Needs-based Climate Finance Project

TECHNICAL ASSESSMENT OF CLIMATE FINANCE IN THE EAST AFRICAN COMMUNITY

United Nations
Climate Change

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Abbreviations and acronyms

AF	Adaptation Fund
AFD	French Development Agency
AfDB	African Development Bank
AFOLU	Agriculture, forestry and other land-use
BUR	biennial update report
CBO	community-based organization
CCS	carbon dioxide capture and storage
CDM	clean development mechanism
CI	Conservation International
CIF	Climate Investment Funds
COP	Conference of the Parties
COVID-19	coronavirus disease 2019
CO_2 eq	carbon dioxide equivalent
CTCN	Climate Technology Centre and Network
CTF	Clean Technology Fund
DAC	Development Assistance Committee
DAE	direct accredited entity
EAC	East African Community
EIB	European Investment Bank
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
FDI	foreign direct investment
FIP	Forest Investment Program
FMO	Dutch Entrepreneurial Development Bank
GCF	Green Climate Fund
GDP	gross domestic product
GEF	Global Environment Facility
GGGI	Global Green Growth Institute
GHG	greenhouse gas
GIZ	German Agency for International Cooperation
IAE	international accredited entity
IBRD	International Bank for Reconstruction and Development
ICT	information and communications technology
IFAD	International Fund for Agricultural Development
IFC	International Finance Corporation
INDC	intended nationally determined contribution
IsDB	Islamic Development Bank
IUCN	International Union for Conservation of Nature
LDC	least developed country
LDCF	Least Developed Countries Fund
MDB	multilateral development bank
MFI	multilateral financial institution
NAP	national adaptation plan
NAPA	national adaptation programme of action
NC	national communication
NCCAP	national climate change action plan
NDA	national designated authority
NDC	nationally determined contribution
NEMA	National Environment Management Authority
NEMC	National Environment Management Council
NGO	non-governmental organization
ODA	official development assistance
OECD	Organisation for Economic Co-operation and Development
PPCR	Pilot Program for Climate Resilience
ppp	purchasing power parity
REDD	reducing emissions from deforestation and forest degradation in developing countries

REDD+	reducing emissions from deforestation; reducing emissions from forest degradation; conservation of forest carbon stocks; sustainable management of forests; and enhancement of forest carbon stocks (decision 1/CP.16, para. 70)
REEEP	Renewable Energy and Energy Efficiency Partnership
SCCF	Special Climate Change Fund
SREP	Scaling Up Renewable Energy in Low-Income Countries Programme
STAR	System for Transparent Allocation of Resources
TAP	technology action plan
TNA	technology needs assessment
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNFCCC	United Nations Framework Convention on Climate Change
USAID	United States Agency for International Development
VAT	value-added tax
WBG	World Bank Group

Executive summary

In 2017, COP 23, in its decision pertaining to long-term climate finance,[1] requested the UNFCCC secretariat to explore ways and means to assist developing country Parties in assessing their climate finance needs and priorities, in a country-driven manner, including technological and capacity-building needs, and in translating these climate finance needs into action.

In response to this mandate, the Needs-based Climate Finance project was launched to facilitate access to, and the mobilization of, climate finance for the implementation of priority projects and programmes identified by developing country Parties in their key national policies, including NDCs and NAPs.

EAC, represented by the EAC secretariat is responsible for the implementation of the project, which includes three phases: a situation analysis (technical assessment of current climate finance flows and needs); the development of a climate finance mobilization and access strategy; and, finally, the actual mobilization of resources. This technical assessment document is the output of the first phase, which has been informed through an inception workshop with partner States in February 2020, virtual validation workshops, and meetings with partner States in December 2020 and thereafter.

The purpose of the technical assessment is to inform and thereby facilitate the development of a climate finance mobilization and access strategy for EAC, facilitate climate finance flows into the EAC region for priority mitigation and adaptation activities. As an annex to the strategy, this document comprises Chapter II which contains information on the regional socioeconomic context, climate vulnerability, emission profile, and policy and regulatory environment. Chapters III and IV cover climate finance needs, priorities, and flows and a detailed analysis of finance flows by source is presented in Chapter V.

Approximately 2.8% of the region's population (about 4.7 million people) is severely affected by droughts, floods or extreme temperature events, and landslides are frequent disasters in the region. To mitigate GHG emissions and adequately adapt to the impacts of climate change the region needs between USD 198 and USD 853 billion up to 2030 – USD 121 to 479 billion for mitigation and USD 77 to 374 billion for adaptation – or USD 20 to 85 billion per year starting 2020. Currently twice as much funding is required for mitigation than for adaptation in the region.

To mitigate GHG emissions and adequately adapt to the impacts of climate change the region needs between USD 198 and USD 853 billion up to 2030.

[1] Decision 6/CP.23, para. 10.

Between 2013 and 2018 public climate finance flows from developed countries to EAC partner States totalled USD 15 billion, averaging USD 2.5 billion per year.

According to the OECD between 2013 and 2018 public climate finance flows from developed countries to EAC partner States totalled USD 15 billion, or USD 2.5 billion per year. Broadly speaking a minimum 10-fold increase in historic flow of international climate finance into the region would be required to meet current EAC partner States needs.

Across the region, common priority sectors for adaptation include agriculture and water resources, energy, infrastructure, transport, and land use, land-use change and forestry. In addition to these sectors, industrialization has been targeted in efforts to enhance climate change mitigation. The similarities in terms of priorities offer an opportunity for further cooperation on climate change and the economic integration of the partner States.

The most critical barriers to climate finance mobilization and access include institutional capacity in two areas: (1) the ability to meet minimum criteria set by climate funds, large financial institutions and international capital markets; and (2) the ability to develop technically feasible and economically viable climate change projects and programmes. Other barriers include an insufficiently enabling environment to incentivize climate-friendly and resilient investments, which is partly the reason for low participation by the private sector in climate financing in the region. There is also inadequate coordination between climate change stakeholders in the region, especially those that provide funding, capacity-building and project design.

Considerable effort has been made to include the most up-to-date information available. Owing to a lack of comprehensive data, means to report, measure and a standard approach for tracking and reporting, needs and climate finance, estimates contained herein are to be treated as initial and are subject to change.

Common priority sectors for adaptation include agriculture and water resources, energy, infrastructure, transport, and land use, land-use change and forestry.

I. Introduction

A. Framing of the mandate

1. In 2017, COP 23, in its decision pertaining to long-term climate finance,[1] requested the UNFCCC secretariat, in collaboration with the operating entities of the Financial Mechanism, United Nations agencies and bilateral, regional and other multilateral channels, to explore ways and means to assist developing country Parties in assessing their climate finance needs and priorities, in a country-driven manner, including technological and capacity-building needs, and to translate these climate finance needs into action.

The secretariat was also requested, in previous decisions of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, to support the CDM Executive Board in facilitating the financing of projects.[2] Collectively, these mandates led to a secretariat-wide initiative called the Needs-based Climate Finance project, the aim of which is to facilitate access to, and the mobilization of, climate finance and investment by supporting the needs identified by developing countries for the implementation of their priority projects and programmes as outlined in their NDCs, NAPs and other relevant national policies and strategies.

2. Regional entities, including the EAC secretariat, play a role in enhancing regional cooperation on climate change, minimizing and addressing the impacts of climate change, risk and vulnerability assessments, mapping, data analysis, preparedness and early warning systems, and channelling support for global partnerships in finance, technology and capacity-building.

B. Aim and purpose

3. The objective of this technical assessment is to inform and thereby facilitate the development of a climate finance mobilization and access strategy for EAC in order to enhance access to, and the mobilization of, finance and to catalyse climate investment for the implementation of priority mitigation and adaptation actions.

4. The proposed strategy shall be based on needs identified by the six EAC partner States, in accordance with goals outlined in their NDCs, NAPs, road maps for implementation of the 2030 Agenda for Sustainable Development and other relevant policies and strategies.

5. This technical annex, developed in collaboration with the EAC partner States, is a technical assessment of finance flows, stocks and technology and capacity-building needs and priorities identified by the EAC countries in their official communications to the UNFCCC and in national policies and other relevant documents, where available. The assessment also includes international climate-related financial flows to EAC countries. The technical annex attempts to identify gaps and barriers to meeting stated needs that can be addressed by the climate finance mobilization and access strategy.

C. Rationale

6. This document portrays information on the priority finance, technology, and capacity-building needs of the EAC countries and gaps and barriers to accessing and the mobilizing climate finance. This information is the basis for a regional climate finance mobilization and access strategy developed by and for endorsement by the EAC Partner states.

[1] Decision 6/CP.23, para. 10.

[2] Decisions 3/CMP.1, annex, para. 4(d); 3/CMP.1, annex, para. 5(i); 6/CMP.11, para. 8; 3/CMP.12, para 4 and 3/CMP.13, para 2.

D. Methodology

7. Based on data from the countries' declaration of their needs and priorities the desk-based assessment was complemented with information provided by EAC country authorities, national, regional and international experts and other relevant stakeholders in workshops and direct communication. The main data sources included country submissions to the UNFCCC, such as NDCs, NAPs, TNAs, NAPAs, BURs and NCs (see table 1). Other sources included MDB country strategies, including those of WBG and AfDB, and regional, subregional and national country strategies by theme and/or sector. The process was guided by the UNFCCC secretariat.

8. Further information from representations made by the EAC partner States during a technical workshop on needs-based finance for East Africa conducted on 19 and 20 February 2020 in Zanzibar, United Republic of Tanzania, in collaboration with the EAC secretariat, partners and the UNFCCC secretariat has also been incorporated.

Table 1
Overview of official country communications to the UNFCCC by year of submission

	NDC	Updated NDC	NAP	NAPA	Initial NC[a]	NC2	NC3	TNA[b]	TAP	BUR
Burundi	2018	-	-	-	-	-	2019	2016	2018	-
Kenya	2016	2020	2016	-	2002	2015	-	2013	2013	-
Rwanda	2015	2020	-	2006	2005	2012	2018	2012	2012	-
South Sudan	-	-	-	2016	2018	-	-	-	-	-
Uganda	2016	-	-	2007	1996	2014	-	2006	-	2019
United Republic of Tanzania	2018	-	-	2007	2003	2014	-	2016	2017	-

[a] In the case of NCs, the most recent documents have been assessed.
[b] In the case of TNAs and TAPs, the most recent documents have been assessed.

9. Information for tracking international public climate finance flows from bilateral and multilateral contributions to developing countries is publicly available on the OECD Creditor Reporting System database. Currently, this is the most comprehensive source of information available on international public climate finance flows. Sector classifications are based on the sectoral definitions set out in the OECD DAC database, with slight adjustments to ensure that the priority sectors of the countries are reflected. These adjustments include:

(a) Combining "energy policy", "energy generation, renewable sources" and "energy generation, non-renewable sources" into one collective "energy" sector;

(b) Extracting "waste management/disposal" from the "water supply and sanitation" sectoral classification and making "waste" a standalone sector;

(c) Extracting "flood prevention/control" and "biodiversity" from "general environmental protection" and making them both standalone sectors.

10. No comprehensive data were available on the breakdown of investments by financial instrument for the region.

11. There is no internationally agreed definition of "climate finance". In determining the amounts to be reported as climate finance, reporting entities rely on their own operational definitions, and differences can affect estimates of overall finance flows. Efforts to harmonize these definitions are ongoing. The core definition adopted by OECD, MDBs and the International Development Finance Club is generally in accordance with that suggested in the 2014 Biennial Assessment and Overview of Climate Finance Flows technical report:[3] "Climate finance aims at reducing emissions and enhancing sinks of greenhouse gases and aims at reducing vulnerability of, and maintaining and increasing the resilience of, human and ecological systems to negative climate change impacts". This assessment aims to gather information on needs and flows under this working definition. It should be noted that Article 2, paragraph 1(c), of the Paris Agreement refers to finance flows that are "consistent with", rather than aimed at, a pathway towards low-emission and climate-resilient development.[4]

[3] https://unfccc.int/topics/climate-finance/workstreams/transparency-of-support-ex-post/biennial-assessment-and-overview-of-climate-finance-flows/the-second-biennial-assessment-and-overview-of-climate-finance-flows-2014

[4] As noted in the 2018 Biennial Assessment and Overview of Climate Finance Flows technical report, available at https://unfccc.int/BA-2018.

II. Regional context

A. Socioeconomic context

12. East Africa is a geographically and economically homogeneous region committed to regional integration. With a land area of 2.5 million km^2 and a combined GDP of USD 193 billion[5], it is home to 177 million citizens, of whom over 22% live in urban areas. EAC has six partner States consisting of Burundi, Rwanda, South Sudan, the United Republic of Tanzania and Uganda, all of which are among the LDCs except Kenya. The EAC secretariat's long-standing coordination has improved the integration progress, and the private sector is increasingly taking an active role in providing support.

1. Regional integration

13. The EAC prides itself on protocols for a common market and in 2013, the EAC partner States signed a protocol including economic and fiscal targets, which include forming a monetary union by 2023. In 2017, the EAC partner States agreed to form a political confederation as a transitional model of an East African political federation. A gradual reduction of tariffs has increased the scale and scope of opportunities for trade and investment in EAC. There has also been significant progress in the implementation of the provisions of the EAC Customs Union Protocol and the EAC Common Market Protocol of July 2010, which seeks to promote the "free movement of workers" within the Community.[6]

2. Economic landscape

(a) Gross domestic product

14. The East African region was the fastest growing in Africa for the fifth straight year, although the region's real GDP growth slipped marginally from 5.7 in 2018 to 5.0% in 2019.[7] The agriculture sector is predominant, accounting for 40.7% of GDP in 2018 and employing around 80% of the labour force, but faces significant agronomic, technological and institutional constraints.

15. Pre-COVID-19 projections showed the region's real GDP growth recovering slightly to 5.1 and 5.4% in 2020 and 2021, respectively. The region's growth was driven by strong public spending on infrastructure, rising domestic demand, the benefits of improved stability, new investment opportunities and incentives for industrial development across countries. With the outbreak and continuing spread of COVID-19, the projected growth rates in 2020 and 2021 are significantly dampened (see table 2).

5 EAC statistics, 2019.

6 TradeMark East Africa, 2020.

7 AfDB African Economic Outlook 2019.

Table 2
Real gross domestic product percentage growth rate in East Africa by country, 2008–2020

	2008–2010	2011–2013	2014–2016	2017	2018 (estimated)	2019 (projected)	2020 (projected)
Burundi	4.6	4.5	1.9	–0.2	1.4	0.4	1.2
Kenya	4.0	5.5	5.7	4.9	5.9	6.0	6.1
Rwanda	8.3	7.1	7.5	6.1	7.2	7.8	8.0
South Sudan	-	–11.6	–3.7	–11.1	–3.8	–2.6	–2.5
Uganda	8.5	4.6	4.3	5.0	5.3	5.5	5.7
United Republic of Tanzania	5.8	6.8	7.0	7.1	6.7	6.6	6.6
East Africa	6.2	5.2	5.8	5.9	5.2	5.9	6.1

Source: East Africa Economic Outlook, 2019.

16. The COVID-19 pandemic is expected to have both direct and indirect negative impacts on the region's economic growth. Projections indicate that, regional growth, which in 2019 been projected at 5.1%, will fall to 1.2% in the baseline scenario but will rebound to 3.7% in 2021 if the COVID-19 pandemic is contained in the short to medium term (see table 3). The policy and regulatory measures taken by countries to combat the spread of COVID-19 will affect most economic sectors. An UNCTAD analysis dated 26 March 2020 reveals that the downward pressure of COVID-19 on FDI flows could range from -30 to -40% during 2020–2021.

17. The region's trade makes mainly from extractive sectors up only 0.3% of global trade or FDI of USD 6.7 billion in 2016 and an average of USD 6.9 billion over the last three years. Progress in creating an environment more conducive to investment has resulted in modest inflows to Uganda and the United Republic of Tanzania of USD 1.5 billion and USD 3.6 billion in 2016, respectively.

18. The major exports in 2019 included coffee, tea (48%); gems, precious metals (12.4%); milling products, malt, starches (4.6%); beverages, spirits (4.6%); and tobacco, manufactured substitutes (4.3%). Kenya and the United Republic of Tanzania are the two largest economies in EAC and have the largest populations, while Burundi and Rwanda have the highest number of inhabitants per km^2 (see table 4). Transformative development strategies are being considered by governments in the region to reduce commodity boom-and-bust cycles, end dependence on primary commodity exports and encourage more value-added industrial production.

19. The EAC partner States Burundi and Rwanda are among the nine LDCs in the world that face the highest demographic pressure.[8] Moreover, Burundi, the United Republic of Tanzania and Uganda are expected to see their populations rise fivefold by 2100.[9] The United Republic of Tanzania is the most urbanized nation, followed by Rwanda and Kenya.

20. The extractive industry and services are the fastest growing sectors in the economies of the United Republic of Tanzania, Rwanda, Kenya and Uganda, followed by agriculture which has consistently been a major export in all countries. A lack of peace and stability has slowed growth in South Sudan.

8 TradeMark East Africa, 2020.

9 AfDB African Economic Outlook 2019.

Table 3
Impact of COVID-19: projected gross domestic product in East Africa by country

	Pre-COVID-19		During COVID-19			
	Baseline scenario		Baseline scenario		Worst-case scenario	
	2020	2021	2020	2021	2020	2021
Burundi	3.0	4.0	–5.2	3.9	–5.8	2.6
Kenya	6.0	6.2	1.4	6.1	0.6	5.7
Rwanda	8.0	8.2	4.2	6.4	2.9	4.7
South Sudan	7.4	6.1	–0.4	0.1	–3.6	–1.5
Uganda	6.2	6.1	2.5	3.5	1.6	4.2
United Republic of Tanzania	6.4	6.6	5.2	6.3	4.0	4.4
East Africa	**5.1**	**5.4**	**1.2**	**3.7**	**0.2**	**2.8**

Source: AfDB statistics, 2020.

Table 4
Population and gross domestic product, 2010–2020

	Population (thousands)	GDP (USD million)	GDP per capita (USD)	Average annual real GDP growth rate, 2010–2020 (%)
Burundi	11 216	8 205	732	2.5
Kenya	50 951	177 441	3 483	5.9
Rwanda	12 501	27 068	2 165	7.3
South Sudan	12 919	19 819	1 534	–6.0
Uganda	44 271	96 658	2 183	5.1
United Republic of Tanzania	59 091	175 929	2 977	6.8
East Africa	**362 265**	**942 915**	**2 603**	**3.5**

Source: AfDB statistics and estimates, and various domestic authorities, 2019.

(b) Poverty and inequality

21. Despite the region's robust growth, it has not reduced poverty, inequality or unemployment in all EAC countries. On average, 48% of income goes to the top 20% of earners, and 30% goes to the richest 10%, whereas only 6% goes to the poorest 20%, and 2.3% to the poorest 10%. Progress towards ending extreme poverty among the region's workers by 2030 is slow and inconsistent. On average, the region's movement towards "no poverty" status stands at 41.8%. The progress is slowest in South Sudan and fastest in Uganda (see table 5).

(c) Employment and freedom of movement

22. Notwithstanding economic growth over the years, the region still faces a considerable unemployment rate. Unemployment refers to the share of the labour force that is without work but available for and seeking employment (see table 6).

23. Historically, formal and informal agriculture is the biggest employer of women in the region. For instance, between 2012 and 2015, it employed 96% of women in Burundi, 76% in Kenya, 84% in Rwanda, 77% in Uganda and 71% in the United Republic of Tanzania. Women are predominantly self-employed or contributing family workers, whereas men are commonly employed as wage/salary workers. Women's share of total employment in manufacturing is increasing in Rwanda, Uganda and the United Republic of Tanzania.

Table 5
Poverty and inequality in East Africa

	Poverty			Inequality				
				Share of income going to each population segment				
	Reference year	Population living on less than 2011 ppp USD 1.9/ day (%)	Population living on less than 2011 ppp USD 3.1/ day (%)	Reference year	Richest 10%	Richest 20%	Poorest 10%	Poorest 20%
Burundi	**2018**	65.0	89.2	**2013**	31.0	46.3	2.8	6.9
Kenya	**2018**	36.1	58.9	**2015**	31.6	47.5	2.4	6.2
Rwanda	**2018**	38.2	80.6	**2012**	37.9	52.2	2.4	6.0
South Sudan	**2015 (est.)**	66.0	63.5	**2010**	33.2	50.6	1.3	3.9
Uganda	**2016**	21.7	65.0	**2016**	34.2	49.8	2.5	6.1
United Republic of Tanzania	**2020**	25.7	-	**2011**	31.0	45.8	3.1	7.4

Source: National statistics reports; East Africa Economic Outlook, 2019.

Table 6
Unemployment rate in the East African Community by country

	Total (% of population aged 15 or over)
Burundi	11 216
Kenya	50 951
Rwanda	12 501
South Sudan	12 919
Uganda	44 271
United Republic of Tanzania	59 091
East Africa	**362 265**

Source: AfDB, 2019; national statistics departments of partner States, 2019.

24. Workers and employers are still constrained in terms of freedom of movement within the region. Regulation 6, paragraph 10, in annex III to the EAC Common Market Protocol outlines that "the work permit or a special pass issued under these Regulations shall be issued in accordance with the harmonized classification of work permit and forms, fees and procedures as may be approved by the Council".[10] Freedom of movement of labour within the region can allow regional experts to be more widely employed including in the financial sector to enable climate finance.[11]

Freedom of movement of labour within the region can allow regional experts to be more widely employed including in the financial sector to enable climate finance.

[10] https://docplayer.net/361225-The-east-african-community-common-market-right-of-establishment-regulations.html.

[11] East African Business Council, 2020.

B. Climate vulnerability

25. The climate risks faced by the EAC partner States are numerous already impacting transport, public infrastructure, energy generation, private property and human and animal health increasing poverty and reducing economic growth. Already, 2.8% of the population is severely affected by drought, floods or extreme temperature events, while landslides (associated with extreme weather events) are frequent disasters in the region. A significant proportion of the region's inhabitants depend on climate-sensitive natural resources for their livelihoods. Over 80% of the region's population uses biomass for cooking and lighting, and more than 50% of the population depends on low-productivity, subsistence agriculture and pastoralism. The region is also predisposed to human-caused disasters such as urban fires, environmental degradation, water pollution and outbreaks of diseases such as cholera, malaria and, more recently, COVID-19.

26. South Sudan is the fifth most affected country globally and, according to the Intergovernmental Panel on Climate Change, will experience the effects of global warming two and a half times more than the global average (Climate Change Vulnerability Index, 2017). South Sudan depends on climate-sensitive natural resources for people's livelihoods. Over 95% of the country's population uses biomass for cooking and lighting, while 78% depends on low-productivity, subsistence agriculture and pastoralism, which account for less than 15% of GDP. Climate change has put a strain on the country's socioeconomic development, especially owing to unpredictable rains, drought, flash flooding and excessive heat, which have resulted in crop failures, food shortages and the loss of pasture lands.

27. In Uganda, since 1960, mean annual temperatures have risen by 1.3 °C and annual and seasonal rainfall has decreased significantly. Rainfall has also become more unpredictable and unevenly distributed over the year. In the 2007–2008 fiscal year, the costs of climate change damage were equivalent to 4.4% of the national budget, exceeding the budget allocation for the environment and natural resource sector.

28. The United Republic of Tanzania is already experiencing the adverse impacts of climate change. Climate variability and change resulting in extreme weather events are leading to major economic costs in the country. Every annual event incurs economic costs more than 1% of GDP, and these events occur frequently, reducing long-term growth and affecting millions of people and their livelihoods. The net economic costs of addressing climate change impacts could be equivalent to a further 1–2% of GDP per year by 2030. Climate change impacts are affecting coastal zones, public health, energy supply and demand, infrastructure, water resources, agricultural production and the availability of ecosystem goods and services. There will potentially be high economic costs across these sectors.

29. Rwanda has experienced a temperature increase of 1.4 °C since 1970, higher than the global average, and can expect an increase in temperature of up to 2.0 °C by the 2030s compared with the 1970 level. Rainfall is highly variable in Rwanda, but average annual rainfall may increase by up to 5–10% by the 2030s compared with the 1970 level. This is expected to lead to increasing rainfall intensity and thus a higher frequency of floods and storms resulting in landslides, crop losses, health risks and damage to infrastructure, in addition to an increase in temperatures resulting in the proliferation of diseases, crop decline and reduced land availability, which has an impact on food security and export earnings.

30. Kenya is also highly vulnerable to the impacts of climate change. More than 80% of the country's landmass is arid and semi-arid land with poor infrastructure and other developmental challenges. The country's economy is highly dependent on climate-sensitive sectors such as agriculture, which is mainly rain-fed, and energy, tourism, water and health. Climate hazards have caused considerable losses across the country's different sectors over the years. The main climate hazards include drought and floods, which result in economic losses estimated at 3% of the country's GDP. Successive climate change impacts in Kenya over the past 10 years have resulted in annual socioeconomic losses estimated at 3–5% of GDP, despite the country producing a negligible percentage of global GHG emissions (<0.1% in 2018). This is impeding the realization of Kenya Vision 2030.

31. In Burundi, the average annual temperature is expected to increase by between 1 and 3 °C due to climate change. Rainfall will rise by roughly 10%, and the precipitation regime will be disrupted such that there will be only two seasons remaining, with each lasting six months: a rainy season from November to April, followed by a dry season. These climate changes will engender many risks associated with the following phenomena: (1) season creep; (2) flooding of swamps and lowlands; (3) land degradation and loss of soil fertility; (4) shortage of groundwater resources; (5) extreme weather events (hail, violent showers and heavy winds); (6) changes to the growing seasons of crops and forests; and (7) unpredictable movements of pests.

32. Table 7 shows the occurrence of disasters in each partner State in 1980–2010 versus between 2015–2020.

Table 7
Development of disaster incidence, 2015–2020 compared with 1980–2010

	Disaster type, average six-year incidence 1980–2010 (left columns) vs total incidence 2015–2020 (right columns)											
	Storm		Epidemic		Drought		Flood		Earthquake		Wildfire	
Burundi	0.97	0	2.32	1	0.97	0	3.68	3	0.19	0	0	0
Kenya	0.19	0	5.81	1	1.55	2	6.58	5	0.39	0	0	0
Rwanda	0	1	1.94	1	0.97	0	1.55	4	0.39	0	0	0
South Sudan	-	0	-	2	-	1	-	1	-	0	-	0
Uganda	0.58	0	5.81	3	1.16	6	2.90	16	0.78	0	-	-
United Republic of Tanzania	0.78	0	5.23	2	1.35	0	5.03	11	0.97	1	0.19	1
Total	**2.52**	**1**	**21.11**	**10**	**6.00**	**9**	**19.74**	**40**	**2.72**	**1**	**0.19**	**1**

Source: Emergency Events Database, 2010; Emergency Events Database, 2015–2020.

Table 8
Emissions by country, 1990–2011

				Change in GHG emissions (1990–2011)	
	Total GHG emissions (Mt CO_2 eq)	% of global emissions	t CO_2 eq per capita	Mt CO_2 eq	%
Burundi	7	0.01	0.70	–5	–40
Kenya	70	0.15	1.67	25	56
Rwanda	6	0.01	0.49	–8	–60
South Sudan	-	-	-	-	-
Uganda	-	-	-	-	-
United Republic of Tanzania	172	0.37	3.70	25	17
East Africa	**669**	**1.43**	**2.50** (weighted average)	**121**	**42**
World	**46 906**	**100**	**6.73**	**12 969**	**38**

Source: USAID, 2015.

C. Emission profile

33. Total GHG emissions have increased in all EAC partner States since 1990, except in Burundi and Rwanda (see table 8).

34. GHG emissions in the region are primarily from the land-use change and forestry (81%), and agriculture sectors.[12] Land-use change and forestry emissions are mainly from the United Republic of Tanzania. The main causes of deforestation in the United Republic of Tanzania include the expansion of agricultural land from the lowlands towards the mountains, rapidly rising energy needs that are met by harvesting forest products for firewood and charcoal, and commercial logging. The agriculture sector is the primary source of livelihoods and an important economic sector for all the EAC member States: the United Republic of Tanzania (26.7% of GDP), South Sudan (15% of GDP), Burundi (31.6% of GDP), Rwanda (33% of GDP), Uganda (37% of GDP) and Kenya (25% of GDP). Countries have identified a range of needs to reduce emissions, including implementing mixed farming, manure management to reduce methane emissions in crop and livestock production, switching to drought-resistant crops and improving traditional irrigation schemes (United Republic of Tanzania); and promoting climate-smart agriculture and livestock development (Kenya).

35. The energy sector is the region's third highest emitting sector (10%), while emissions from waste and industrial processes are relatively insignificant. Energy activities produce significant GHG emissions in the EAC countries, where industrial activity is low and residential needs are met mainly through traditional biomass fuel in the form of wood fuel or charcoal. Tanzanian (19 Mt CO_2 eq) and Kenyan (18 Mt CO_2 eq) energy sector emissions combined account for 87% of the region's total energy sector GHG emissions, and energy consumption is growing, having doubled in 1990–2013. In the United Republic of Tanzania, electricity is generated from natural gas, with an increasing focus on hydropower, while in Kenya, electricity generation is dominated by geothermal energy. The United Republic of Tanzania is poised to have most of its power needs met through hydro sources, with the addition of more than 3000 MW hydropower by 2022 (NCs of the United Republic of Tanzania and Kenya, 2014–2015).

36. Transport emissions are also growing, having expanded nearly eightfold in the United Republic of Tanzania and doubled in Kenya (NCs, 2014–2020). In terms of overall consumption, however, the residential sector remains by far the most significant source of demand for fuel in all countries. Crop residue and manure are used to meet some household needs, such as heating and cooking.

D. Climate-related policies

37. At the regional level, the Heads of State of the EAC countries directed the EAC secretariat to develop a climate change policy and strategies to address the adverse impacts of climate change in the region and harness any potential opportunities presented by climate change in the context of the principle of sustainable development. The policy sets forth statements and actions to guide climate change adaptation and mitigation to reduce the vulnerability of the region, enhance adaptive capacity and build the socioeconomic resilience of vulnerable populations and ecosystems. In view of the region's high vulnerability to the impacts of climate change and the emerging associated challenges, especially food security adaptation to climate change is a priority in the region.

38. In response the Climate Change Master Plan 2011–2031 was developed to ensure that "the People, the Economies and the Ecosystems of the EAC partner States are climate resilient and adapt accordingly to Climate Change", and "to strengthen regional cooperation to address climate change issues that concern regionally shared resources".

39. Furthermore, all the EAC partner States recognize that addressing climate change requires policies that foster collaboration to finance adaptation and mitigation programmes that minimize the negative impacts of climate change on the environment, human and natural resources. Article 111 of the Treaty for the Establishment of the East African Community urges partner States to, *inter alia*, take concerted measures to foster cooperation in the joint and efficient management and sustainable utilization of natural resources within the community, and, through an environmental management strategy, cooperate and coordinate their policies and actions for the protection and conservation of the natural resources and environment against all forms of degradation and pollution arising from developmental activities.

40. Individually EAC partner States have put in place various climate finance related polices and elaborated on current and planned policies to support the implementation of mitigation and adaptation action in official communications submitted to the UNFCCC. Some of these national climate-related policies are summarized in table 9.

[12] USAID, 2015.

Table 9
National climate change related policies, standards, guidelines and strategies

	Policy/strategy/regulation name	Objectives	Date published
Burundi	NDC	Mitigation, adaptation, access to finance	2018
	National Climate Change Policy	Mitigation, adaptation	2013
	National Strategy and Action Plan on Climate Change	Mitigation, adaptation	2013
Kenya	National Climate Change Response Strategy	Mitigation, adaptation, access to finance	2010
	NCCAP, 2013–2017 and 2018–2022 Climate Change Act, 2016 National Climate Change Framework Policy	Mitigation, adaptation	2013 and 2018
	National Climate Change Framework Policy		2017
	National Environment Policy	Mitigation	2013
	Agriculture (Farm Forestry) Rules, 2009	Mitigation	2009
	Kenya Climate Smart Agriculture Strategy, 2017–2026	Adaptation	2017
	National Policy for Disaster Management	Mitigation, adaptation	2009
	Energy Act, 2006 Energy (Energy Management) Regulations, 2012	Mitigation	2006 and 2012
	National Policy on Climate Finance	Mitigation, adaptation, access to finance	2018
	National Adaptation Plan	Adaptation, access to means of implementation	2015–2030
	National Disaster Risk Financing Strategy	Resilience, adaptation, access to finance	2018–2022
	Updated NDC	Mitigation, adaptation, access to finance	2020
Rwanda	National Environment and Climate Change Policy, 2019	Mitigation, adaptation	2019
	Law No. 48/2018 of 13 August 2018 on Environment	Mitigation, adaptation	2018
	National Environment and Climate Change Policy, 2019	Mitigation, adaptation	2019
	Five-Year Strategic Plan for the Environment and Natural Resources Sector, 2014–2018	Mitigation, adaptation	2014
	Second Economic Development and Poverty Reduction Strategy, 2013–2018	Cross-cutting	2013
	Law No. 16 of 22 May 2012, determining the Organisation, Functioning and Mission of the National Fund for Environment (Rwanda Green Fund)		2012
	Green Growth and Climate Resilience: National Strategy on Climate Change and Low Carbon Development		2011

Table 9 (continued)
National climate change related policies, standards, guidelines and strategies

	Policy/strategy/regulation name	Objectives	Date published
Rwanda (continued)	Ministerial Order No. 003/16.01 of 15 July 2010 Preventing Activities that Pollute the Atmosphere		2010
	Organic Law No. 4/2005 determining the modalities of protection, conservation and promotion of environment in Rwanda		2005
	Law No. 18/2016 of 18 May 2016 governing the preservation of air quality and prevention of air pollution in Rwanda		2016
	National Strategy for Transformation, 2017–2024		
	Updated NDC	Mitigation, adaptation, access to finance	2020
	Rwanda Vision 2020	Mitigation, adaptation	2000
South Sudan	National Environment Policy, 2015–2025	Mitigation, adaptation	2015
	NDC	Mitigation, adaptation	2021
Uganda	National Climate Change Policy, 2015	Mitigation, adaptation	2015
	National Environment Management Policy, 1995	Mitigation, adaptation	1995
	NDC	Mitigation, adaptation	2016
	National Policy for Disaster Preparedness and Management	Mitigation, adaptation	2010
	Renewable Energy Policy	Mitigation, energy access	2007
United Republic of Tanzania	Updated NDC	Mitigation, adaptation, access to finance	2021
	Agriculture Climate Resilience Plan	Mitigation, adaptation	2014
	National Climate Change Strategy	Mitigation, adaptation, access to finance	2014
	National REDD+ Strategy	Mitigation	2012
	SREP Tanzania	Mitigation, adaptation, energy access	2013
	Second National Strategy for Growth and Reduction of Poverty		2013
	Environmental Management Act (Cap. 191)	Mitigation, adaptation, energy access	2010
	National Environmental Policy	Cross-cutting	2004
	Zanzibar Environmental Policy	Cross-cutting	1997
	Zanzibar Environmental Management Act	Cross-cutting	2013
	Zanzibar Climate Change Strategy	Cross-cutting	2015
	National Climate Change Communication Strategy, 2012	Cross-cutting	2012
	National Science and Technology Policy	Cross-cutting	1995

Table 9 (continued)
National climate change related policies, standards, guidelines and strategies

	Policy/strategy/regulation name	Objectives	Date published
United Republic of Tanzania	Second National Five-Year Development Plan, 2016/17–2020/21	Mitigation, adaptation	2016
	National Climate Change Communication Strategy, 2013	Cross-cutting	2013
	National Guidelines for Mainstreaming Gender into Climate Change Adaptation Related Policies, Plans, Strategies, Programmes and Budgets	Cross-cutting	2014

41. Most EAC countries prioritize energy security and increasing the share of renewables in their energy mix to decrease dependence on energy imports. Table 10 provides an overview of regulatory measures, fiscal incentives and public financing measures that the six countries have put in place to enhance investment in renewable energy. Nearly all the EAC countries have policies and incentives in place to increase investment in renewable energy in their jurisdictions.

42. Policies in the renewable energy and transport sectors are laying the ground for their expansion in the region.[13] For instance, all the countries have adopted forms of tax incentives, Kenya, Rwanda, Uganda and the United Republic of Tanzania have also set renewable energy targets and put debt and/or equity finance incentives in place to foster renewable energy investment. However, no member State has put in place energy efficiency and energy storage policies.

Table 10
Policies and incentives for the renewable energy sector in East African Community countries

	Regulatory policies	Fiscal incentives and public financing
Burundi	–	Import duty exemptions
Kenya	Feed-in tariff	Import duty exemptions VAT exemptions apply to specialized solar equipment and accessories, including solar water heaters and batteries Exemption of interest income from all listed bonds, notes or other similar securities used to raise funds for infrastructure, projects (including energy) and assets defined under green bond standards and guidelines
Rwanda	Feed-in tariff/premium payment Renewable energy auctions	Import duty exemptions VAT-exempted goods include solar water heaters, solar appliance products (fans, water pumps, refrigerators, chargers, etc.), photovoltaic modules and batteries
Uganda	Feed-in tariff/premium payment Renewable energy auctions	Import duty exemptions VAT exemptions apply to solar photovoltaics, solar water heaters, solar refrigerators and solar cookers
United Republic of Tanzania	Feed-in tariff	Import duty exemptions VAT-exempted goods include solar panels, modules, vacuum tube collectors and batteries

[13] Bloomberg New Energy Finance.

III. Climate finance needs and priorities

A. Adaptation needs

43. Adaptation needs include climate finance for water resources, agriculture, energy, infrastructure, forestry, biodiversity and tourism, human settlements, coastal marine environment and fisheries, human health, risk management, and transport. Kenya also identified specific programmes to improve adaptation in the various sectors (see table 11).

Table 11
Priority sectors for adaptation in the East African Community

	Energy	Infrastructure	Environment/ forestry	Transport	Agriculture	Human health	Coastal marine/blue economy	Water resources	Tourism	Human settlements	Risk management
Burundi	✓	✓		✓	✓	✓		✓			
Kenya	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Rwanda	✓	✓		✓	✓	✓		✓	✓		
South Sudan					✓			✓			
Uganda	✓	✓		✓	✓	✓		✓		✓	✓
United Republic of Tanzania	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	

44. All EAC partner States except South Sudan and Uganda had conducted a TNA and prepared a TAP detailing estimated costs and timelines of priority technology-related actions amounting to approximately USD 374 billion for finance needed by 2030. Somewhat lower is the estimated costs of adaption found in the NDCs totalling approximately USD 77 billion by 2030 (see table 12).

45. The types of measures needing finance as defined in TAPs are outlined in table 13.

Table 12
Estimated cost of adaptation needs

	Estimated needs for adaptation (USD billions) by 2030 from NDCs[a]	Estimated needs for adaptation (USD millions) from TAPs
Burundi	0.48	110.5
Kenya	44	142.4
Rwanda	5.3	–
South Sudan	25[b]	–
Uganda	2.4	–
United Republic of Tanzania	5	121.2
East Africa	**82.18**	**374.1**

[a] Needs estimates are given in varying specificity across countries' NDCs, as displayed here.
[b] South Sudan in its NDC estimates total needs of USD 50 billion for both adaptation and mitigation actions. For simplicity a 50:50 split between adaptation and mitigation was assumed.

Approximately USD 374 billion for finance is needed by 2030 and approximately USD 77 billion by 2030.

Table 13
Adaptation technologies and actions
(USD million)

	Adaptation technology	Adaptation action	Adaptation technology cost	Total
Burundi		Agroforestry	34.5	36.5
		Modern fish smoking	1.9	
	Water resources	Roof rainwater harvesting	42.16	74.0
		Water quantity monitoring	2.91	
		Stabilization of fluvial dynamics of the rivers in the Mumirwa region	28.98	
Kenya	Water resources	Surface run-off water harvesting	37.8	56.6
		Roof rainwater harvesting	18.8	
	Agriculture	Drought-tolerant sorghum variety	66.3	85.8
		Drip irrigation	19.6	
		Food and nutrition security	2 649.1	
	Disaster risk management	Disaster risk management	888.4	
	Water and the blue economy	Water and the blue economy	4 038.9	
	Environment and forestry	Forestry, wildlife and tourism	595.9	
	Human settlements	Health, sanitation and human settlements	483.5	
	Energy	Energy	6 805.1	
	Manufacturing	Manufacturing	45.52	
	Transport	Transport	2 128.7	
United Republic of Tanzania	Agriculture	Improved seed varieties	1.4	2.7
		System of rice intensification	1.0	
		Drip irrigation	0.2	
	Water resources	Rainwater harvesting	106.6	118.5
		Smart water metering system	3.0	
		Wastewater stabilization pond	8.9	

Source: Countries' TAPs and Kenya NCCAP 2018–2022.

B. Mitigation priority sectors

46. All the EAC partner States NDCs (as of January 2021) have set emission reduction targets conditional on the availability of climate finance, technology and capacity-building, with Burundi and the United Republic of Tanzania including a lower unconditional emission reduction target achievable without international support. All countries aim to achieve their targets by 2030 and use a 'business as usual' scenario as the reference baseline (see table 14).

47. As shown in table 15, mitigation priorities requiring climate finance include measures in the energy, transport, agriculture, forestry, land-use, industry and waste management sectors. Uganda also requires finance for wetlands owing to its geographic location within the Lake Victoria basin, industry and waste management are not priority areas.

Table 14
Overview of emission reduction targets in East African Community countries

	Emission reduction (unconditional)	Emission reduction (conditional)
Burundi	3% GHG reduction from 'business as usual' by 2030	20% GHG reduction from 'business as usual' by 2030. Adaptation contribution is included
Kenya	-	Abate GHG emissions by 32% by 2030 relative to the 'business as usual' scenario of 143 Mt CO_2 eq
Rwanda	A reduction of 16% relative to 'business as usual' by the year 2030; equivalent to an estimated mitigation level of 1.9 Mt CO_2 eq in that year	An additional reduction of 22% relative to 'business as usual' by the year 2030; equivalent to an estimated mitigation level of 2.7 Mt CO_2 eq in that year
Uganda	-	22% reduction by 2030 compared to 'business as usual'. Priority is adaptation
United Republic of Tanzania	10% by 2030 relative to the 'business as usual' scenario of 138–153 Mt CO_2 eq	20% by 2030 relative to the 'business as usual' scenario of 138–153 Mt CO_2 eq

Table 15
Mitigation priority sectors

	Energy	Transport	Agriculture	Industry	Forestry, land use	Waste	Wetlands	Buildings
Burundi	✓	✓	✓	✓	✓	✓		
Kenya	✓	✓	✓	✓	✓	✓		
Rwanda	✓	✓	✓	✓	✓	✓		✓
South Sudan	✓	✓	✓	✓	✓	✓		
Uganda	✓	✓	✓		✓		✓	
United Republic of Tanzania	✓	✓		✓	✓	✓		

Mitigation priorities requiring climate finance include measures in the energy, transport, agriculture, forestry, land-use, industry and waste management sectors.

48. Approximately between USD 121.5 and USD 479 billion is needed for mitigation measures in the region by around 2030 as derived from part States NDCs and TAPs. These include finance for renewable and efficient energy technologies and improved cook stoves under energy; organic farming, drip irrigation, agroforestry and sustainable forest management under agriculture and forestry; rainwater harvesting under water; and methane capture for biogas production under waste management (see table 16).

49. All the EAC countries except Uganda and South Sudan have conducted a TNA and prepared a TAP detailing the estimated costs and timelines for priority technology-related mitigation needs as outlined in table 17.

Approximately between USD 121.5 and USD 479 billion is needed for mitigation measures in the region by around 2030.

Table 16
Estimated quantitative needs for mitigation

	Estimated needs for mitigation (USD billions) by 2030 from NDCs[a]	Estimated needs for mitigation (USD millions) from TAPs
Burundi	1.5	92.8
Kenya	18	64.6
Rwanda	5.7	312.2
South Sudan	25[b]	–
Uganda	5.8	–
United Republic of Tanzania	60.0	9.8
Total	**116**	**479.4**

[a] Needs estimates are given in varying specificity across countries' NDCs, as displayed here.
[b] South Sudan in its NDC estimates total needs of USD 50 billion for both adaptation and mitigation actions. For simplicity a 50:50 split between adaptation and mitigation was assumed.


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Table 17
Mitigation technology and actions, and estimated cost
(USD million)

	Mitigation technology	Mitigation action	Mitigation technology cost	Total
Burundi	Energy	Optimization and standardization of improved stoves	1.5	84.3
		Optimization and multiplication of hydroelectric microplants	5.3	
		Capture and valorization of photovoltaic solar energy	78.0	
	Waste management	Methanization for biogas production	1.3	7.9
		Optimization of biomass briquettes	4.1	
		Composting organic wastes	2.5	
Kenya[a]	Energy	Solar home systems	8.2	37.6
		Solar dryers	29.4	
	Waste management	Methane capture	27.0	
Rwanda	Energy	Small hydropower	6.1	195.9
		Kivu methane combined cycle gas turbine with CCS	9.6	
		Geothermal power	69.8	
		Plug-in hybrid electric vehicles	84.1	
		Large solar photovoltaics	26.3	
	Agriculture	Seed and grain storage	81.1	96.2
		Agroforestry	5.4	
		Radical terraces	2.3	
		Drip irrigation	7.7	
United Republic of Tanzania	Energy	Compact biogas digesters for urban households	0.1	2.5
		Mini-hydropower plant	1.6	
		Large-scale solar power	0.7	
	Forestry	Sustainable forest management	2.6	7.4
		Agroforestry	2.7	
		Mangrove conservation	2.0	

[a] Kenya mitigation technology action and estimated costs as per their NCCAP 2018–2022 could not be disaggregated from adaptation. Therefore, the costs have been indicated in table 14.

50. Kenya, Rwanda and Uganda are seeking international support for their nationally appropriate mitigation actions. Kenya is seeking implementation support for three actions (geothermal electricity, dairy and charcoal), while Uganda and Rwanda are seeking preparatory support for one (institutional stoves) and seven actions (fertilizer production, charcoal, renewable energy, energy efficiency, mini-grids, bus rapid transit, waste-to-energy), respectively.

51. Twice as much funding is required for mitigation than for adaptation. Around 40% of the total required for mitigation was requested by the United Republic of Tanzania, while South Sudan requested 50% of the funding for adaptation measures.

52. Each EAC country has a different time frame for the implementation of priority actions, ranging from 2 to 12 years.

Time frame for the implementation of priority actions, ranges from 2 to 12 years.

C. Priority capacity needs

53. According to the NDCs, NCs and TNAs, supplemented by the statements made by country representatives during the workshop, capacity-building support is needed in the following broad areas.

1. Transparency

(a) Building national capacity in terms of enhanced transparency regarding the reporting and tracking of implementation of NDC action, GHG inventory processes and the reporting and tracking of support received and needed;

(b) Enhancing technical and organizational aspects, at the level of line ministries, related to the various steps of GHG inventory preparation and of measurement, reporting and verification.

2. Governance and regulation

(a) Building structured capacity within the governance bodies of the countries to focus on climate finance in support of the development of a more accurate understanding of climate finance needs related to mitigation and adaptation action;

(b) Building long-term domestic capacity to access various climate funds, considering the diverse procedures and timelines involved. The need to have dedicated resources and efficient institutional arrangements in ministries for this specific purpose was highlighted.

3. Data, monitoring and research

(a) Strengthening institutional frameworks and coordination, building capacity for evidence-based policy and planning, and enhancing the infrastructure for data collection and monitoring through community and private sector participation;

(b) Enhancing monitoring mechanisms and infrastructure for tracking and reporting on climate impacts, disaster management, climate action related needs and flows of climate finance across sectors at the local, island, national and regional level;

(c) Improving technical and organizational capacity for data acquisition, analysis, management and dissemination to enhance the accuracy of data gathered and reduce data uncertainties;

(d) Meeting the need for research and education to underpin all climate adaptation efforts and thereby ensure their success and resilience.

4. Access to finance

(a) Increasing understanding of, and the capacity to engage with, the complex and diverse processes to gain accreditation with and access to international climate and environment funds;

(b) Preparing and documenting project concepts and proposals, and improving domestic capacity to create quality projects and proposals to enhance access to finance;

(c) Addressing the common vulnerability of a lack of awareness of climate finance and of domestic capacity to access finance;

(d) Building awareness of various climate funds among national financial institutions and the capacity of these institutions to initiate and complete the relevant accreditation processes.

5. Private sector engagement

(a) Building capacity within the public sector to develop and establish linkages with the private sector to promote the transfer of technology and finance;

(b) Building the capacity of domestic private sector investors to engage with and invest in climate action;

(c) Enhancing awareness of domestic and international private finance flows, and the capacity to track and report on them, in the public and private sectors.

D. Priority project and investment pipeline

54. A pipeline of priority regional and national projects and programmes will be developed in the subsequent phases.

IV. Climate finance flows

A. Public international climate finance

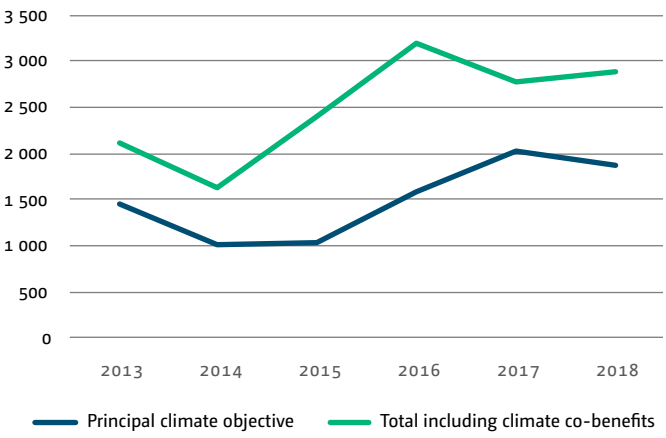
55. The flows analysed in this chapter relate exclusively to public climate finance from multilateral, bilateral and climate funds. The data are for 2013–2018 and were sourced from the OECD Creditor Reporting System database.

In 2013–2018, the EAC region received an aggregate of USD 15 billion in international public climate finance, equating to an annual average of USD 2.5 billion.

56. Climate finance flows from public international sources to EAC totalled USD 2.9 billion in 2018, up from USD 2.1 billion in 2013 (see figure 1). In 2017, EAC flows accounted for about 20% of total international public climate finance channelled to Africa (USD 13.4 billion) and approximately 5% of the total channelled to all developing countries. In 2013–2018, the EAC region received an aggregate of USD 15 billion in international public climate finance, equating to an annual average of USD 2.5 billion.

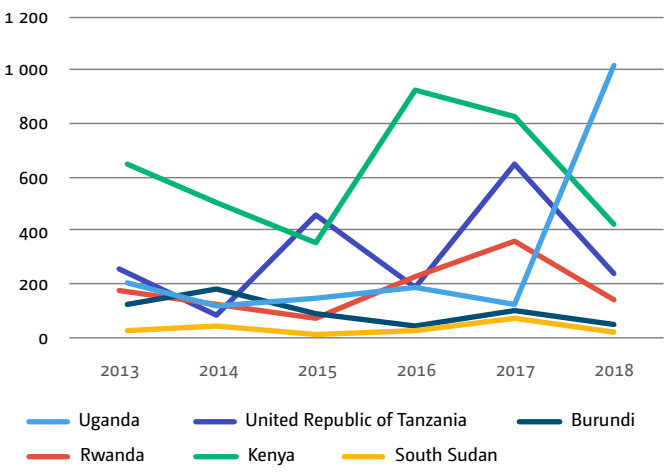
57. Total climate finance numbers include "significant climate finance", which is funding for projects where climate is not the principal objective but that claim to generate significant climate co-benefits. In terms of funding for projects with climate as a principal objective, the average annual inflow to the region in 2013–2018 was USD 1.5 billion. The analysis in the following sections will further break down the data on principal climate finance, excluding significant climate finance (see figure 2).

Figure 1
International public climate finance flows to the region by objective
(USD million)



Source: OECD.

Figure 2
International public climate finance flows to EAC partner States
(USD million)



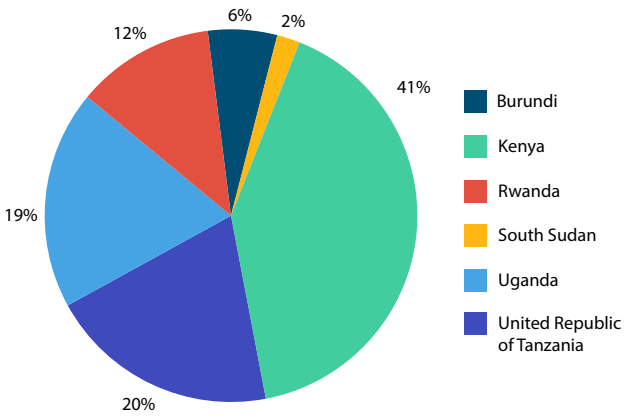
Source: OECD.

58. Figure 3 illustrates the proportions received by the three major EAC country recipients, namely Kenya, the Uganda and United Republic of Tanzania. Together, these nations received about 81% (USD 7.3 billion) of all climate finance entering the region between 2013 and 2018.

1. Funding channels

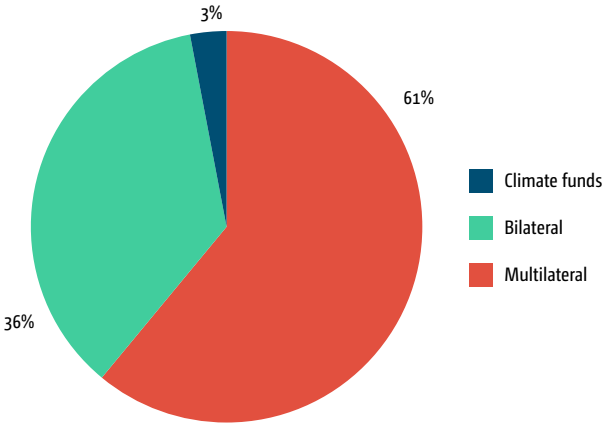
Public funding channels include multilateral, bilateral and climate funds. Splitting EAC public climate finance flows by channel, one concludes that partner States are receiving 36% of funds via bilateral agencies, 61% through MDBs and 3% through climate funds (see figure 4).

Figure 3
Percentage of international public climate finance by country



Source: OECD.

Figure 4
Percentage of international public climate finance by funding channels



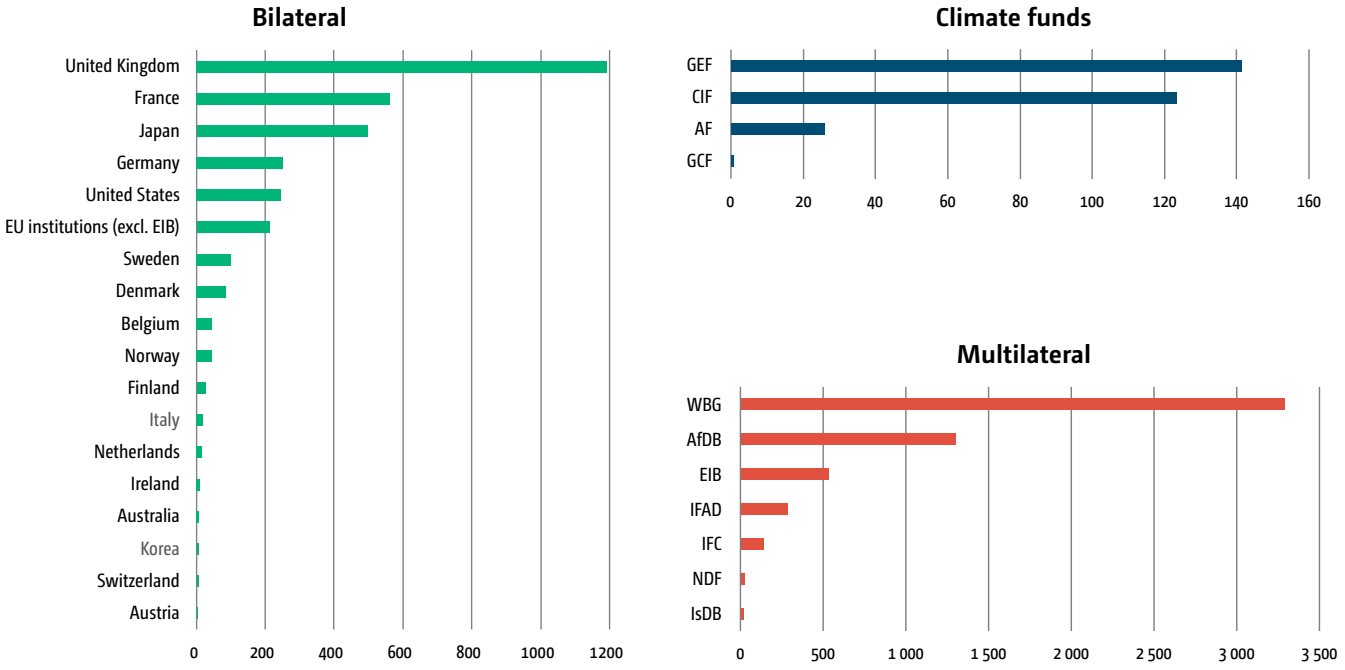
Source: OECD.

2. Contributors

59. Multilateral institutions remain the biggest donors of public climate finance (57%). With USD 3.3 billion provided to the region between 2013 and 2018, WBG was the biggest individual contributor under this category and among all types of funders. AfDB was second, with USD 1.3 billion, followed by EIB, with USD 0.5 billion. As to individual climate funds, which provided much lower levels of funding, the top three contributors were the IFAD, the GEF and the CIF. Together, they provided USD 0.6 billion over six years.

60. Bilateral agencies formed the second biggest group of public climate finance contributors (36%) between 2013 and 2018. Major donors included the United Kingdom of Great Britain and Northern Ireland, with a total of USD 1.2 billion, followed by France, with USD 0.6 billion, and Japan, with USD 0.5 billion (see figure 5).

Figure 5
Contributors of climate finance to the East African Community region
(USD million)



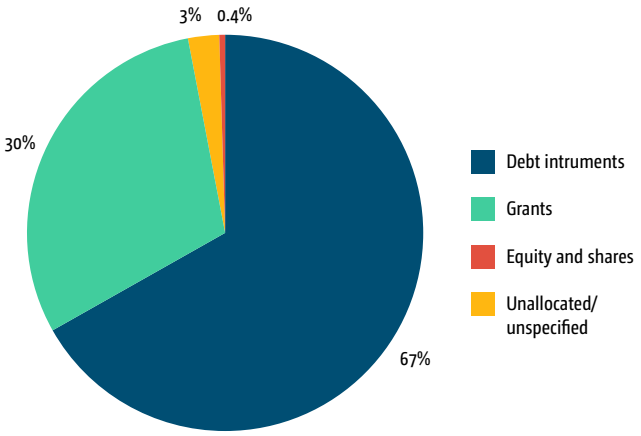
Source: OECD.

3. Financial instruments

61. The landscape of financial instruments is dominated by debt instruments and grants at the level of both the African continent and the EAC region. In Africa, debt (that is, loans) makes up 67% of total climate finance and grants account for 30% (see figure 6). The split within EAC is slightly more uneven: 74% debt and 25% grants (see figure 7). Equity is also used by contributors for certain investments but to an insignificant extent in relative terms (less than 1% in both international and regional flows).

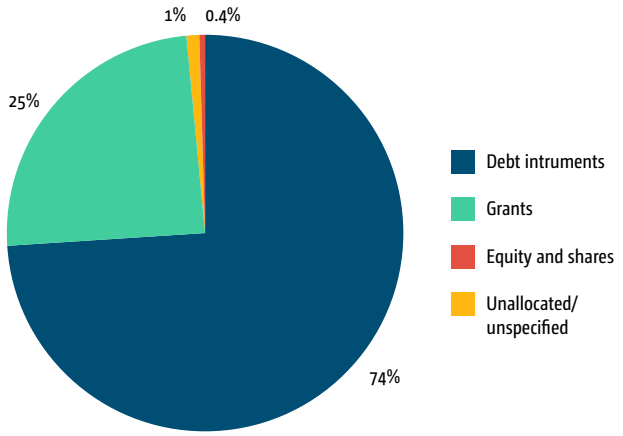
The high share of grants at the EAC level is due to many of the LDCs qualifying for repayment exemption. This allows the least developed economies to make essential investments – including in several initiatives with no return on investment, such as adaptation projects – with costless resources as opposed to loans. The EAC LDCs are the ones to benefit the most from grants. Burundi, Uganda and South Sudan receive, on average, about 60% of their public climate finance in the form of grants (see figure 8). The low number of loans provided to these countries is also related to specific characteristics, such as inadequate financial and banking systems, governance issues and political instability, among other motives, that hinder access to markets at accessible rates and conditions.

Figure 6
International public climate finance flows to Africa by financial instrument



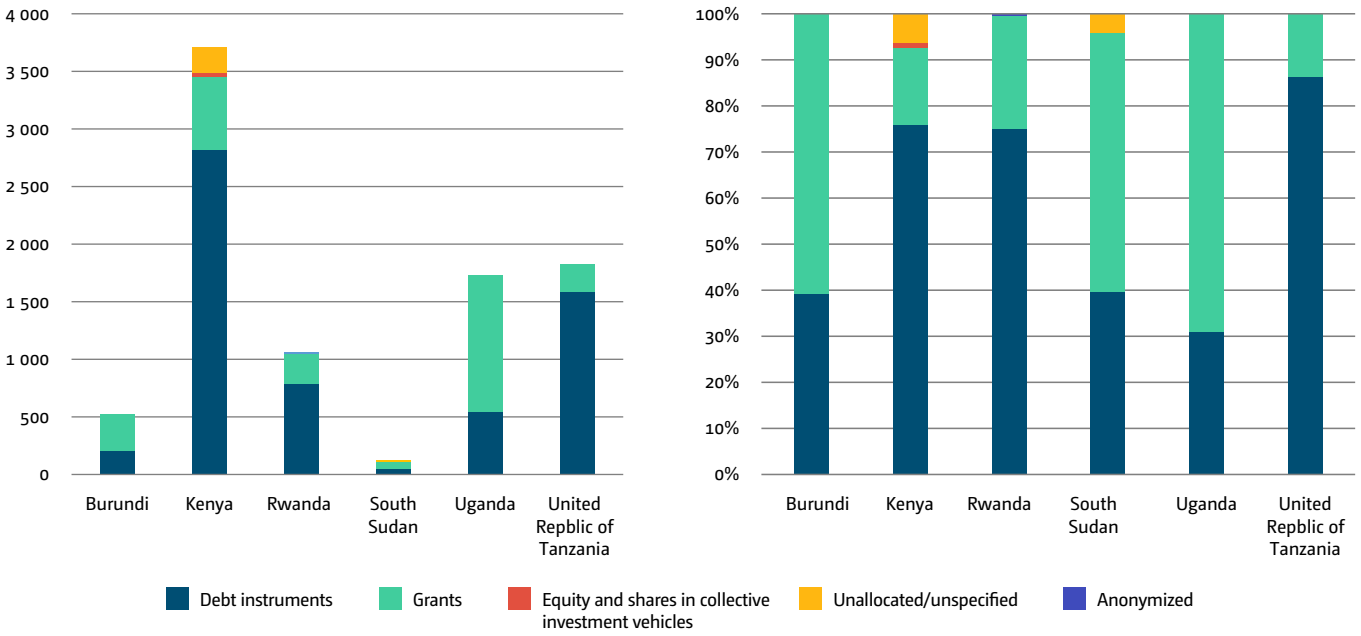
Source: OECD.

Figure 7
International public climate finance flows to the East African Community by financial instrument



Source: OECD.

Figure 8
International public climate finance by financial instruments and country
(USD million)



Source: OECD.

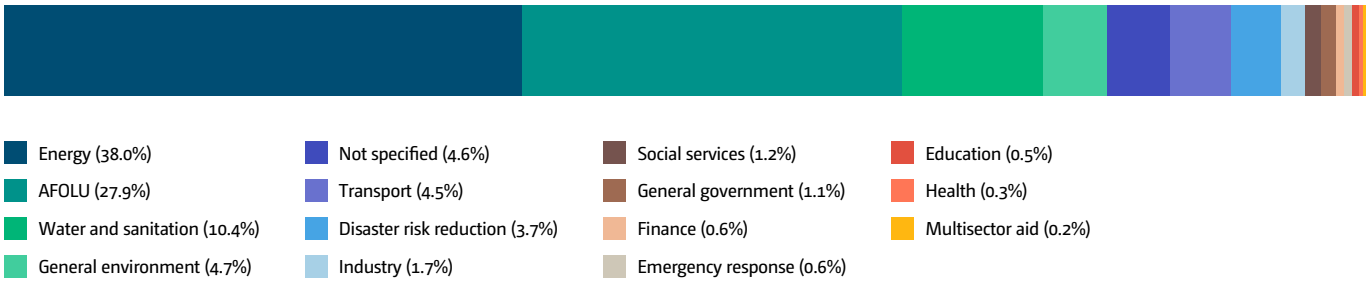
62. On the other hand, Kenya, a more developed economy with more robust economic and financial foundations than the other EAC partner States, presents better conditions for borrowing (76% of climate flows entering the country are in the form of debt). In 2018, USD 2.4 billion in public and private capital was invested in climate mitigation and adaptation activities in Kenya from both domestic (42%) and international sources (58%), according to *The Landscape of Climate Finance in Kenya* (March 2021).

4. Sectors

63. From a sectoral perspective, OECD data for 2013–2018 indicate that 76% of investments are concentrated in three sectors: agriculture, forestry and other land use; energy; and water and sanitation. Indeed, the figures reflect countries' needs as stated in strategic climate change documents (NDCs) (see figure 9).

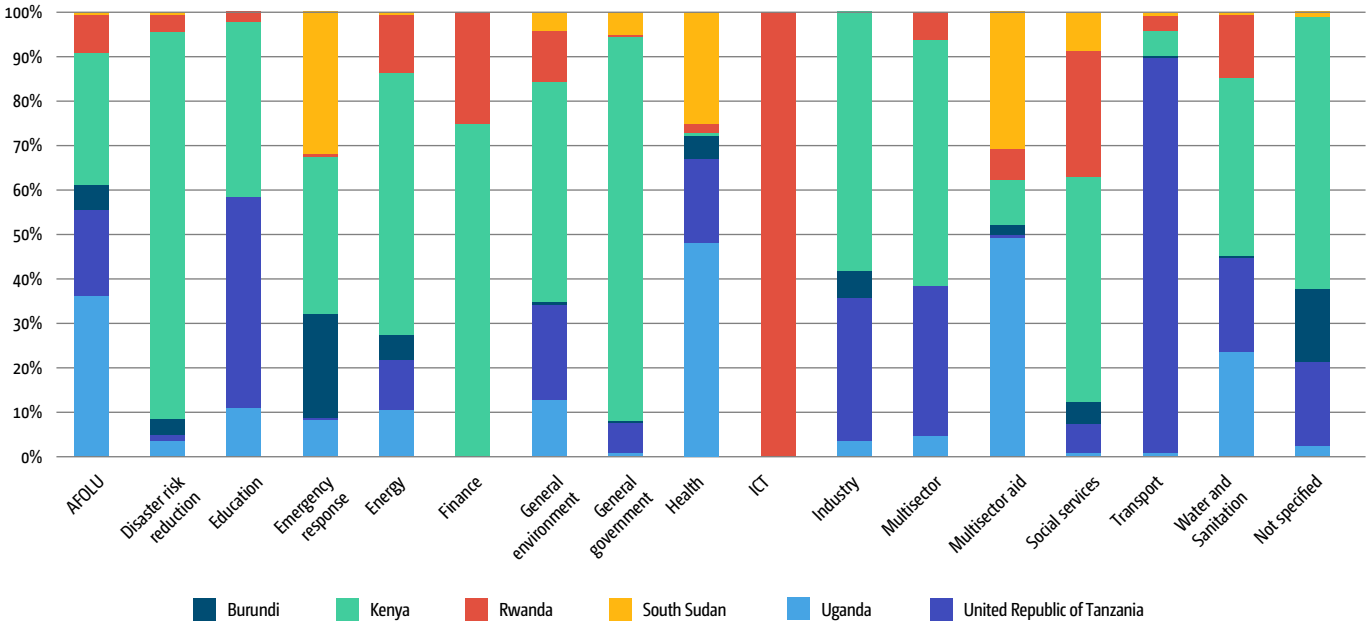
64. Regarding individual EAC country shares by sector, in relative percentage terms, South Sudan is the major recipient of climate finance in the emergency response, multisector aid and health sectors, which relates to the country's civil unrest and humanitarian issues. Rwanda receives small shares across the different economic sectors but is the only country to have received climate finance for the information and communications technology sector. Kenya receives consistently high percentages across most sectors, in particular finance and banking, energy and industry. Burundi stands out for the high share in emergency response project and programme funding, even though investments in the energy sector are much larger volume-wise. In Uganda, it is worth highlighting the considerable climate finance flows into the agriculture, forestry and other land use and health sectors. The United Republic of Tanzania presents modest shares in most of the sectors, except for transport, where it has received the majority of the total finance (see figure 10).

Figure 9
International public climate finance to the East African Community by sector



Source: OECD.

Figure 10
International public climate finance by sector and country

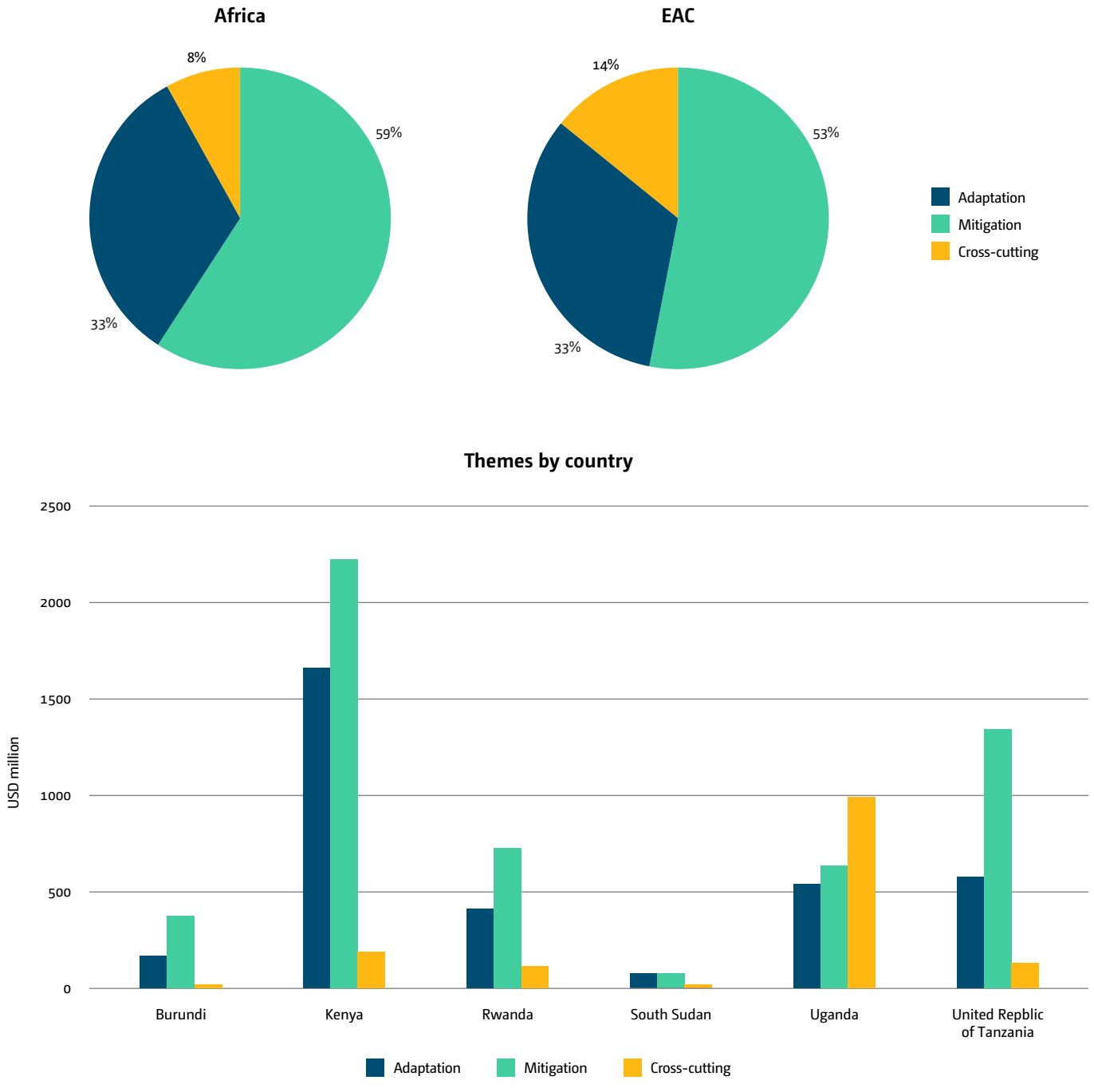


Source: OECD.

5. Themes

65. Finally, under this section, public international climate finance flows into the EAC region are organized by theme: adaptation, mitigation and cross-cutting. As shown in figure 11, across Africa, the share of public international climate finance invested in mitigation projects (59%) is higher than that invested in adaptation (33%) and cross-cutting (8%). In EAC, the split is slightly more balanced, though still dominated by mitigation.

Figure 11
International public climate finance flows to Africa and the East African Community by theme, 2013–2018



Source: OECD.

B. Carbon markets

66. The realization of climate goals and commitments involve the participation of both public and private entities that carry out GHG mitigation actions (investments) within the framework of the regulations and obligations imposed by policies. Undoubtedly, the existence of a mechanism accessible to these entities can be part of the strategy for facilitating compliance with obligations. Therefore, in such cases, countries can authorize entities to use the mechanism without any objection. This facilitation could be the result of the transfer of the outcomes of mitigation activities under commercial terms, enabling acquirers to demonstrate compliance with the obligations imposed by their respective governments.

67. For this purpose, carbon finance mechanisms (e.g. CDM) offers project development entities financial resources obtained through the sale of units resulting from GHG mitigation actions certified through the mechanism to those interested in acquiring them. There are likely to be many buyers of these units as they can help buyers to demonstrate compliance with obligations imposed by their governments on account of mitigation commitments that they have assumed as Parties to international agreements that they have ratified. To date, the number of registered CDM projects and programmes of activities in EAC countries stands at 124, 25 of which had a combined capital investment of USD 3.8 billion. A total of 9.7 million certified emission reduction have been issued to date (see table 18).

Table 18
Clean development mechanism projects by East African Community country

	Total number of projects	Capital investment reported (USD million)	Total certified emission reduction credits issued
Burundi	5	-	1 639
Kenya	35	2 734	652 013
Rwanda	10	1	227 021
Uganda	26	979	8 656 880
United Republic of Tanzania	10	41	180 583
Kenya and Rwanda	1	-	0
Kenya and Uganda	2	-	0
Total	**89**	**3 755**	**9 718 136**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V. Climate finance access

A. Green Climate Fund

68. As at December 2020, more than USD 2.4 billion (about 40% of the global total) in GCF funding supports 55 projects in Africa. There are 18 DAEs in Africa, 7 of which are in the EAC region.

69. The EAC partner States have established the institutional foundations for action on climate change under the UNFCCC. However, the countries' level of preparedness to access climate finance and invest in national priorities to address climate change is relatively low. Gaps, barriers and limitations include limited coordination between government institutions on climate change, low levels of engagement and collaboration with international climate finance partners, limited action to build capacity on climate change and climate finance issues, and an inadequate platform to prioritize and programme climate finance.

70. In this context, partner States are now engaged in country programming to address the key barriers, gaps and limitations that they currently face in accessing and programming climate finance and to support initial efforts to move ahead with the implementation of their NDCs and other climate-related initiatives. Activities for climate finance access readiness and country programming initially focus on training and capacity-building exercises to support the NDA to better coordinate and manage the AF, the GCF, the GEF, the LDCF and other climate finances and better engage with the boards and secretariats of these funds and with providers of climate finance. In the context of country programming, a consultative process is undertaken to better understand climate change impacts and options for low-emission climate-resilient development relevant to individual EAC countries and the EAC region as a basis for the development of updated national priorities for mitigation and adaptation.

1. Readiness support

71. The GCF provides support: in terms of readiness/country programming; through its Project Preparation Facility; and with funding proposals.

72. The Readiness Programme was created to enhance country ownership and help countries to access GCF resources. The Programme therefore provides resources to strengthen the institutional capacities of NDAs or focal points and DAEs to effectively engage with the GCF. It also assists countries in undertaking adaptation planning and the development of strategic frameworks to build their programming with the GCF. As a result, the Programme can complement efforts to formulate NDCs, and the GCF is open to working with countries to maximize synergies with its programming in a country-driven manner. All developing countries can access the Programme.

73. The Readiness Programme provides:

(a) An allocation of USD 1 million per country per calendar year to support the development of a robust pipeline, including quality concept notes, funding proposals and knowledge-sharing. Of this amount, NDAs or focal points may request up to USD 300,000 per year to help to establish or strengthen support for capacity-building for various stakeholders, including NDAs/focal points, DAEs and civil society organizations to deliver on the requirements of the GCF,

(b) A separate allocation of USD 3 million per country to support adaptation planning and/or adaptation planning processes.

74. For all readiness activities, including adaptation planning, countries may submit multiple-year strategic Readiness Programme implementation requests, with specific elements as required, for the GCF secretariat's consideration. Multiple proposals may be implemented by DAEs, IAEs and/or delivery partners.

75. Half of the USD 312.50 million available for readiness support during the initial resource mobilization period (2015–2019) is earmarked for vulnerable countries, including the LDCs, small island developing States and African States. By January 2020, a total of USD 205.01 million had been committed or spent. Of this amount, USD 181.86 million had been committed to 129 countries in the form of grants or technical assistance, for a total of 296 requests, 41 (14%) of which have been completed.

76. Funding for 259 requests (88%) has been disbursed for projects/programmes. The programming of pledges for the first formal replenishment (2020–2024) is still under way. Countries in the region have requested a total of USD 9.426 million in readiness funding, of which USD 3.909 million has been disbursed as at December 2020. The low amount of readiness support disbursed (requested 42%, approved 41%, disbursed 17%) has been a cause for concern for many EAC countries regarding the effectiveness of GCF readiness support.

77. As at March 2020, a total of 13 readiness proposals had been approved in the EAC region via the CTCN, FAO, GGGI, NEMA UNDP and UNEP, as shown in table 19. South Sudan has received no readiness support to date, with Rwanda receiving the most, followed by Kenya. The 13 proposals are for NDA strengthening, including country programming and strategic framework activities (see table 20).

Table 19
Number of Green Climate Fund Readiness and Preparatory Support projects

Number of readiness projects	Approved	Adaptation planning	NDA strengthening, incl. country programming	Strategic framework	Completed	Support for DAEs	Disbursed	Grand total
Burundi	1	-	1	-	1	-	1	1
Kenya	3	1	1	-	-	1	3	3
Rwanda	6	1	3	2	-	-	4	6
South Sudan	1	-	1	-	-	-	-	1
Uganda	1	-	1	-	-	-	1	1
United Republic of Tanzania	1	-	1	-	-	-	1	1

Source: GCF.

Table 20
Green Climate Fund Readiness Programme financing
(USD million)

	Requested	Approved	Disbursed	Readiness activities: Area (delivery partner, date)
Burundi	0.478	0.478	0.478	NDA strengthening and country programming for Burundi through UNDP, 2017
Kenya	4.30	4.30	1.50	NDA strengthening, 2019; entity support through NEMA, 2018; strategic frameworks, country programming
Rwanda	3.40	3.40	1.40	Strategic framework support (through GGGI, 2018; NDA strengthening and country programming, 2015 and 2018)
South Sudan	0.300	0.300	-	NDA strengthening, country programming, strategic frameworks
Uganda	0.701	0.701	0.418	NDA strengthening and country programming (through GGGI)
United Republic of Tanzania	0.348	0.348	0.313	Country programming process: 1. National framework for leapfrogging to Energy Efficient Appliances and Equipment in the United Republic of Tanzania (Refrigerators and Distribution Transformers) (USD 348,000) through regulatory and financing mechanism (UNEP, CTCN, December 2019, disbursed)
	0.300	0.300	0.00	2. NDA strengthening and country programming support for the United Republic of Tanzania through the Ministry of Finance and Planning, 2015
Total readiness support	**9.827**	**9.827**	**4.109**	

Source: GCF.

2. Funding proposals submitted and approved

78. As at December 2020, a total of 31 projects have been approved in the region, with USD 2,220.2 million committed from the GCF and USD 7,964.7 million raised through co-financing. Most of the projects are multi-country projects managed by IAEs. Six projects are being implemented exclusively within the EAC partner States by either national accredited entities or IAEs in Kenya, Burundi, Rwanda, Uganda and the United Republic of Tanzania, as shown in table 21.

79. There are projects and programmes in all EAC partner States except South Sudan, which has not submitted any funding proposals.

3. Funding resources available

80. In the initial resource mobilization period, the GCF received pledges of over USD 10.3 billion, of which it has received USD 7.2 billion. In four years, the GCF has allocated USD 5.2 billion of this funding. Of this amount, disbursements total USD 636 million, excluding accredited entity fees of USD 35 million. A total of 57% has been disbursed for private sector projects and 43% for public sector projects. The estimated cumulative disbursement was projected to fall in a range of USD 0.8–0.9 billion by the end of 2019.

81. Funds are still available for proposed pilot programmes, including requests for proposal on: REDD+ results-based payments; mobilizing funds at scale; micro-, small and medium-sized enterprises; enhanced direct access; the Simplified Approval Process; and other funding proposals, after accounting for approvals under requests for proposal, the Readiness Programme, the administrative budget and a foreign exchange commitment risk buffer. For the first formal replenishment period (2020–2023), USD 9.78 billion has been pledged for programming starting in 2020.

4. Accreditation

82. Within EAC, accredited entities are partnering with the GCF to implement various projects and programmes. They are guided by the GCF investment framework and the priorities of developing country governments (through NDAs) in converting concept notes into project actions. They work alongside countries to come up with project ideas and submit funding proposals for the approval of the GCF Board. They can be private or public, non-governmental, subnational, national, regional or international, provided they meet the standards of the Fund. They carry out a range of activities that usually include the development of funding proposals and the management and monitoring of projects and programmes. The EAC partner States can access GCF resources through multiple entities simultaneously. In addition to the above-mentioned DAEs, the following IAEs are active in the EAC region:

(a) AFD;
(b) AfDB;
(c) CI;
(d) Deutsche Bank;
(e) FAO;
(f) FMO;
(g) GIZ;
(h) IFAD.
(i) IUCN;
(j) UNDP;
(k) UNEP;
(l) United Nations Office for Project Services;
(m) WBG;
(n) World Meteorological Organization.

Table 21
Approved national Green Climate Fund projects, excluding multi-country projects
(USD million)

	Accredited Entity	Total finance approved	Project theme
Burundi	IFAD	9.99	Adaptation
Kenya	IUCN	23.2	Adaptation
Rwanda	Ministry of Environment Rwanda	32.8	Cross-cutting
	IUCN	33.8	Cross-cutting
United Republic of Tanzania	KfW	122.1	Adaptation
	UNDP	24.1	Adaptation

Source: GCF.

5. Country programming

83. To access funds from the GCF, the EAC countries have been able to (1) establish and maintain an NDA or focal point; (2) identify and put in place strategic country programmes for engagement with the GCF; (3) identify direct entities and seek their accreditation to access resources from the Fund, as mentioned above; and (4) continue to develop projects and programmes to bring forward funding proposals through these accredited entities.

84. In doing so, they are following the principles of country programming requiring that programmes be country-owned and driven by the national context, national processes and national stakeholders, that the NDA play a key coordination role and that multisector stakeholder processes be ensured, including in key development sectors, the private sector and civil society.

85. The EAC countries have received, inter alia, readiness grants and technical assistance to ensure that country programming is achieved. To improve country programming, the readiness support received covers three major components: NDA strengthening, country programming, and strategic frameworks.

86. The identified priority programmes and projects include both adaptation and mitigation actions, which have also been identified in the national climate strategies and NDCs of these countries.

B. Global Environment Facility

87. GEF funds are allocated to projects addressing biodiversity, climate change, land degradation, international waters, chemicals, and waste. The information herein includes data only on climate change projects and cross-cutting projects with climate co-benefits (collectively referred to as “climate change projects” for simplicity).

88. In total, the partner States have received USD 225 million in GEF grants and USD 1.6 billion in co-financing for national climate change projects. Additionally, they have been involved in regional projects, in relation to which data on the financing received by the individual countries are not available. The total values of regional projects are listed in table 23. Kenya and the United Republic of Tanzania have received the most funding via GEF co-financed projects. South Sudan – understandably, as a very young country – has received the least, followed by Burundi. GEF agencies active in the region include:

(a) AfDB;
(b) FAO;
(c) IFAD;
(d) IUCN;
(e) UNDP;
(f) UNEP;
(g) United Nations Industrial Development Organization;
h) WBG.

1. Global Environment Facility Trust Fund

89. Table 22 shows the total support received by EAC from the GEF Trust Fund up to April 2020 via individual country projects and regional projects. The table includes funds received from the LDCF and the SCCF.

2. Country System for Transparent Allocation of Resources allocation and utilization – sixth replenishment of the Global Environment Facility Trust Fund

90. Table 23 provides a list of GEF funds allocated between 2014 and 2018 for the "climate change" focal area under the GEF-6 and the amounts utilized.

Table 22
Total Global Environment Facility support received

		Number of projects/ enabling activities	Total financing (USD)	Total co-financing (USD)
Burundi	National	9	29 081 514	135 039 728
	Regional	25	481 565 251	4 035 796 488
Kenya	National	17	34 596 263	151 875 950
	Regional	41	198 961 481	2 663 957 778
Rwanda	National	11	20 575 538	144 849 366
	Regional	20	160 818 551	1 707 255 022
South Sudan	National	4	19 117 123	55 580 000
	Regional	7	48 232 003	59 508 400
Uganda	National	18	45 649 230	461 131 492
	Regional	59	531 304 412	4 222 962 975
United Republic of Tanzania	National	19	75 575 804	629 752 411
	Regional	69	658 592 165	5 955 020 164

Source: GEF.

Table 23
System for Transparent Allocation of Resources allocation and utilization

	Indicative allocation (USD)	Allocation utilized (USD)	Allocation pending programming (USD)
Burundi	3 000 000	3 998 545	-998 545
Kenya	4 040 997	5 043 133	-1 002 136
Rwanda	3 000 000	3 000 000	0
South Sudan	3 000 000	0	3 000 000
Uganda	3 765 683	3 965 681	-199 998
United Republic of Tanzania	7 125 943	7 291 999	-166 056
Total	**23 932 623**	**23 299 358**	**633 265**

Source: Country STAR allocation – GEF-7.

91. At its 54th meeting in June 2018, the GEF Council approved a new policy for STAR that introduced modifications to STAR as agreed by GEF-7 participants. The GEF secretariat also presented guidelines to support the effective implementation of the policy. The policy and the guidelines are effective as of 1 July 2018.

92. The initial STAR country allocations for the GEF-7 replenishment period from 1 July 2018 to 30 June 2022 are calculated in accordance with the policy, the guidelines and the GEF-7 resource allocation framework agreed by the replenishment participants.

93. The initial STAR country allocations for GEF-7 reflect a total replenishment level for programming of USD 4,068 million. In accordance with the agreed resource allocation framework, the GEF-7 envelopes for the three STAR focal areas are USD 1,292 million for "biodiversity", USD 802 million for "climate change" and USD 475 million for "land degradation". After adjusting for focal area set-asides, the amounts available for initial STAR country allocations are as follows: USD 1,031 million for "biodiversity", USD 511 million for "climate change" and USD 354 million for "land degradation".

94. Recipient countries with total initial STAR allocations of up to USD 7 million will retain full flexibility to programme their allocations across the three focal areas. Thus, as shown in table 25, Burundi and South Sudan have that flexibility. In total, 61 countries will benefit from this flexibility rule under GEF-7.

95. Recipient countries with total initial STAR allocations exceeding USD 7 million are allowed marginal adjustments across focal areas of USD 2 million or up to 13% of their total initial STAR country allocations, whichever is higher. Table 24 provides the initial STAR country allocations for the EAC countries. The last column represents the marginal adjustments allowed for countries with total initial STAR country allocations exceeding USD 7 million, at USD 2 million or 13% of their total initial STAR country allocations, whichever is higher.

Table 24
Initial System for Transparent Allocation of Resources country allocations

	Initial allocation (USD)				Fully flexible	Marginal adjustment
	Climate change	Biodiversity	Land degradation	Total		
Burundi	1 500 000	3 000 000	1 500 000	6 000 000	Yes	
Kenya	1 660 000	9 610 000	4 710 000	15 980 000	No	2.08
Rwanda	1 500 000	3 000 000	1 500 000	6 000 000	Yes	
South Sudan	1 500 000	3 000 000	1 500 000	6 000 000	Yes	
Uganda	1 500 000	3 840 000	2 390 000	7 730 000	No	2.00
United Republic of Tanzania	1 790 000	16 790 000	5 420 000	24 000 000	No	3.12
Total	**9 450 000**	**39 240 000**	**17 020 000**	**65 720 000**		

Source: Country STAR allocation – GEF-7.

3. Least Developed Countries Fund

96. The LDCF, established under the UNFCCC, addresses the special needs of the LDCs that are especially vulnerable to the adverse impacts of climate change.

97. The LDCF reduces the vulnerability of sectors and resources that are central to development and livelihoods, such as water, agriculture and food security, health, disaster risk management and prevention, infrastructure, and fragile ecosystems.

98. All the LDCs as defined by the United Nations that are also Parties to the UNFCCC are eligible to access the LDCF. The list of LDCs is reviewed every three years by the United Nations Economic and Social Council. The Fund is tasked with financing the preparation and implementation of NAPAs, which use existing information to identify a country's priorities for adaptation actions. The LDCF is the only existing fund whose mandate is to finance the preparation and implementation of NAPAs. Burundi, Rwanda, South Sudan, Uganda and the United Republic of Tanzania have received funding via the LDCF, as shown in the table above and as elaborated in table 25.

99. The balanced access principle ensures that funding for NAPA implementation will be available to all the LDCs. Consistent with this principle, the LDCs have agreed to impose a "ceiling" or maximum amount that will not be exceeded in order not to deplete the limited LDCF resources. In principle, a portion of all available funding is reserved for each LDC. As donors contribute to the Fund on an annual basis and at different times, the "ceiling" increases proportionally to the growing size of the Fund.

100. The per-country cumulative ceiling was raised to USD 50 million, with an initial per-country cap of USD 10 million for 2018–2022 (GEF 2018–2022 Programming Strategy for the LDCF). As at 19 December 2019, the funding available in the LDCF amounted to USD 31.3 million. Furthermore, USD 188.29 million was pledged to the LDCF in 2019.

Table 25
Total Least Developed Countries Fund support received

		Number of projects/ enabling activities	Total financing (USD)	Total co-financing (USD)
Burundi	National	9	29 081 514	94 494 028
	Regional	25	481 565 251	4 035 796 488
Rwanda	National	11	53 936 925	241 866 366
	Regional	20	250 719 398	2 067 908 823
South Sudan	National	4	19 117 123	55 580 000
	Regional	7	48 232 003	73 323 400
Uganda	National	18	82 325 600	675 219 275
	Regional	36	650 945 978	5 068 457 157
United Republic of Tanzania	National	15	75 575 804	629 753 211
	Regional	39	658 592 165	6 002 810 164
Total		**184**	**2 350 091 761**	**18 945 208 912**

Source: GEF.

4. Special Climate Change Fund

101. The SCCF was established in response to guidance from COP 7 in Marrakech in 2001. Any non-Annex I Party to the UNFCCC is eligible for project funding under the SCCF. The SCCF was established with four different funding windows:

(a) Adaptation;

(b) Transfer of technologies;

(c) Energy, transport, industry, agriculture, forestry and waste management;

(d) Economic diversification for fossil fuel-dependent countries.

102. Currently, only the "adaptation" and "transfer of technologies" windows are active. The funds received by EAC countries up to April 2020 are shown in table 26.

103. As at 2017, the SCCF has a portfolio of nearly USD 350 million in voluntary contributions supporting 77 projects in 79 countries. Adaptation is the top priority, but the SCCF also funds, through separate financing windows: technology transfer; mitigation in selected sectors, including energy, transport, industry, agriculture, forestry, and waste management; and economic diversification.

5. Capacity-building Initiative for Transparency

104. The CBIT was created at the request of the Parties to help to strengthen the institutional and technical capacities of non-Annex I countries to meet the enhanced transparency requirements defined in Article 13 of the Paris Agreement. As part of the Paris Agreement, all countries agreed to an enhanced transparency framework for action and support, with built-in flexibility for those developing country Parties that need additional capacity. CBIT projects build on existing transparency arrangements and on country efforts to develop NCs, BURs and other international GHG assessment and review processes. The CBIT has three aims:

(a) Strengthen national institutions for transparency-related activities in line with national priorities;

(b) Provide relevant tools, training and assistance for meeting the provisions stipulated in Article 13 of the Agreement;

(c) Assist in the improvement of transparency over time.

Table 26
Total Special Climate Change Fund support received

		Number of projects/ enabling activities	Total financing (USD)	Total co-financing (USD)
Kenya	National	17	50 587 306	435 835 795
	Regional	40	327 206 944	3 303 955 217
United Republic of Tanzania	National	19	71 975 804	629 752 411
	Regional	39	658 592 165	6 002 807 164
Total		**115**	**1 108 362 219**	**10 372 350 587**

Source: GEF.

105. EAC countries have received a total of USD 3.5 million in support through the CBIT, plus USD 5.9 million in co-financing (see table 27).

106. Under GEF-7, the CBIT funding envelope amounts to USD 55 million. As at November 2019, USD 33.1 million had already been programmed, leaving a balance of USD 27.9 million.

107. Under GEF-7, USD 110 million has been set aside for Convention obligations under the "climate change" focal area. USD 23.7 million had been programmed as at 30 June 2019, leaving a balance of USD 86.3 million.

Table 27
Total Capacity-building Initiative for Transparency support received

	Agency	Project title	Sum of GEF grant (USD)	Sum with co-financing (USD)
Kenya	CI	Strengthening National Capacity in Kenya to Meet the Transparency Requirements of the Paris Agreement and Sharing Best Practices in the East Africa Region	1 144 500	2 244 500
Rwanda	CI	Strengthening the Capacity of Institutions in Rwanda to Implement the Transparency Requirements of the Paris Agreement	1 144 500	1 744 500
Uganda	CI	Strengthening the Capacity of Institutions in Uganda to Comply with the Transparency Requirements of the Paris Agreement	1 253 500	1 872 955
Total			**3 542 500**	**5 861 955**

Source: Country STAR allocation – GEF-7.

C. Adaptation Fund

108. Four projects have been approved in the EAC region as at March 2020, with a total of USD 32.73 million in approved funding. Of this amount, USD 30.2 million has been transferred. The projects have been implemented mainly by national entities (Kenya and Rwanda), which have been able to access the highest amount (see table 28).

Table 28
Adaptation Fund approved projects

	Implementing entity	Sector/project	Approved amount (USD)	Amount transferred (USD)	Approval date
Kenya	NEMA	Integrated Programme to Build Resilience to Climate Change & Adaptive Capacity of Vulnerable Communities in Kenya	9 998 302	8 911 082	10 October 2014
Rwanda	Ministry of Natural Resources of Rwanda	Reducing Vulnerability to Climate Change in North West Rwanda through Community Based Adaptation	9 969 619	9 969 619	1 November 2013
Uganda	Sahara and Sahel Observatory	Enhancing resilience of communities to climate change through catchment-based integrated management of water and related resources in Uganda	7 751 000	6 300 000	5 July 2016
United Republic of Tanzania	UNEP	Implementation of Concrete Adaptation Measures to Reduce Vulnerability of Livelihood and Economy of Coastal Communities in Tanzania	5 008 564	5 008 564	14 December 2011
Total			**32 727 485**	**30 189 265**	

Source: AF.

109. This list includes project and programme proposals that the AF received from the EAC countries in the two years up to March 2020 but that have not yet been approved by the AF Board as full proposals. Project proposals from the EAC countries that are currently in the AF pipeline are requesting a total of USD 7.1 million (see table 29).

Table 29
Adaptation Fund project pipeline

	Implementing entity	Sector/project	Amount requested (USD)	Submission date	Status
Uganda	AfDB	Strengthening climate change adaptation of small towns and periurban communities within medium river catchments in Uganda	2 249 000	1 July 2019	Proposal not yet approved
United Republic of Tanzania	NEMC	Enhancing Climate Change Resilience of Coastal Communities of Zanzibar	1 000 000	8 May 2019	Endorsed concept
	NEMC	Strategic Water Harvesting Technologies for Enhancing Resilience to Climate Change in Rural Communities in Semi-Arid Areas of Tanzania	1 280 000	1 July 2019	Endorsed concept
	NEMC	Enhancing Climate Change Adaptation for Agro-Pastoral Communities in Kongwa District	1 200 000	1 July 2019	Endorsed concept
	NEMC	Bunda Climate Resilient and Adaptation Project	1 400 000	1 July 2019	Endorsed concept
Total			**7 129 000**		

Source: AF.

110. The AF is financed through a share of proceeds from CDM project activities and other sources of funding. The share of proceeds amounts to 2% of certified emission reduction credits issued for a CDM project activity. According to an AF Board report from November 2019, the funds available for new funding approvals amounted to USD 175.6 million as at 30 September 2019.

111. The AF Board has made several small grants available under the Readiness Programme to help national implementing entities to provide peer support to countries seeking accreditation with the Fund and to build capacity for undertaking various climate finance readiness activities. These include South–South cooperation grants, project formulation assistance grants (maximum USD 20,000 per project), technical assistance grants and project scale-up grants (maximum USD 100,000 per project and programme).

112. Readiness grants totalling USD 150,000 that have been approved for the EAC countries to date (January 2020) by international implementing agencies accredited to the AF are as shown in table 30.

D. Climate Investment Funds

113. The CIF was established in 2008 by developing and developed countries. Since its establishment, 14 donor countries have contributed a total of over USD 8 billion, with the largest contributions having been made by Japan, the United States and the United Kingdom. The resources are held in a trust by WBG and are disbursed as grants, highly concessional loans and risk mitigation instruments to recipient countries through MDBs.

114. The CIF is dedicated to accelerating climate action in developing and middle-income countries by fostering transformations in clean technologies, energy access, climate resilience and sustainable forests. The CIF has four programmes: (1) the CTF; (2) the FIP; (3) the PPCR; and (4) the SREP. Among the EAC partner States, only Burundi and South Sudan have not received CIF support. Kenya, Rwanda, Uganda and the United Republic of Tanzania have accessed CIF funding amounting to roughly USD 225 million (see table 31).

Table 31
Climate Investment Funds funding to East African Community countries
(USD million)

	CTF	FIP	PPCR	SREP
Kenya	30	-	-	44
Rwanda	-	-	-	49
Uganda	30	-	-	-
United Republic of Tanzania	28	-	-	54

Source: CIF, 2020. Note that Burundi and South Sudan have not received funding from the CIF.

Table 30
Adaptation Fund implementing agencies

	Title	Implementing entity	Approved (USD)	Approval date
Burundi	Readiness Package	Centre de Suivi Ecologique	50 000	29 June 2018
	South–South Co-operation Grant	Centre de Suivi Ecologique	50 000	23 December 2016
Kenya	Technical Assistance Grant for ESP and Gender	NEMA	25 000	23 December 2016
Rwanda	Technical Assistance Grant for ESP and Gender	Ministry of Natural Resources	25 000	23 December 2016
Uganda	Technical Assistance Grant for ESP and Gender	Ministry of Water and Environment	25 000	2 December 2019
United Republic of Tanzania	Technical Assistance Grant for ESP and Gender	NEMC	25 000	2 December 2019
Total			**200 000**	

Source: AF.

115. The EAC region received a total of USD 225 million plus co-financing of USD 708 million, all of which was invested in the energy sector, as shown in table 32. The largest funding package was received by Rwanda through the SREP for the creation of a renewable energy fund aimed at helping stakeholders to "overcome financial barriers and accelerate growth of the off-grid electrification market" (WBG, 2017). The initiative benefited from support amounting to USD 48.94 million. The smallest CIF disbursement was for a mini-grid project in the United Republic of Tanzania and amounted to USD 4.75 million.

116. All four CIF thematic funds have allocated most of their financial resources to recipient countries: the CTF has allocated 98%, the PPCR 87%, the SREP 86% and the FIP 84%. Funds are running out because the CIF includes a "sunset clause" that requires it to conclude its operations once a new financial architecture, now embodied by the GCF, is effective. Nevertheless, there are still valuable resources that the EAC countries could tap into with projects that fit the conditions and criteria of the CIF funds. For instance, the CTF, despite having 98% of its resources committed, still has about USD 1.4 billion to invest in the upcoming years. Likewise, the PPCR has USD 153 million of available support, the SREP, USD 108 million and the FIP, USD 120 million.

Table 32
Projects funded by the Climate Investment Funds in East African Community countries
(USD million)

	Project name	Fund	Funding	Co-financing	MDB
Kenya	DPSP II: Concessional Finance Program for Geothermal Generation	CTF	29.65	77.80	AfDB
	Electricity Modernization Project	SREP	7.50	13.20	IBRD
	Menengai Geothermal Development Project	SREP	25.00	443.28	AfDB
	PSSA: Kopere Solar Park	SREP	11.60	36.34	AfDB
	Subtotal Kenya		**73.75**	**570.62**	
Rwanda	Renewable Energy Fund Project	SREP	48.94	51.00	IBRD
Uganda	DPSP III: Electricity Access Scale up Project	CTF	30.00	87.00	IBRD
United Republic of Tanzania	DPSP III: Zanzibar Energy Sector Transformation Project	CTF	28.00	155.50	IBRD
	Geothermal Development	SREP	40.00	68.27	AfDB
	Mini-Grids Project	SREP	4.75	0.15	IFC
	Renewable Energy for Rural Electrification	SREP	9.00	150.00	IBRD
	Subtotal United Republic of Tanzania		**81.75**	**373.92**	
Total			**234.44**	**1082.54**	

Source: CIF, 2020. Note that Burundi and South Sudan have not received funding from the CIF.

E. Multilateral financial institutions

117. An MFI is a financial institution established by more than one country and that aims to assist countries with development needs. MFIs are subject to international law and their shareholders are generally governments. The largest MFIs are EIB and WBG, with over USD 500 billion in assets. Other MFIs include the European Bank for Reconstruction and Development and AfDB.

118. As discussed in section IV above, MFIs were the second biggest contributors of public climate finance (42%) to EAC between 2013 and 2017. With USD 3.3 billion, WBG is the biggest individual provider of climate finance in the region. AfDB comes second, with USD 1.3 billion, followed by EIB, IFAD and IFC.

119. Table 33 lists multilateral financial initiatives for Africa. Access to these funds depends on individual conditions and criteria. Projects must be aligned with eligibility requirements and be of an international standard to increase the chances of approval.

Table 33
Multilateral financial initiatives available to East African Community countries

Name of fund	Administered by	Eligibility	Financing mechanism	Level of funding	Year in operation
Adaptation for Smallholder Agriculture Programme	IFAD	Smallholder farmers in developing countries (existing and new IFAD investment programmes in poor developing countries that are vulnerable to climate impacts)	Co-financing Grant	USD 30–40 billion up to 2030	2012–2030
African Water Facility	AfDB	Regional member countries of AfDB, political subdivisions or agencies working in these countries, or regional agencies or institutions concerned with water resource development in Africa	Co-financing Grant Loan Risk management	EUR 130 million	2006
BioCarbon Fund	WBG	Afforestation and reforestation CDM projects and REDD+ and sustainable land management projects	Grant funding and technical assistance. Results-based payments for achieved emission reductions	USD 84 million	2004
Climate Catalyst Fund	IFC Asset Management Company	Emerging markets	Equity (fund of funds)	USD 418 million	Launched in December 2012
Climate Technology Initiative Private Financing Advisory Network	UNFCCC expert group on technology transfer	Economically viable projects with high environmental benefits	Technical assistance	USD 140 million	2006
ClimDev-Africa Special Fund	AfDB	African countries of dedicated institutions, and NGOs, civil society organizations and CBOs	Grant	USD 136 million	Agreed in 2010. Launched in late 2014

Table 33 (continued)
Multilateral financial initiatives available to East African Community countries

Name of fund	Administered by	Eligibility	Financing mechanism	Level of funding	Year in operation
Forest Carbon Partnership Facility	WBG	Developing countries having demonstrated REDD+ activities	Readiness fund is grant-based. Carbon fund involves payments for verified emission reductions from REDD+ programmes	USD 850 million	
GEF Small Grants Programme	UNDP	NGOs/CBOs working in developing countries with projects corresponding to GEF focal areas	Grant	USD 450 million	1992
Global Climate Change Alliance+	EU	The 73 LDCs or small island developing States that are recipients of ODA	Grant	EUR 316 million	Started as the Global Climate Change Alliance in 2007, then be-came the Global Climate Change Alliance+ in 2014
Global Energy Efficiency and Renewable Energy Fund	EU	Private equity funds investing in private sector projects in renewable energy and energy efficiency	Equity (fund of funds)	EUR 220 million	2006
Global Facility for Disaster Reduction and Recovery	WBG	Consistency with the Facility's mission, government commitment (there must be clear evidence of country ownership of country-specific activities), co-financing (all proposals should include co-financing with a target of at least 10% financing from the proponent or the relevant low- or middle-income country government, and from other sources)	Grant	USD 156 million committed and USD 60 million approved in the 2014 fiscal year	2007

Table 33 (continued)
Multilateral financial initiatives available to East African Community countries

Name of fund	Administered by	Eligibility	Financing mechanism	Level of funding	Year in operation
Global Index Insurance Facility	WBG and IFC (funded by EU, Japan and the Netherlands)	Governments and properly registered banks and primary insurers in developing countries	-	Total insurance portfolio: USD 119 million	2009
IFC Risk Sharing Facility	IFC	Bank or corporation	-	-	-
Interact Climate Change Facility	13 shareholders: AFD, EIB and 11 European Development Finance Institutions members	Private sector projects in developing countries (African, Caribbean and Pacific countries, Asian and Latin American countries) and emerging markets in the sector of climate change proposed by any of the European Development Finance Institutions share-holders are eligible for funding	Grant Senior loans and mezzanine debt	EUR 400 million	2010
International Development Association	WBG	78 eligible countries: 59 International Development Association countries, 18 blend countries and India, for the time of transition	Grant Loan	-	1960
Nationally Appropriate Mitigation Action Facility (United Kingdom and Germany)	German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety, and Department of Energy and Climate Change of the United Kingdom	Bankable projects support the implementation of nationally appropriate mitigation actions, submission by a national government or qualified delivery organization; financing volume of EUR 5–20 million; qualification as ODA	Technical and financial assistance Grants Loans	USD 205 million	2012

Table 33 (continued)
Multilateral financial initiatives available to East African Community countries

Name of fund	Administered by	Eligibility	Financing mechanism	Level of funding	Year in operation
Nordic Climate Facility	Nordic Environment Finance Corporation	Applicant must be an active institution, organization, company or authority with relevant experience and holding a registered place of operations in Denmark, Finland, Iceland, Norway or Sweden. Applicant must have one or more partners in eligible countries. Average turnover of the applicant must exceed twice the funding applied for	Co-financing	EUR 250,000–500,000	2008
Public–Private Infrastructure Advisory Facility	WBG	Developing or transition economies that are recipients of OECD DAC I to IV Aid are eligible	Grant Technical assistance	USD 15 million	1999
REEEP	REEEP	REEEP invites direct proposals from governments, energy regulators, development financial institutions and development agencies focusing on the REEEP priority countries, which include Brazil, China, India, Indonesia, South Africa and several sub-Saharan African States	Co-financing Grant Loan guarantee Technical assistance	EUR 150,000 maximum per project	2002
Seed Capital Assistance Facility	UNEP	Early-stage clean energy enterprises and projects	Grant Equity	USD 10.5 million	-
Sustainable Energy Fund for Africa	AfDB	Private project developers/ promoters to facilitate pre-investment activities for renewable energy and energy efficiency projects	Cost-sharing grants Technical assistance	USD 60 million	Launched in 2014
UNDP Green Commodities Facility	UNDP	Focuses on bulk-traded goods such as cocoa, coffee, cotton and tuna, but will expand into a wider array of agricultural, forestry and fisheries products, including rice, soy, palm oil, lobster, shrimp, beef and timber	Grant Equity Loan		2009
UN-REDD Programme	UN-REDD Policy Board	Partner countries of the UN-REDD Programme	Grant	USD 97 million	2008

Source: AfDB, EU, IFAD, IFC, REEEP, UNDP, UNEP, UNFCCC, UN-REDD, WBG, bilateral development banks.

F. Bilateral development cooperation agencies

120. Unlike MFIs, bilateral financial institutions are set up by a single country to finance specific development projects and programmes in a developing country, hence the term "bilateral". Bilateral financial institutions are institutions or funds primarily owned and managed by governments.

121. As indicated in chapter IV above, bilateral agencies are the main donors of public climate finance (58%) to EAC. In descending order, the three major contributors are the United Kingdom, with USD 1.2 billion, France, with USD 0.6 billion, and Japan, with USD 0.5 billion.

122. Table 34 contains a non-exhaustive list of bilateral funds that could be tapped into by African States, including those in EAC. The distribution of these funds is often based on the bilateral relationship between the donor and recipient countries; accessibility would thus depend on the countries' relations. Nonetheless, there are several bilateral sources that recipient countries can access through open calls. To be considered, projects must comply with funding objectives and criteria. Having a well-structured, integrated and sustainable project will further increase funding probabilities.

Table 34
Bilateral financial initiatives available to East African Community countries

Name of fund	Administered by	Eligibility	Financing mechanism	Level of funding	Year in operation
Abu Dhabi Fund for Development	International Renewable Energy Agency	Submitted by the Agency's members, signatories of its statute or States in accession that are included as developing countries in the OECD DAC list of ODA recipients. Preference will be given to proposals submitted by Agency members for projects that deploy renewable energy	Concessional loan	USD 350 million	-
Africa Climate Change Fund	AfDB	African governments, NGOs, research organizations based in Africa and regional institutions	Grant	EUR 4.725 million	2008–2013
Climate Public Private Partnership	Donor governments	The objective of the Climate Catalyst Fund is to stimulate the development of climate funds and climate-friendly projects and companies that are expected to play a key role in accelerating the growth of investment in renewable energy and other low-carbon solutions	Equity Loan Grant	USD 283 million	2010
Danish Climate Investment Fund	Investment Fund for Developing Countries	Projects in developing countries that have a Danish company participating or contain a Danish economic interest	Co-financing Loan Technical assistance Equity	DKK 1.3 billion	

Table 34 (continued)
Bilateral financial initiatives available to East African Community countries

Name of fund	Administered by	Eligibility	Financing mechanism	Level of funding	Year in operation
German Investment Corporation	Subsidiary of KfW	Developing and emerging market countries for profitable projects that contribute to sustainable development goals	Loans Mezzanine financing Guarantee Equity capital	Up to EUR 25 million per project	
Global Climate Change Initiative	USAID, the United States Department of State and the United States Department of the Treasury	Developing countries	Grant Loan Guarantee	USD 350 million per year	Indefinite
Infrastructure Development Fund and Access to Energy Fund	FMO	The Access to Energy Fund supports private sector projects that provide long-term access to energy services (generation, transmission and distribution). The Infrastructure Development Fund is aimed at long-term financing for large infrastructure projects.	Co-financing Loan Grant Technical assistance		
InsuResilience Investment Fund	KfW, BlueOrchard	Qualified insurance and reinsurance companies, and other companies active in the value chain of insurance and reinsurance based in ODA recipient countries	Insurance	USD 60 million (seed investment). USD 130 million (minimum target fund size)	2013
International Climate Fund (United Kingdom)	Department for International Development, Department of Energy and Climate Change, Department for Environment, Food and Rural Affairs of the United Kingdom	Projects that display consistency with the DAC definition of ODA and ensure open and transparent project performance. Other critical eligibility factors include the choice of instrument and an appropriate enabling environment	Grant Loan Guarantee ODA	GBP 3.87 billion	2011–2016

Table 34 (continued)
Bilateral financial initiatives available to East African Community countries

Name of fund	Administered by	Eligibility	Financing mechanism	Level of funding	Year in operation
International Climate Initiative	German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety	Climate and biodiversity projects in developing and newly industrialized countries and countries in transition	Grant Loan	EUR 120 million annually	2008
KfW Development & Climate Finance	KfW	Public and private entities, depending on contract	Grant Loan Structured financing	Varies depending on contract	-
Norway's International Climate and Forest Initiative	Norwegian Ministry of Climate and Environment and Ministry of Foreign Affairs	The eligibility criteria of projects are subject to the selection criteria of five multilateral channels used by the Initiative: the Congo Basin Forest Fund, the For-est Carbon Partnership Facility, the FIP, the Guyana REDD+ Investment Fund and the UN-REDD Programme	Grants Loans	NOK 3 billion	2008
Norwegian Investment Fund for developing countries	Norwegian Ministry of Foreign Affairs	Countries with GDP per capita of less than USD 6,885 (OECD DAC list)	Equity Loans Other risk capital	USD 1.6 billion portfolio	1997

Source: Fund administrators.

G. Private sector finance

123. Climate finance products have an important role to play in channelling capital towards the Sustainable Development Goals and climate resilience. Governments can help the market to achieve scale through public sector bond issuance and by facilitating private sector capital-raising and securitization. The COVID-19 crisis has shown that investors and issuers can adjust quickly when an urgent need is demonstrated. While investor demand and product issuance have historically focused on environmental capital, it took just a few weeks for developed markets to structure the financial products that supported governments' response to the crisis.

124. Speed and flexibility will be critical for the financing of national capital-raising plans and projects that best fit national climate needs. It should be noted, however, that East African markets still lack the infrastructure for foreign investors to buy and settle bonds, while other markets suffer from a limited supply of local currency debt. However, there are numerous principles and standards to assist market actors in developing strategies and deploying capital. Groups including the International Capital Market Association, the United Nations Global Compact, UNDP, the Principles for Responsible Investment and IFC have developed relevant global operating principles and standards to guide financial market actors. The Association's Bond Principles, for example, have been widely adopted (600 members as at March 2020) and have global reach (62 countries as at March 2020) throughout the bond market.

H. National adaptation programme of action needs versus Least Developed Countries Fund

125. It is helpful to draw a more detailed comparison between specific needs and specified funds mandated to address them. An example of such a fund is the LDCF, which is mandated to finance the implementation of NAPAs. All the EAC countries except Kenya are among the LDCs and are thus eligible for LDCF funding.

126. Table 35 portrays the needs for priority project financing as expressed by countries in their NAPAs and the LDCF funding received. As at September 2020, approved LDCF funding (USD 92 million) almost matches the needs expressed by the EAC partner States in their NAPAs (USD 112 million). Considering the co-financing that has been mobilized, the total approved funding (USD 482 million) exceeds the expressed needs fourfold. Looking at funding for completed projects, only Rwanda and the United Republic of Tanzania have so far completed projects of a total value exceeding their expressed needs. Overall, these numbers indicate that the specialized Fund is fulfilling its mandate, though the completion of projects does take a long time.

Table 35
National adaptation programme of action needs compared to Least Developed Countries Fund funding received
(USD million)

	Estimated implementation cost of NAPA priority projects	Completed projects: LDCF grants (total funding, including co-financing)	Approved projects: LDCF grants (total funding, including co-financing)	Total LDCF grants (total funding, including co-financing)
Burundi	7	0	18 (78)	18 (78)
Rwanda	8	3 (16)	20 (82)	23 (98)
South Sudan	40	0	9 (35)	9 (35)
Uganda	40	0	26 (144)	26 (144)
United Republic of Tanzania	17	4 (27)	11 (100)	15 (127)
Total	**112**	**7 (43)**	**84 (439)**	**91 (482)**

Source: UNFCCC, GEF. Numbers exclude funding for regional projects.

VI. Barriers to accessing and mobilizing climate finance

127. Accessing climate finance from climate funds is typically a long process that requires potential projects in beneficiary countries to meet complex institutional requirements to obtain approval for project submission. While requirements and a set-up are necessary to ensure that the projects are of high quality and aligned with country needs, accessing climate finance becomes cumbersome when each climate fund has very different procedures.

128. In many instances, it is challenging for countries to keep track of the procedures of all the climate funds, which further hinders access to, and the mobilization of, increased amounts of climate finance. Climate finance is still largely provided by international public sources, with little use of finance from and by the private sector. Other common barriers to accessing and mobilizing climate finance in the EAC countries include:

(a) Inadequate institutional and legal frameworks, compounded by a lack of basic infrastructure and inadequate cooperation across partner States and with the private sector and non-governmental actors;

(b) Inadequate institutional capacity, be it technical, financial, organizational or business-related, to drive the climate finance agenda in-country;

(c) A lack of enabling policies to create stable investment environments, help to overcome barriers and ensure predictable finance;

(d) Inadequate national public financing management systems to help countries to effectively manage, track and monitor climate finance;

(e) Inadequate capacity to engage in carbon trade mechanisms;

(f) Insufficient coordination and communication regarding the determination, assessment and delivery of adaptation and mitigation finance needs;

(g) A lack of tools to facilitate the process of identifying projects and investors, and make projects bankable and investment-mature;

(h) Underlying market barriers such as inadequate domestic capital markets and banking sectors;

(i) Inadequate technical assistance and grant funding, which can be critical in the early project development stage;

(j) Insufficient data availability and a lack of expertise, leading to limitations in data analyses and project preparation;

(k) A lack of technical and institutional capacity regarding best practices in the development of bankable proposals;

(l) Slow GCF processes, as funds are first transferred to the headquarters of the indirect access entities and then rerouted back to the country;

(m) Difficulty in accessing climate finance from domestic banks owing to limited capacity in EAC institutions;

(n) A lack of adequate investment in research and development;

(o) No prioritization of adaptation interventions within national budget processes;

(p) A lack of awareness of types of instrument that exist, new instruments continuously being piloted and rolled out and how to access them;

(q) A lack of capacity to match priority interventions with appropriate instruments and instrument mixes;

(r) A low level of capacity to develop pipelines and implement projects;

(s) Limited availability of climate information;

(t) A lack of coherent policies and legal and regulatory frameworks;

(u) Cumbersome procedures to access climate finance from funds such as the GCF;

(v) A lack of bankable proposal writing expertise;

(w) Inadequate knowledge of climate change impacts, adaptation and mitigation across all levels;

(x) A lack of relevant climate finance mechanisms and tools necessary for effective mobilization and provision;

(y) Limited institutional capacity for the management of climate finance and the measurement, reporting and verification of support;

(z) Low capacity to develop proposals and no pipeline of bankable projects and concepts.

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