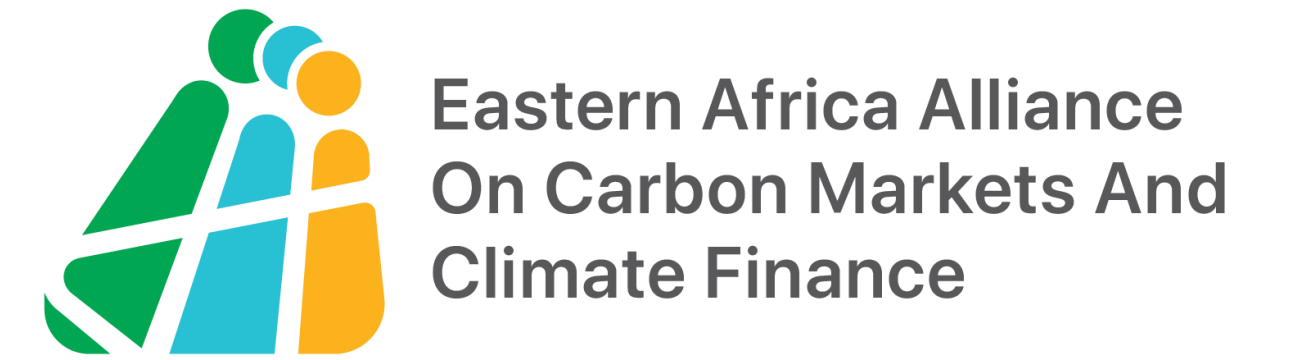
- Types of instruments commonly used in EA - Grants, loans, Guarantees, Bonds etc. Not so common: carbon markets.
- Channelling investments towards projects and programmes that take advantage of cooperative approaches and the new mechanism under Article 6 of the PA
- Adaptation financing challenges – projects often don't have cashflows or attractive ROI for investors unlike mitigation projects. Blended finance can be a solution.
- Investing in Non market approaches under Article 6.8 for example Adaptation benefit mechanism
- **Private sector awareness!** The Alliance held a Private sector dialogue held October 2019
- Align with national priorities and have government endorsement
- Invest in **technical capacity** e.g Regional Designated Operating Entities



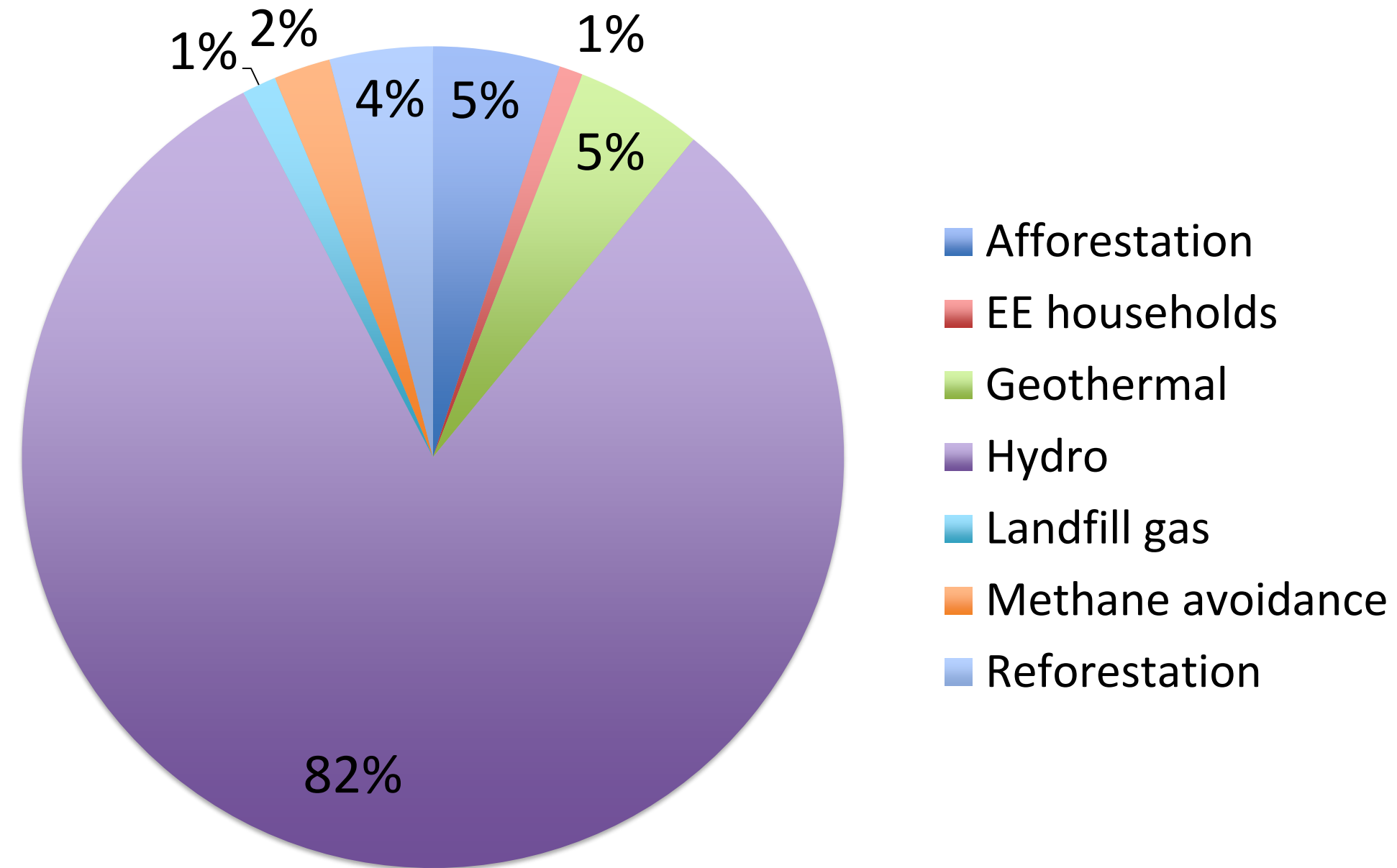
Sectors and climate priorities in which the private sector can play an active role in the region

- Priority sectors: Energy, Agriculture, Forestry, Transport, Industry, Waste
- NDCs in the region are to be updated; should capture Article 6 activities in pipeline and the EA Climate Finance Strategy
- EA portfolio analysis shows the energy sector is a low hanging fruit
- Agriculture and forestry are priority NDC sectors and should be included in Art. 6 activities

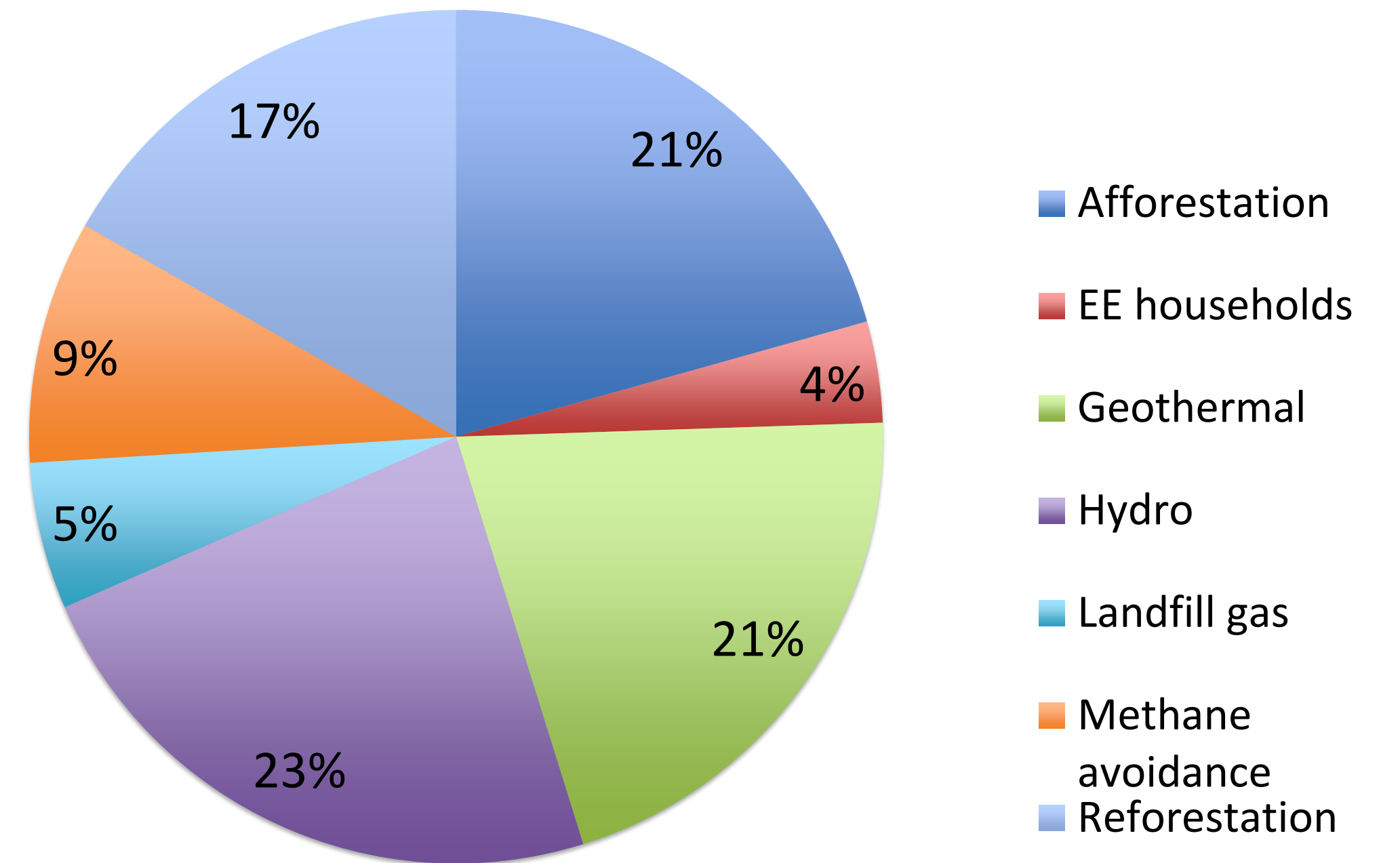
Learning from the past to inform the future: Eastern Africa CDM Portfolio Analysis



Project Activities - % Issuance by Sector



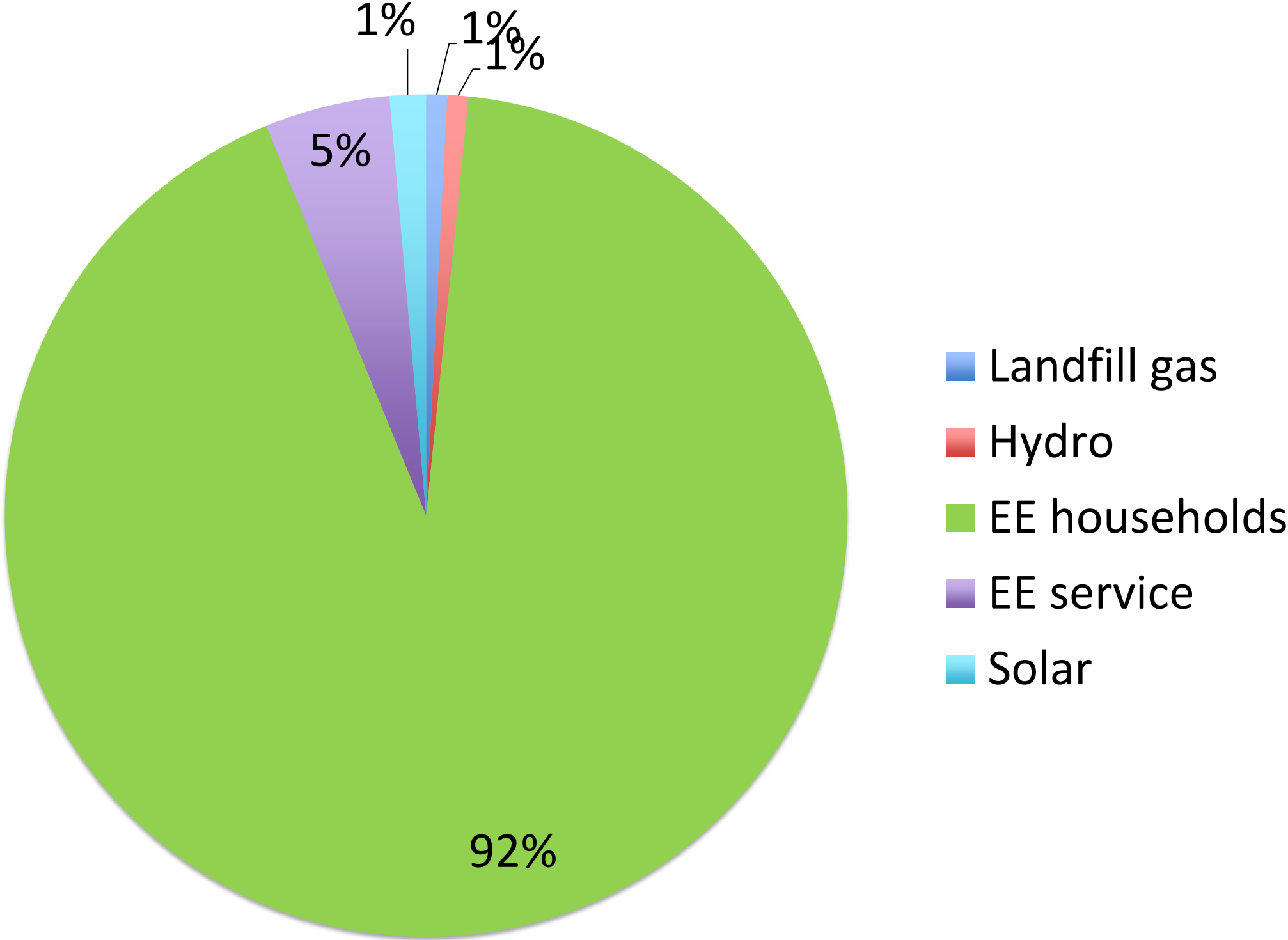
PA (except Bujagali) - % Issuance by Sector



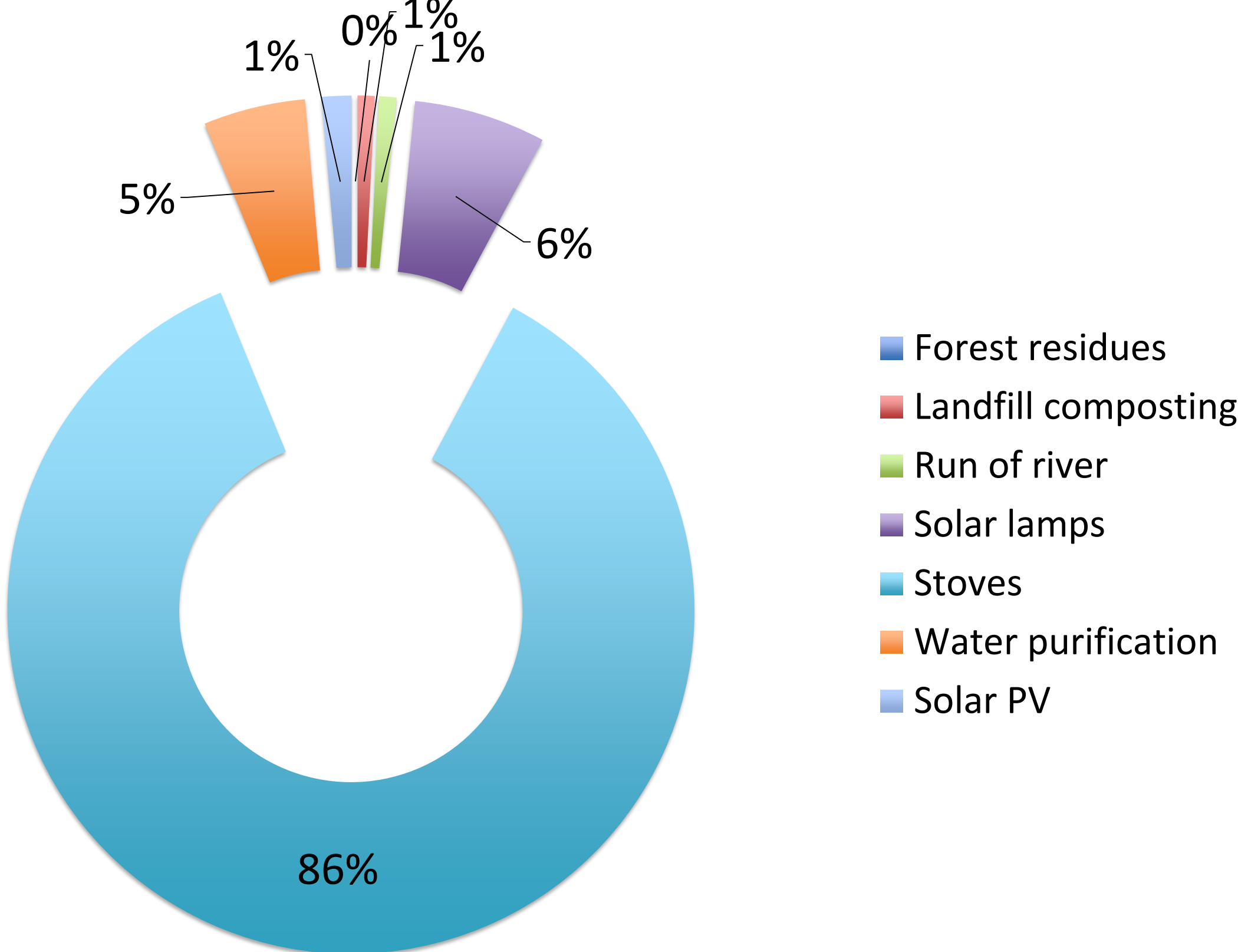
Component Project Activities (CPA)



CPA - % Issuance by Sector



CPA - % Issuance by Sub-Sector



Project Activities an Programme of Activities in the Eastern Africa Region



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Registered CDM Project Activities (PA) and Programme of Activities (PoAs)			
PAAs		PoAs	
Burundi		3Burundi	3
Ethiopia		3Ethiopia	9
Kenya		20Kenya	25
Rwanda		4Rwanda	14
Tanzania		3Tanzania	2
Uganda		19Uganda	11
Regional		52	47



Using fiscal policies to incentivize public and private sector investments in climate action

- The regional alliances are vehicles to ensure carbon market mechanisms are captured in economic policies
- Private sector capacity building activities e.g dialogues and workshops can inform policy
- Renewable energy incentives (VAT exemptions and feed in tariffs), environmental levies, taxes give low carbon solutions a competitive advantage
- Countries have different legal and institutional frameworks however through regional institutions and initiatives (The Alliance, EAC, EABC) make introduction and design of these mechanisms easier.
- Carbon Pricing -

Thank You.

Members:

Burundi, Ethiopia, Kenya,
Rwanda, Tanzania, Uganda

