

East African Community (EAC) Climate Finance Mobilization and Access Strategy

Zanzibar

19- 20 February, 2020



EAC Member States' NDCs targets

Burundi

Unconditional: 3% GHG reduction from BAU for 2030

Conditional: 20% GHG reduction from BAU for 2030.
Adaptation contribution is included

Kenya

Abate GHG emissions by **30%** by 2030 relative to the BAU scenario of 143 MtCO₂eq.

Subject to international support: finance, investment, technology, and capacity building.

Rwanda

Emission reductions from projected emissions resulting from the deviation of BAU for the year 2030 conditional on availability of international support for finance, technology and capacity building. The INDC includes Adaptation.

South Sudan

Policies and actions in Energy, Forestry and Transport. These mitigation contribution subject to availability of international support for means of implementation. Adaptation a priority.

Tanzania

Between **10%** (Unconditional) and **20%** (Conditional) by 2030 relative to the BAU scenario of 138 - 153 MtCO₂eq emissions.

Adaptation contributions: Reduce climate related disasters from **70% to 50%**. Access to clean and safe water to increase from **60% to 75%** and, based on a 50cm and 1m sea-level rise, the contributions to verifiably reduce the impacts of SLR to the island and coastal communities, infrastructure and ecosystems.

Uganda

Implementation of a series of policies and measures in the energy supply, forestry and wetland sectors. In the BAU scenario the estimated emissions in 2030 will be 77.3 MtCO₂eq/yr. The Implementation of policies and measures could result in approximately **22% reduction** in 2030 compared to BAU. Priority is adaptation.



Priority needs regarding adaptation (NDC)

EAC countries identified priority adaptation needs under **eleven** common sectors:

- **Water resources** (all EAC countries)
- **Agriculture** (all countries)
- **Energy** (all EAC countries South Sudan)
- **Infrastructures** (Burundi, Kenya, Rwanda and Uganda)
- **Forestry** (all except Rwanda)
- **Biodiversity and Tourism** (Kenya, Tanzania & Rwanda)
- **Human settlements** (Kenya, Tanzania and Uganda)
- **Coastal, Marine Environment and fisheries** (Kenya, Tanzania)
- **Human health sector** (all except South Sudan)
- **Risk management** (Uganda)
- **Transport** (Burundi, Kenya Tanzania, Rwanda and Uganda)

Kenya identified the following additional climate relevant Sectors/areas:

- *Science, Technology and Innovations; Public sector reforms; Human Resource Development, Labour and Employment; Land Reforms; Education and training; Environment ; Population, urbanisation and housing; Gender, Vulnerable Groups and Youth; Tourism; Private Sector/ Trade, Manufacturing, Business Process; Outsourcing, Financial services; Oil and mineral resources; and Devolution i.e Mainstream climate change adaptation.*



Priority needs regarding mitigation (NDC)

EAC countries identified priority mitigation needs under **seven** different sectors:

- **Energy sector**
 - Renewable energy (wind, solar, geothermal, hydro) – (all EAC countries)
 - Energy efficiency technologies including improved cookstoves – (all EAC countries)
- **Industry** (all EAC countries except Uganda)
- **LULUCF** – Conservation & sustainable forest management (all EAC countries)
- **Agriculture** (all EAC countries)
- **Transport** (All EAC Countries)
- **Waste management** (all EAC countries except Uganda)
- **Wetland** (Uganda Only)



Quantitative needs of EAC countries for Adaptation & Mitigation from NDCs (USD)

❖ Burundi (by 2030):

Mitigation (+ REDD+): 1.45 bn

Adaptation: 0.48 bn

❖ Kenya (by 2030)

Over 40 bn for both Mitigation and Adaptation across all sectors

❖ Rwanda : (by 2030)

Over 24.15 bn for both mitigation and adaptation (Sectors: Water, Agriculture and Energy)

❖ Tanzania:

Mitigation: 60 bn by 2030

Adaptation: 0.5 bn annually between 2020 and 2030. 1 bn beyond 2030

❖ Uganda :

Adaptation: USD 2.4 bn over the next 15 years

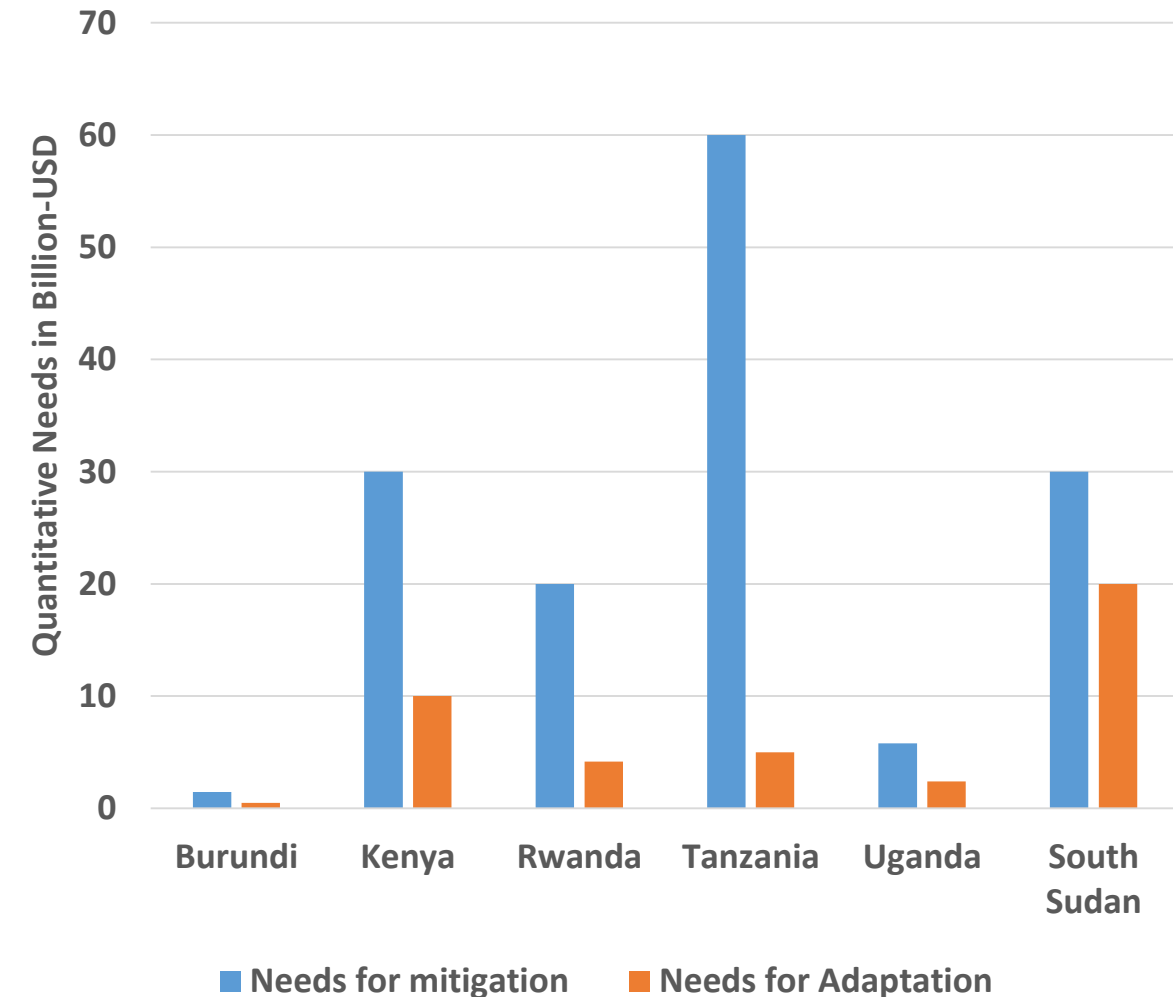
Mitigation: For renewable : estimated at USD 5.4 bn over the next 10 yrs.

Mitigation : (REDD+): estimated at 36 mn over the next ten yrs.

❖ South Sudan

Estimated investment needs of over USD 50 bn mitigation and adaptation actions across sectors up to 2030.

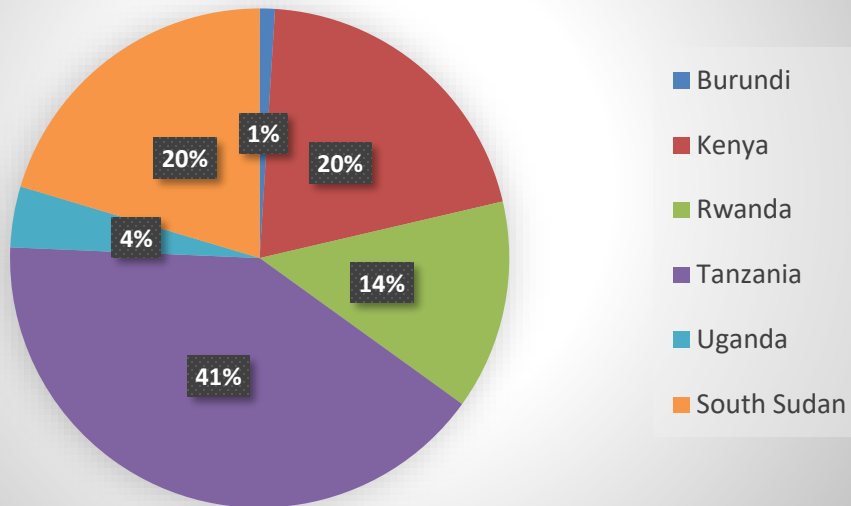
Estimated Quantitative Needs (NDCs) of Selected EAC Countries (Billion-USD) By 2030



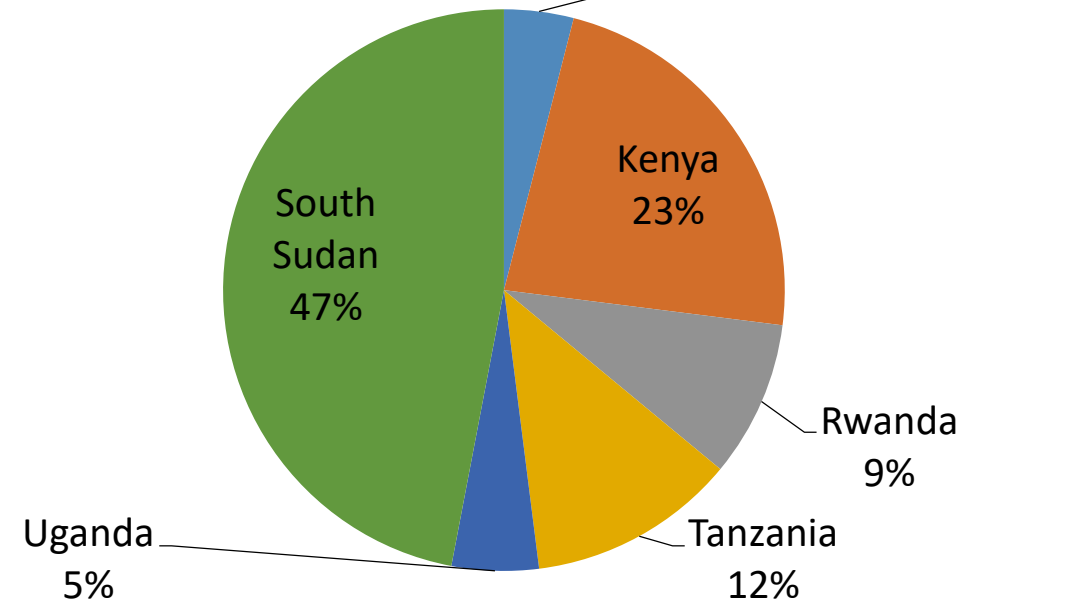
Quantitative climate finance needs of EAC Countries by 2030 as per NDCs

Total climate finance needs: Mitigation USD 147.25 billion
Adaptation USD 42.03 billion

Percentage of quantitative needs for mitigation

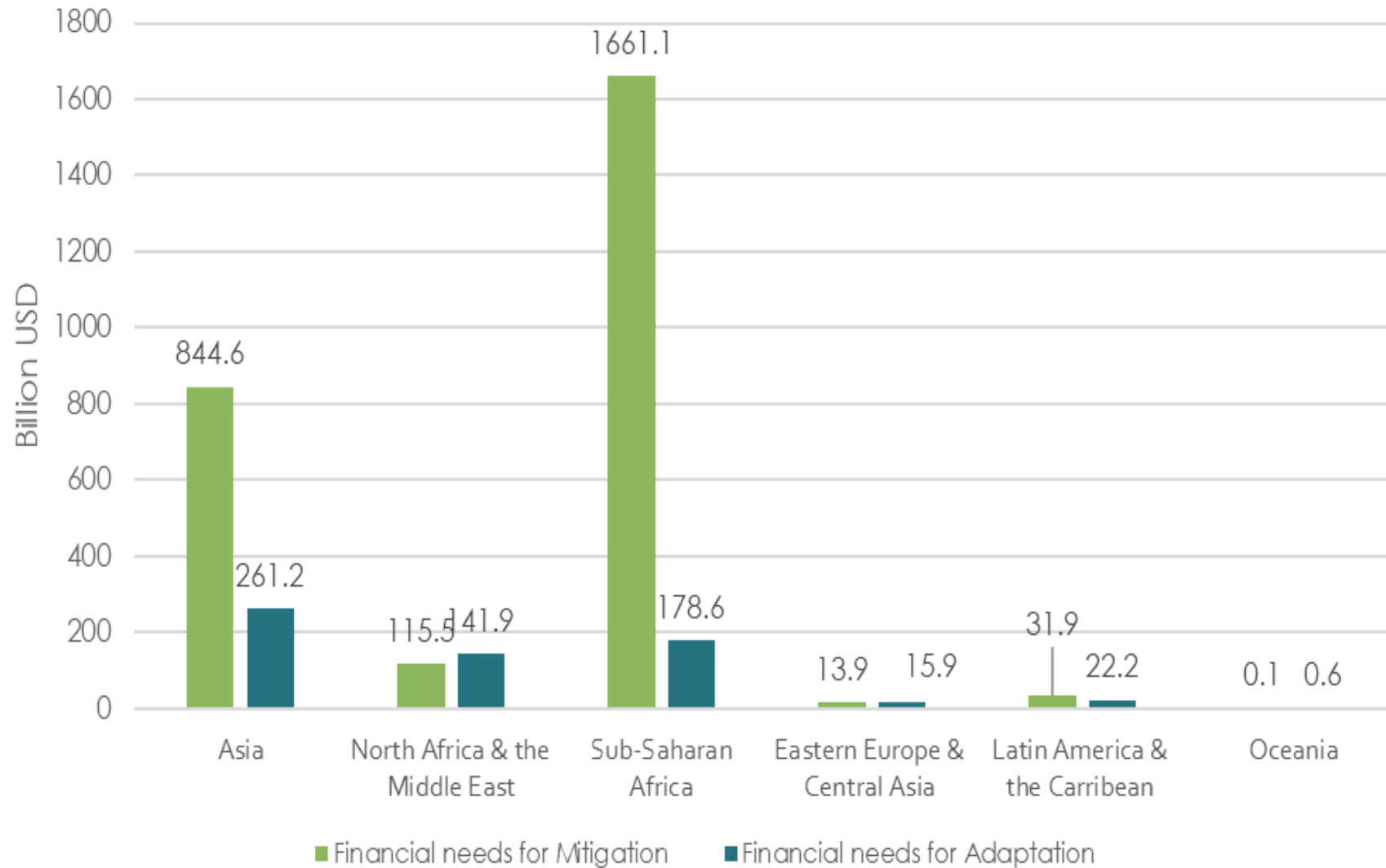


Percentage of quantitative needs for adaptation



This assessment will also be further validated against all other public documents from EAC countries (e.g. BURs NAPs, NAPAs, NCs, TNAs, TAPs, LEDS/LTS, GCF Country Programmes etc.)

SSA needs in comparison with other regions based on NDCs



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Needs expressed via the NDC-Partnership by Kenya, Rwanda, Uganda

50 Countries including Kenya, Rwanda and Uganda, also expressed needs under the NDC Partnerships Climate Action Enhancement Package (CAEP) Round 1 (as of September 2019) - OBJECTIVE 1: Enhance NDCs, including by raising ambition, as part of the Paris Agreement's NDC update process, allowing countries to submit updated NDCs to the UNFCCC by 2020; and **OBJECTIVE 2: Fast-track implementation of NDCs**, by providing in-country technical expertise and capacity building with a focus on the mobilization of finance for climate action.

Kenya

Project pipeline development

- Support consultancy costs for development of a pipeline of project proposals/ concepts for Direct Accredited Entity - Ministry of Water and Environment
- Support for screening of projects seeking funding through public private partnership mechanisms for climate and disaster risks whilst ensuring that public projects are climate resilient and generate low emissions or sink emissions through Ministry of Finance Planning and Economic Development

Development of financial regulations or instruments

- Support consultancy on development of 'Readiness study on emission trading and carbon taxation in Uganda' to inform the preparation of regulations and generate information necessary to develop penalties under the National Climate Change legislation in addition to meeting commitments under the Paris Agreement
- Support the setting up a National Payment for Ecosystem Services Policy framework and Guidelines.
- Support stakeholder consultations and peer to peer learning engagements with Costa Rica and Papua New Guinea on functionality of payment for ecosystem services schemes

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Mainstreaming NDCs in budget call circulars / medium-term expenditure framework

- Data collection: The revised sector adaptation and mitigation options and indicators will need to be monitored in different sectors. CAEP will support in collecting baseline data for NDC indicators to enhance MRV for mitigation and Monitoring and evaluation to inform the evolving level of ambition in national climate action.
- Integrate NDC in Districts Plans: Districts implement sector strategic plans through their Districts Development Strategies and Annual Performance Plans. NDC Actions and targets integrated in the ENR SSP and mainstreamed in NDC sectors plans will subsequently need to be integrated in Districts Plans to be implemented at local level.
- Integrate the NDC in sector plans: Mitigation and adaptation actions will be integrated in the NDC sectors plans (MTEF and Annual action Plans) through the annual planning and budgeting process led by MINECOFIN.
- Revise Environment and Natural Resources Sector Strategic Plan 2018-2024: ENR SSP 2018-2024 will be revised to align with revised NDC priorities and to adequately capture the adaptation and mitigation metrics in the RBME to support in data management to track progress on national climate action.

Project pipeline development

- Develop projects pipeline to implement NDCs: Technical assistance will be hired to support NDC sectors in preparing projects proposals for priorities identified by different sectors in the NDC Partnership Plan as well as mitigation and adaptation options in the revised NDCs for funds mobilization.
- The MoE will support 4 districts to develop a project proposal to implement low emission and adaptation actions under NDCs. This will be pilot initiative to draw lessons to inform wider partnership for mobilizing climate finance for scaled up of climate action to other districts beyond CAEP.

Other

- Private sector engagement: A study on NDC and private sector will be conducted. Subsequently, a Compendium of investment and business opportunities as well as financial instruments with the potential to tailor incentives to accelerate national climate action. CAEP initiative will also support capacity building of private sector on NDCs.



Project pipeline development

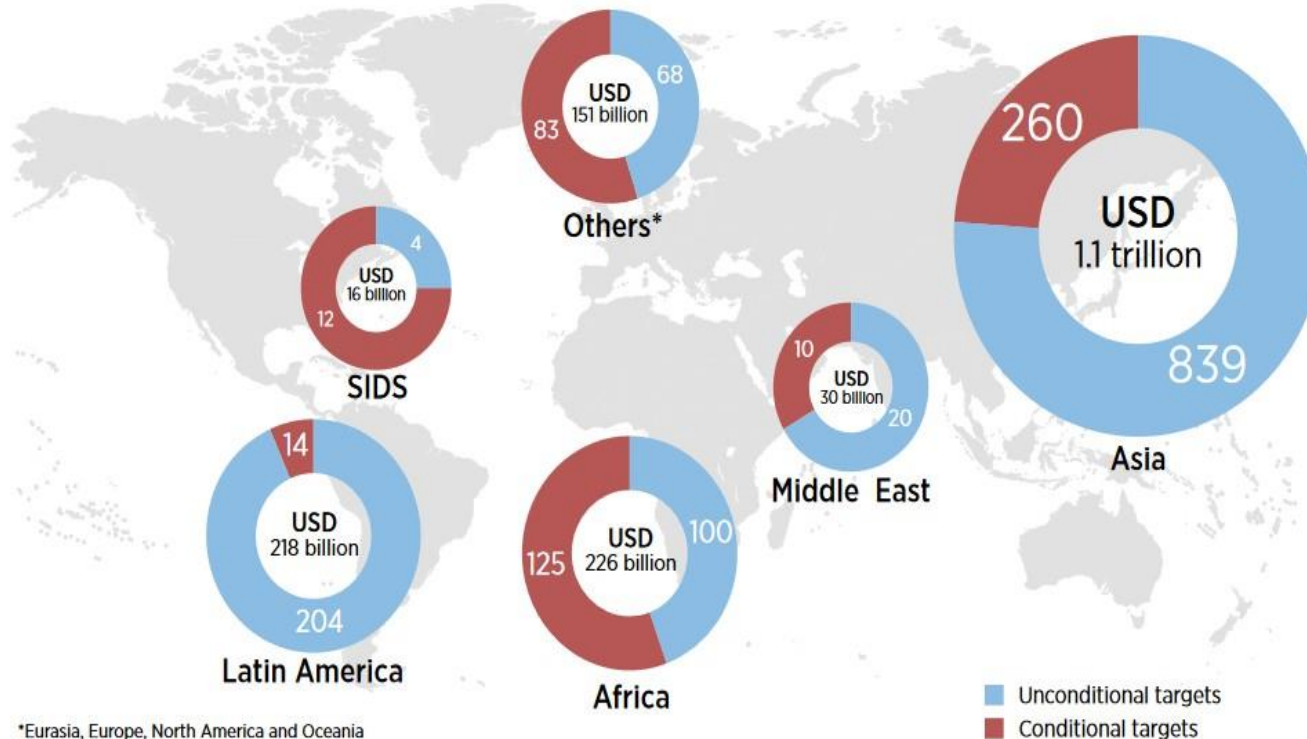
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Case study: Investment needs (by 2030) for the implementation of renewable energy targets in NDCs

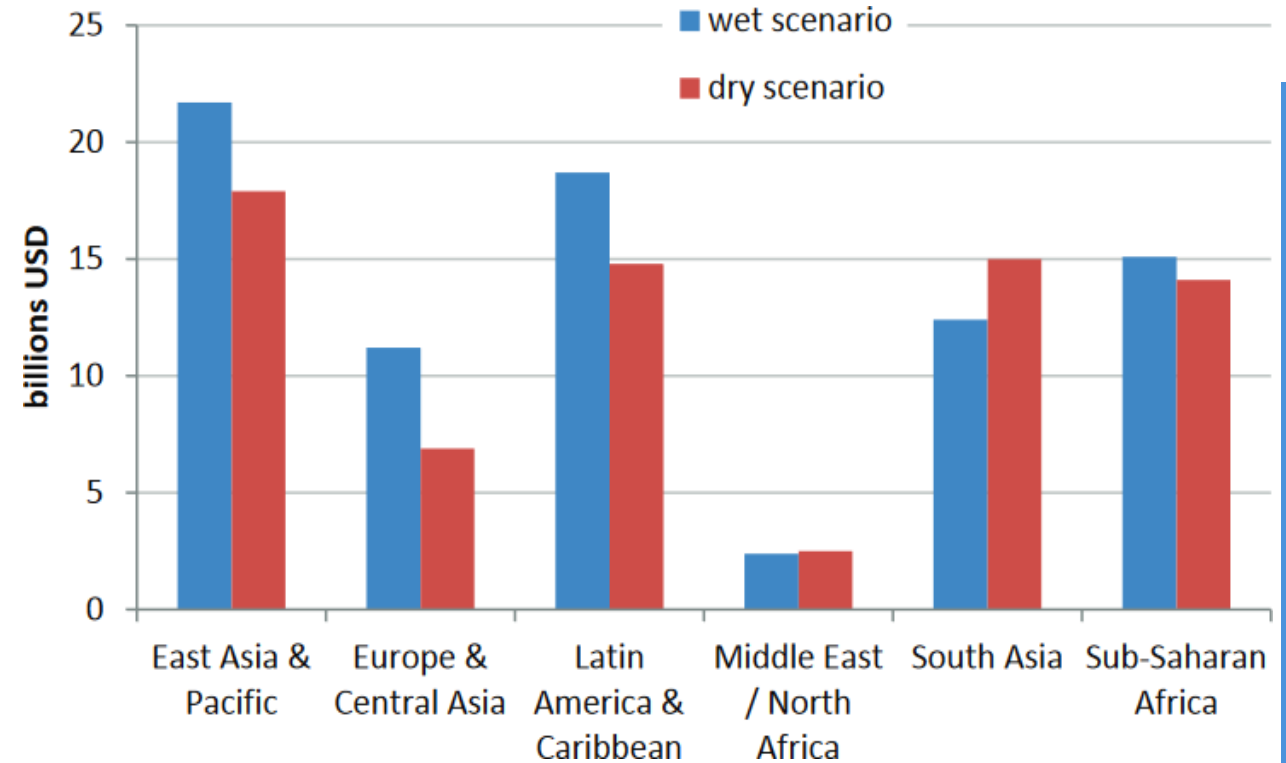
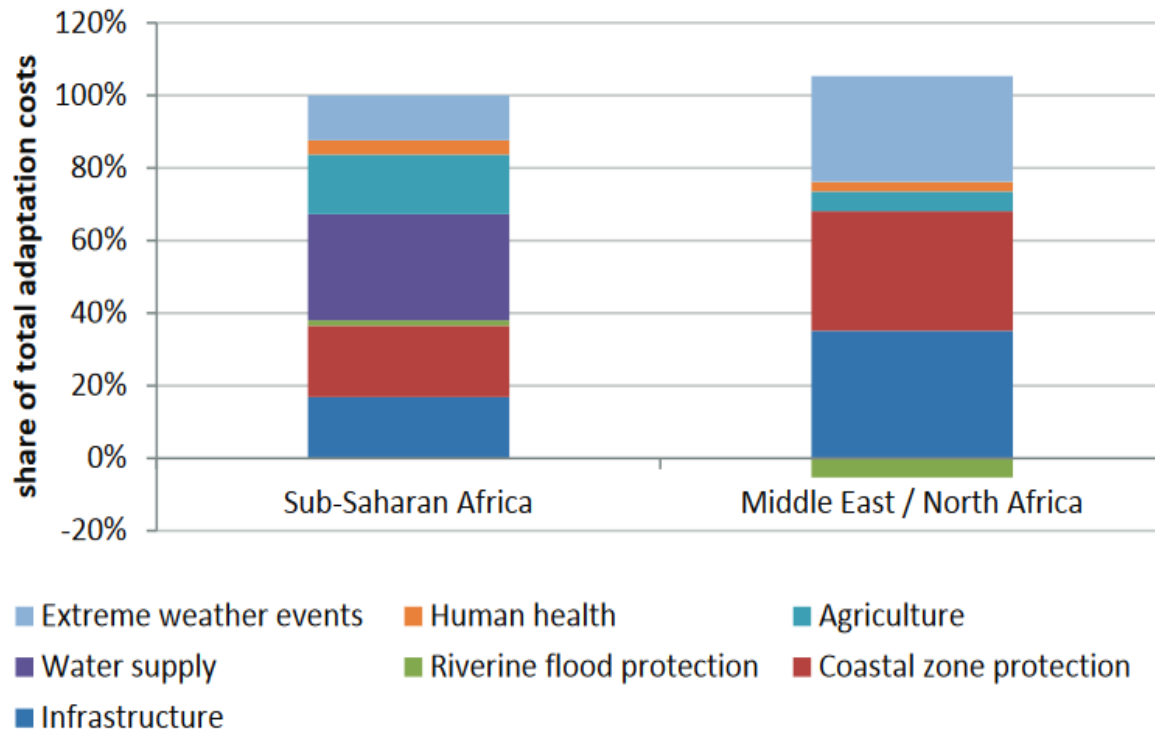


	Global	Africa	Asia	Latin America	Middle East	Others*	SIDS
Estimated public finance needed	65-580	10-75	40-370	5-75	1-10	5-50	0.5-5
• for unconditional targets	45-410	5-35	30-280	5-70	0.5-10	1-25	0.1-1.5
• for conditional targets	20-170	5-45	10-70	0.5-5	0.5-5	1-30	0.5-5

- When considering the RE investment needs for the unconditional and conditional NDC implementation, there is still a **significant climate finance gap** in Africa. According to IRENA (in AFAC, 2018) **East Africa needs USD 72 billion** in all energy generations of which 36 is for large hydro and 21 for other renewables.
- According to the financial flows assessment, approximately USD 5 bn of clean energy investment was realized in 2018, this demonstrates the gap that needs to be tackled to meet the estimated total investment needs by 2030.



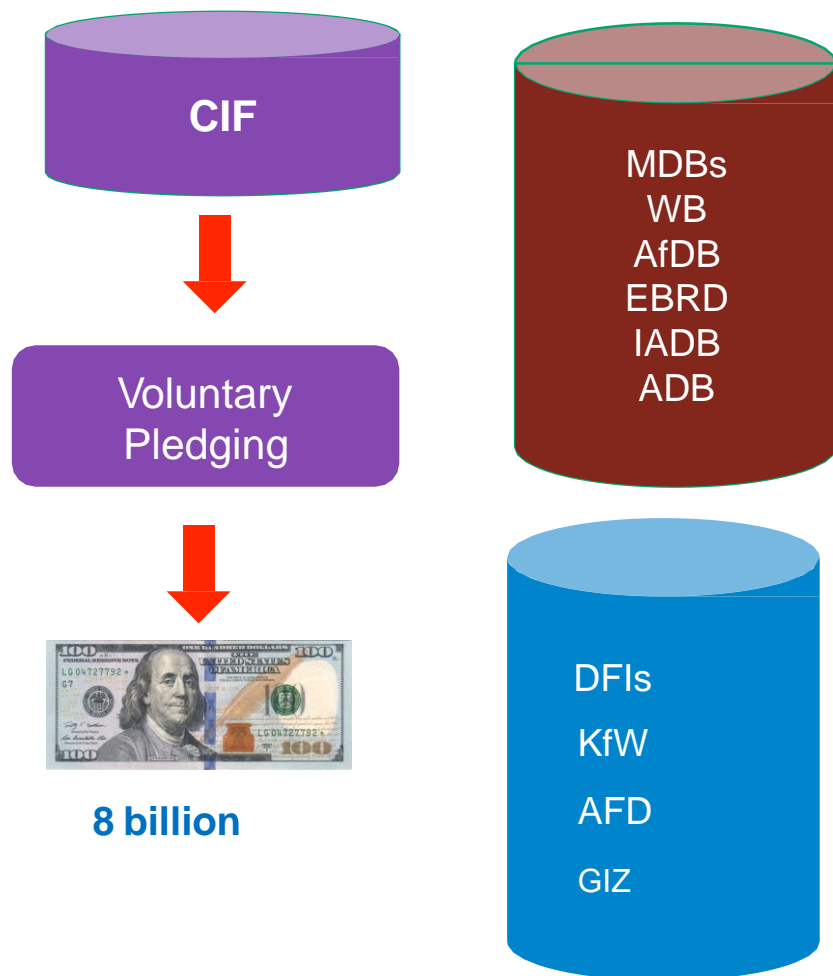
Adaptation investment needs to face the costs of climate change impacts



- The UNEP Adaptation Gap estimates that US\$7 to 15 billion is needed annually for all African countries.



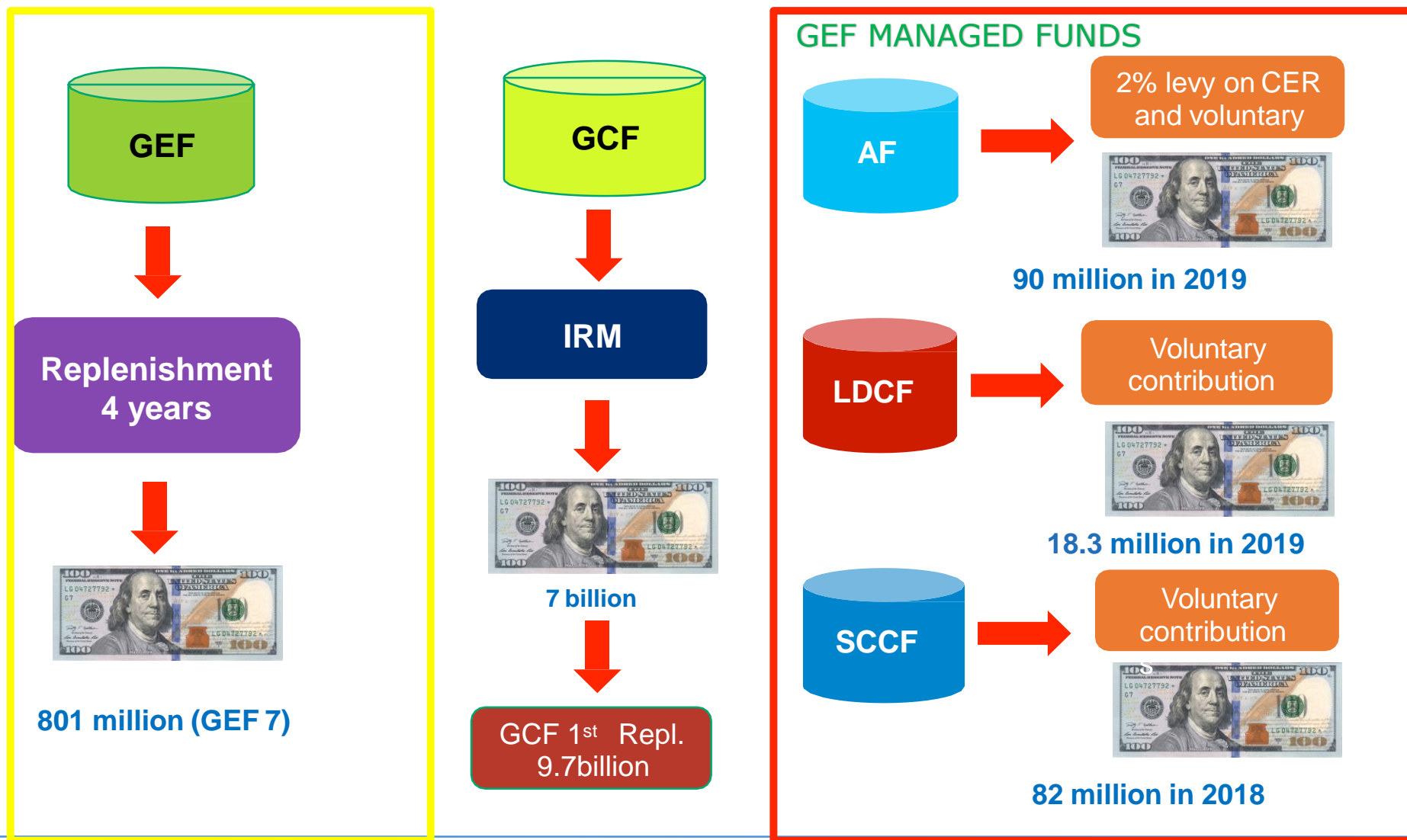
Sources of climate finance for addressing the needs



Other sources, inter alia

- Nationally Determined Contributions Support Facility;
- Partnership for Market Readiness (PMR) trust fund;
- The Energy Sector Management Assistance Program (ESMAP);
- The Carbon Partnership Facility (CPF);
- The Trust Fund for Environmentally and Socially Sustainable Development (TFESSD);
- Quality Infrastructure Investment Partnership (QII) trust fund
- The Bio-Carbon Fund (BioCF);
- The Water Partnership Program (WPP) trust fund;
- The Pilot Auction Facility for Methane and Climate Change Mitigation (PAF);
- The NDC-Partnership CEAP

Sources of climate finance (USD) for addressing the needs (cont.)



Common barriers faced by most developing countries in accessing climate finance

- Lack of **institutional** capacity – technical, financial, organizational, business – to drive the climate finance agenda in-country
- Lack of **dedicated** resource at government and financial institutions level to develop proposal and access climate finance
- Insufficient **coordination** and communication on the determination, assessment and delivery of adaptation and mitigation finance needs
- Lack of **enabling** policies to create stable investment environments, help overcome barriers and ensure predictable finance
- Ineffective national public financing management systems to support countries to effectively manage, track and monitor climate finance
- Inadequate **technical** assistance and grant funding can be critical in the early project development stage
- Complexity in **accessing** funding, lack of information, and lengthy application requirements
- Low levels of **predictable** adaptation finance
- Lack of **tools** to ease the process of identifying projects and investors – and make project bankable and investment mature.
- Inadequate **catalytic** capital that can bear higher risk and/or seek lower returns than the market would accept to attract private sector
- Underlying market **barriers** such as domestic capital markets and banking sector
- Perceived high **risk** constrains the development and financing of climate projects
- Inadequate **capacity** to engage in carbon trade mechanisms



Conclusions

- Africa's commitments to the Paris Agreement presents a US \$3 trillion investment opportunity by 2030 (AfDB and AFAC, 2018).
- For both mitigation and adaptation, a financial gap exists between flows and needs within the EAC.
- EAC countries have identified higher climate finance needs for mitigation than adaptation.
- The EAC region would benefit from a climate finance access strategy to deal with some of the major barriers in accessing finance and enhance climate finance inflows.
- Policy reforms and mainstreaming climate change could reduce vulnerability and the amount of financial resources needed to address adaptation and mitigation contributions.
- EAC Instruments: a Climate Change Master Plan (2011-2031), a Climate Change Policy (2011) and Climate Change Strategy (2011-2016). These documents are distinct but complimentary and will be important in informing the EAC Climate Finance Access & Mobilization Strategy – The other documents include:
 - ❑ TMEA Climate Change Strategy 2018
 - ❑ EAC climate change fund (2011) for supporting e.g early warning systems, capacity building, projects & programmes



East African Community (EAC)

Climate Finance Mobilization and Access Strategy

Climate finance needs and resource mobilization strategies

Thank You!

