

June 21, 2019

SB50 Side Event Report
East African Alliance on Carbon Markets and Climate Finance

Overseas Environmental Cooperation Center, Japan
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This is a report of a side event held at 50th Session of the Subsidiary Body for Scientific and Technological Advice and the Subsidiary Body (SB 50) for Implementation organized by UNFCCC from 17th to 24th June 2019, in Bonn, Germany.

- Title: East African Alliance on Carbon Markets and Climate Finance
- Date: 21 June 2019, Friday, 18:30–19:30
- Organizers: UNFCCC, GIZ
- Venue: Room Berlin
- Panel: James Grabert (UNFCCC), Bianca Gichangi (Kenya), Mbaye Diagne (Senegal), Ousmane Fall (West Africa Alliance on Carbon Markets and Climate Finance, Senegal)
- Moderator: Mr. Chebet Maikut (Ministry of Water and Environment, Uganda), Sven Egebrs (GIZ, Uganda)

■ Abstract

“East African alliance on Carbon Markets and Climate Finance” was officially launched in this side event. The alliance has been supported by GIZ, UNFCCC Secretariat and UNFCCC RCC Kampala and currently comprised of Burundi, Ethiopia, Kenya, Rwanda, Tanzania and Uganda. On-going and planned activities of the alliance were presented and also activities of already running “West African Alliance on Carbon Markets and Climate Finance” were shared.

■ Session summary

1. James Grabert (UNFCCC)

- Carbon market can be one of the tools to mobilize climate finance for mitigation. CDM has been always a great success to have shown abilities to raise more than 300 billion dollars in green investment.
- Several countries in East Africa refer to use of carbon markets clearly to facilitate implementation of their NCDs. This alliance will help these countries to enhance capacities of experts and negotiators through learning from each other in the region and between regions with the West African Alliance.

- UNFCCC has been involved to provide technical supports and training opportunities in Africa. CIA-CA project also has been supporting countries to consider carbon pricing instruments. Recently, a regional carbon pricing study in East Africa was led by RCC Kampala together with UNEP. We UNFCCC hope do more this kind of support.
2. Bianca Gichangi (Kenya): East African Alliance on Carbon Markets and Climate Finance Started in 2017
- Initial concept of the alliance was initiated in September 2017. Current members of the alliance comprised of Burundi, Ethiopia, Kenya, Rwanda, Tanzania and Uganda. We hope the number of member countries will grow in the future. To develop the Alliance, a lot of inspiration was obtained by “West Africa Alliance on Carbon Markets and Climate Finance”
 - Main goal of the alliance
 - To enhance the long-term position of East African countries to participate in international carbon markets and increase the region’s capacities to access climate finance for NDC implementation.
 - Specific objectives of the alliance
 - Promoting a common vision on carbon market & climate finance in the region
 - Supporting readiness to implement Art. 6 of the PA
 - Active and better coordinated participation of delegates from the region in the UNFCCC negotiations on market mechanisms and climate finance as well as other international fora.
 - Countries have appointed their national focal point of the alliance. Together with focal points, a needs based work plan for each member countries will be developed. Currently following activities are planned under the alliance.
 - Pre-COP negotiators training in Oct 2019
 - Facilitation of Regional climate change roundtables for coordination
 - Support of the focal points in the participation of COP25 in Chile
 - Grid emission factor for Kenya
 - Cooperation with Climate finance innovators – East Africa CDM portfolio analysis for possible transition of CDM projects/PoAs into the PA.
 - Art. 6 awareness workshop for private sector engagement in carbon markets in Sept 2019.
3. Mbaye Diagne (Senegal): Role of the Alliance in enhancing Eastern African inputs to Art. 6 negotiations

- African countries were not well represented when market mechanism under KP was adopted at COP7 in Marrakesh. After the rules of CDM was developed, it was very difficult to change it. It took a lot of time that Africa start being involved and develop CDM projects and until now our share is very small.
 - But meantime, many improvements have been done. Complexity of CDM system was criticized and taking into account our representatives in CDM EB with our partners, some changes have been done in methodologies and procedures.
 - Now, all countries have commitment and need to meet own targets. But at the same time, private sector stakeholders are owner of emission reduction and they make projects profitable. CORSIA, voluntary market and domestic carbon pricing instruments will push owner of reduction to be involved in carbon markets.
 - Strong capacity building in carbon market/mechanisms for governments, local governments and private sector in the region is important to be well prepared for negotiation and replicate projects.
 - Cooperative approach under Art. 6.2 between African countries is also possible, for example between Kenya and Uganda.
 - When it comes to negotiation, we need people who know what is going on to participate in negotiation. Strategy meeting and preparatory meeting before negotiation is effective and you can do it under the Alliance. All the Africa should be involved in the negotiation. I hope also South and North Africa will have alliances too.
4. Ousmane Fall (West Africa Alliance on Carbon Markets and Climate Finance, Senegal)
- West African Alliance was launched in 2016 during COP22, we've operationalized alliance to get affiliation of member countries. All 16 countries in the region became members of the Alliance.
 - As a first step to operationalize the alliance, we created thematic four groups related to market: 1) Carbon finance, 2) Carbon pricing, 3) Technology transfer, and 4) Transparency. Thanks to supports provided by GIZ, UNFCCC Secretariat and RCC Lomé, we finalized a work plan of concrete actions. Most important action was preparation for the negotiation to be active in the negotiation and take advantage of new market mechanisms.
 - To establish well structure governance system to be prepared in the carbon market under Art. 6, the Alliance provided readiness support for countries which targeted Nigeria and Togo. We expect extension of this support to other countries.
 - Also, we conducted some pilot activities. For example, Senegal is implementing a pilot crediting mechanism supported by World Bank. Having the Alliance can help disseminate

the experience and information in one country.

- We also want to develop an IT based carbon market platform equipped with portfolio of CDM projects in our sub-region to facilitate future transaction of credits.
- As a pilot activity, Senegal and Swiss KLIC Foundation are discussing issues on ITMOs transaction in future.
- One of the main challenges is to undertake more concrete actions, mainly facilitate the involvement of private sector. Some countries such as Senegal and Côte d'Ivoire are exploring for implementing carbon pricing like carbon tax, so we need to develop sub-regional integration on this issue with involving all stakeholders.
- West Africa is a region having a same market, economy, currency and common strategies for energy efficiency and renewable energy. In this regard, we launched The West African electricity market "West Africa Power Pool: WAPP¹" last year.

5. Statements of participation to the Alliance from members

- Rwanda, Kenya, Ethiopia, Burundi and Tanzania

■ Q&A session

Q1. A delegation from Botswana: Regarding the stakeholders technical meeting, how NDAs of GCF and private sector are involved in this? Also, how legislative mechanisms make enabling environment for private sector's participation?

A1. Bianca Gichangi (Kenya): In terms of legislative framework to incorporate markets, Kenya has Climate Change Act operationalized through the Action Plan. We also recently adopted Climate Finance Policy in 2017 which refers to use of market mechanisms. And there were involvements of private sector in CDM already and they are interested in the future carbon markets.

Q2. Ethiopia: I would like to know activities on carbon finance not only carbon pricing by the Alliance.

A2. UNFCCC Kampala: We have been working on a number of public-private sector engagement activities in the region, for example with UNDP NDC support programme and GIZ Uganda.

¹ <http://www.ecowapp.org/>