



Eastern Africa Alliance  
On Carbon Markets And  
Climate Finance

# Capacity Building



Presenter: Bianca Gichangi





# About us

The Alliance was launched in June 2019

Membership comprises of Burundi, Ethiopia, Kenya, Rwanda, Tanzania, Uganda and Sudan.

The Alliance promotes the long-term position and participation of Eastern African countries in carbon market activities

It is **country driven** with activities based on requests from members (submitted through focal points) that constitute the Alliance work plan.







WHAT WE DO

## Objectives

- Enhance Article 6 implementation in the region
  - Supporting the transition from Clean Development Mechanism to Article 6.4 and new cooperative approaches
- Support active and well coordinated participation of delegates in the UNFCCC negotiations
- Promote regional exchange on experiences and lessons learned related to carbon pricing





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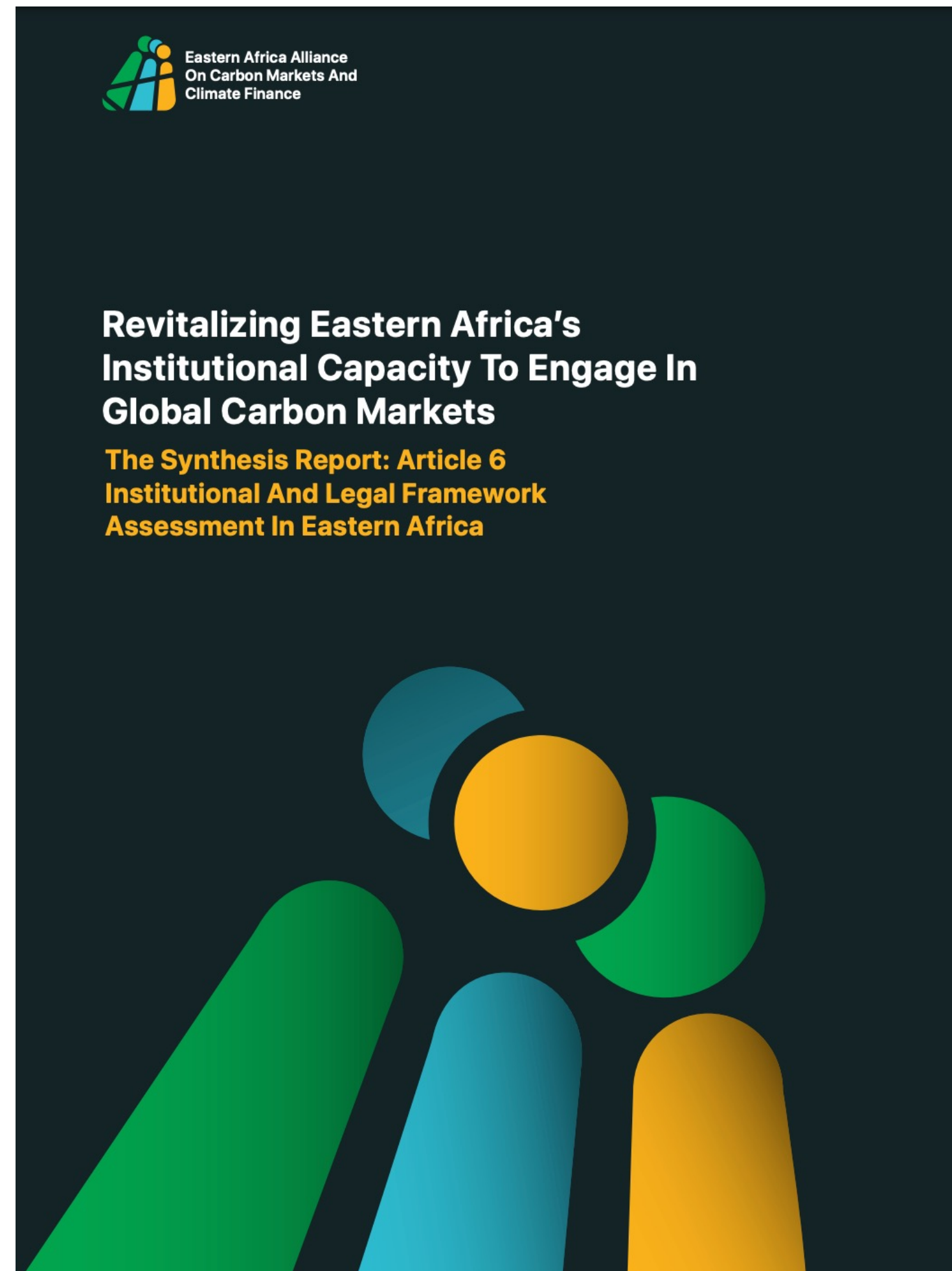
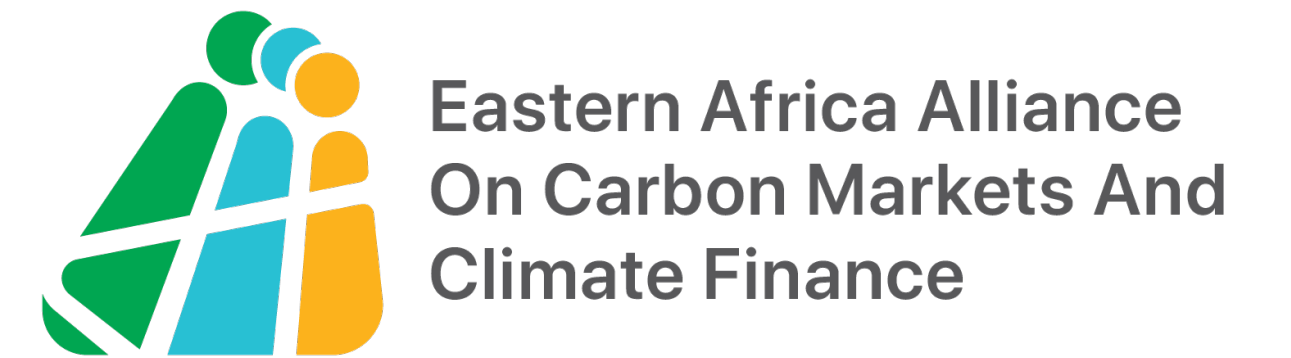
What aspects of A6.2 and A6.4 require specific capacity building according to different Parties should be included?

Capacity building for A6.2 in terms of participation requirements, approval and authorization of ITMOs, infrastructure, tracking, reporting and review. Will CB be specific for countries?

Can the previous CDM experience have a state of play in A6.4 capacity building?

What institutional, policy and governance arrangements are being initiated at the national level according to A6 rules?

# Institutional and Legal Framework Assessment study



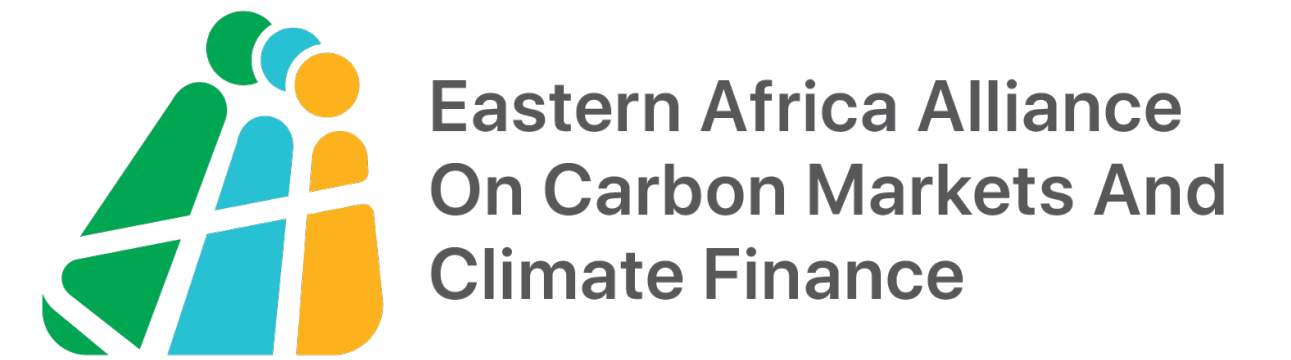
- Assessed existing institutional structures for suitability for use in implementing Article 6 activities;
- Identified capacity gaps and recommended measures for filling the gaps to enable effective engagement of Alliance member countries in Article 6 activities;
- Facilitated country to country learning on establishing Article 6 support structures.
- The study applies desk research, document analysis as well as qualitative interviews with each EAA member countries' focal point as well further carbon market stakeholders



## Institutional and regulatory developments required

1. Authorization of transfer of ITMOs
2. Application of corresponding adjustments to avoid double counting
3. Reporting and Tracking requirements for the transfer of ITMOs
4. Sustainable development with regard to national priorities, strategies and regulations
5. Environmental integrity

# Authorization & Application of Corresponding Adjustments



- National decision on lead institutions to take on responsibility
- Domestic **authorization procedures** required
- Avoid having different procedures for different types of 6.2 cooperative approaches
- Development of procedures directly linked to reporting (BTR) and NDC accounting
- Develop **procedures and tools** for performing and reporting of Corresponding Adjustments
- **Capacity to perform of CA** within responsible institutions

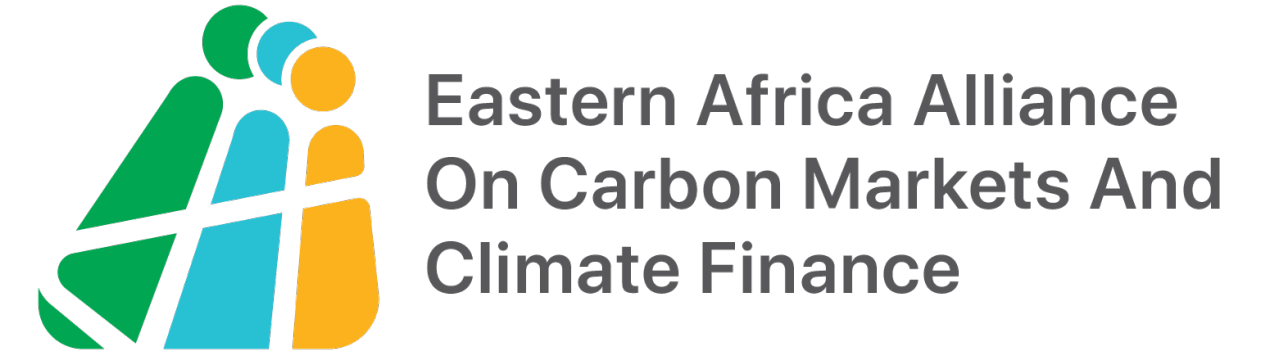
# Reporting



- Information required on in ITMOs authorized, transferred, acquired, held, cancelled, used and corresponding adjustments.
- Similar requirements for each country it is recommended to **develop guidance/reporting templates and practices**
- Tailor to national institutional set-up
- Early action on Article 6 piloting in some EAA countries can serve as starting point – SCF, JCM



# Infrastructure - Registries



- Registries - Article 6.2 *national* registry, international registry; World Bank Warehouse
- Recommended “interim solution” until UNFCCC will provide a centralized registry for those countries that do not have a domestic registry for Article 6.2 approaches
- Consider operation of ‘basic’ (e.g excel based) vs ‘full-fledged registry’ during interim period of Art.6 early action ahead of finalizing UNFCCC rules
- Cost-benefit analysis of international vs domestic registries
- Understand staffing and resource requirements to operate registry and its interface with other departments (NDC MRV, inventory etc)

# Participation in Article 6.4 and CDM transition



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Assessment of CDM transition of activities and units done through carbon profiles

- **Environmental integrity**

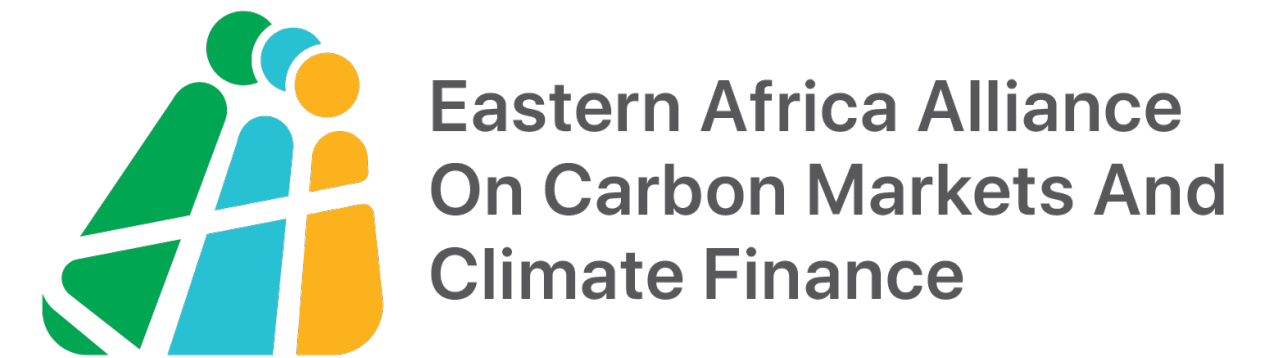
- Develop/approve approaches for baseline setting and additionality
- Continuation of standardized baselines
- Consider technical assistance element in bilateral discussions in to ensure capacity and resources to safeguard environmental integrity

- **Sustainable development**

- Develop criteria to evaluate projects with their NDCs and contribution to sustainable development.
- Procedures on how to - confirm and explain how activities promote SD, establish process for the assessment and approval of SD
- Alignment with SDG reporting and ensure institutional coordination with responsible Ministry/Unit.
- Decision on community benefit sharing



# Can the previous CDM experience have a state of play in A6.4 capacity building?\*



- Eastern Africa has 465 registered CDM activities: 53 Project Activities and 412 CPAs within 58 PoAs. The majority, 64 % (34 out of 53), of the Project Activities were registered before 2012, with 393 (96 %) of CPAs registered after 2012.  
Of registered PoAs that include Eastern Africa countries - 37 are single country with 21 being multicountry.
- Sector wise – significant sectors under Project Activities include reforestation (11) and run of river hydro projects (7), with a further 9 from Wind (5) and Geothermal (4). Whilst PoAs focus on cookstoves with 243 CPAs (59%), with Water Purification significantly accounting for 113 CPAs.
- The region has issued over **13 million CERs**, this is from **52 % of all activities** (40 % of total Project Activities, 53 % of CPAs) from the pipeline. Need for insurance/assurance?
- High performing sub-sectors include - run-of-river hydro (57%), cookstoves (20%), water purification (5%), afforestation (4%) and geothermal (4%).
- Eastern Africa has 212 VCM activities which have issued over **37.7 million credits**.
- **Selective transition of CDM and voluntary carbon market (VCM)** activities could potentially lead to a rapid build-up of Art. 6 pipeline in the region once all rules and criteria adopted by the Supervisory Body are agreed and host country approval and authorization procedures have been established.

- *Data as of December 2020*

# Summary of support required and some initiatives



- **Policy and procedure development support** – Each country requires a specific implementation strategy and road map that prioritises activities, details stakeholder consultations required and activity deadlines to develop the policies and procedures. There needs to be right balance between regional and national support Established dedicated Article 6 teams/working groups are quickening the process.
- Development of **authorization and corresponding adjustment procedures, reporting templates** for institutional frameworks for implementing market mechanisms. TOR development and development partner mapping
- Ensure **alignment of MRV with NDC accounting and reporting**, integration with existing responsibilities and capacities (e.g. inventory, BTR etc). Opportunities for digitization.
- Stakeholder capacity building - ministries (institutions), sector leads, carbon market players - private sector and financial institutions. Immense awareness!





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- Technical capacity training programme – go beyond the DNA to technical officers; could consider embedded advisors where resources are tight
- CDM transition – **Additionality** and **baseline approaches**, review of methodologies
- Simple interim registries and Scale up of activities
- Need for local and regional verifying institutions and auditors
- Major challenges faced was the delay in an Article 6 decision and no legal frameworks in place.
- Advantage to build on existing institutional structures (from CDM)

# Engagement with private sector

*How are countries interacting with their private sector? Lessons from Entebbe workshop March 2022*

- Article 6 implementation will be a learning-by-doing process. Participants expressed the need to maintain public-private dialogue to build knowledge on the new markets and share experiences on what works and what may not.
- Though there's uncertainty on advancing technical rules and procedures for Article 6, it is important for the private sector to already accelerate the deployment of carbon market activities while public institutional capacity is being established.
- There is a need to strengthen Designated National Authorities' capacities to effectively manage and monitor Article 6 activities. **Strengthening the dialogue between public and private actors**
- Capacity building for the private sector is needed for the transition of CDM activities, application of corresponding adjustments , transparency, and accountability.
- Pilot projects will be an effective approach to shape the elements of Article 6 while building host country capacity.



# Thank You

## Contact Us

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## Website:

[www.easternafrikaalliance.org](http://www.easternafrikaalliance.org)



## Peer learning

- Roundtables – ITMO buyer seller, Bilateral agreements, negotiators meeting
- Africa Climate Week
- Webinars and Regional Workshops (e.g. CPLC)
- I4C Sessions



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On behalf of:

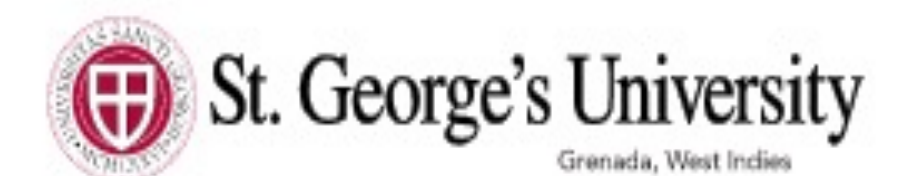
 Federal Ministry for the  
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**Regional Collaboration Centre – Lomé**  
Promoting Action Against Climate Change



**Regional Collaboration Centre – Kampala**  
Promoting Action Against Climate Change





# Activities

- COP and SB negotiators training workshops (e.g. Corresponding Adjustments training)
- [Article 6 negotiators handbook](#)
- Private sector Dialogues
- [Institutional and infrastructure assessment](#) (country specific and regional)
- Country carbon market profiles
- Country specific activities - Carbon Markets Youth Workshop Kenya, Private Sector workshop Sudan, Article 6 Pre-COP Uganda, Climate Finance Rwanda
- [Online Carbon taxation course](#) – collaboration with WAA/RCCs/supported by CiACA and BOAD
- Africa centric module added to [World Bank e-learning course](#) on carbon taxation

