

Experience with private climate finance mobilization and relevance for NDCs and **LEDS**

Igor Shishlov

Senior Researcher and Consultant

Objectives of the PRINDCISSA project

- **To assess how the private sector can be incentivised to fund mitigation & adaptation activities in Sub-Saharan Africa**
- **Identify possible synergies between mitigation and adaptation activities, and explore the role the private sector can have in supporting activities with mitigation and adaptation benefits**
- **Provide insights from real experiences in SSA and explore how private sector can contribute to NDC/LEDS implementation**
- **Project financed by the Swedish Energy Agency (SEA)**
- **Duration: 2017-2018**

WP1: Mobilizing private climate finance for energy access in Sub-Saharan Africa

▪ Approach:

- Comprehensive scoping study with
- Focus on 3 cases (Ethiopia, Madagascar, South Africa)
- Validation workshop 09/2018 (Kampala)

▪ Outputs:

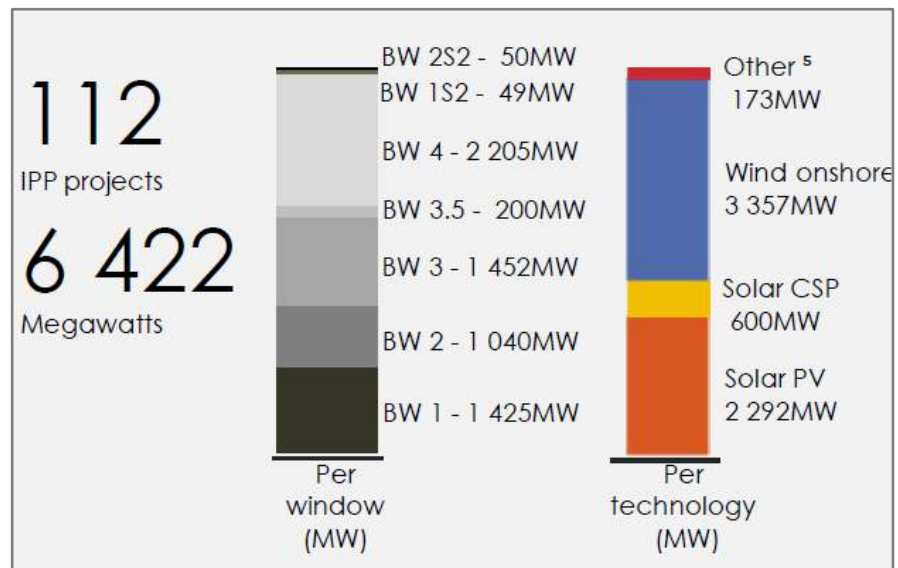
- Research article (to be submitted end-2018)
- Policy briefs

Case study 1: Ethiopia

- **PoAs improved access to the CDM for sustainable energy in Ethiopia (7 PoAs / 16 CPAs)**
- **Development Bank of Ethiopia manages 2 PoAs (cooking, electrification) + World Bank credit line to private companies / micro-finance institutions**
- **CDM provided MRV framework and carbon revenues**
- **Activities support Ethiopia's NDC priorities and SD**
- **Significant upscaling potential (Art. 6 potential?)**

Case study 2: South Africa

- **REIPPP supports RE target of 17.8 GW by 2030 through competitive auctions**
- **PPAs build IPP confidence**
- **Stakeholders: Eskom, IPP, local communities**
- **Overall investment ZAR 201.8 bn (24% foreign / 76% domestic)**



Case study 3: Madagascar

- **GCF Sustainable Landscapes in Eastern Madagascar**
- **US\$ 69.8 million approved in 2016; 10 years lifespan**
- **Cross-cutting: mitigation and adaptation including**
 - Agriculture, fishery, forestry, small-scale RE, etc.
- **Complex architecture of stakeholders (EIB, Althelia, CI/M, BNCCC) and financial instruments (grants, loans, bonds, equity, carbon credits REDD+)**

WP2: Private finance for adaptation objectives

Does private finance for adaptation reach the most vulnerable? Insights from index-based insurance in Sub-Saharan Africa

Reasons to promote index-based insurance:

- Climate risk transfer mechanism for the most vulnerable
- Incentivize private actors to invest in adaptation

Insights from experience in the region:

- African Risk Capacity
- Global Index Insurance Facility
- InsuResilience

Discourse analysis for coherence between:

- Ideas and justification behind index-based insurance
- Institutions
- Impact on the ground

WP3: Enhancing private sector finance through NDC processes

Ambition

Climate-compatibility of investment flows (green vs brown)

Climate finance references in INDCs (2015):

- Ambition?
- Investment needs?
- Investment strategy?
- Mitigation/adaptation policies and plans?
- Carbon markets?

Climate finance strategy in NDCs (2020):

- Ambition?
- Investment needs
- Investment strategy?
- Mitigation/adaptation policies and plans
- Carbon markets?

Climate finance strategy in NDCs (2025):

- Ambition
- Investment needs
- Investment strategy
- Mitigation/adaptation policies and plans
- Carbon markets?

Private sector finance and engagement

Key conclusions

- **Diversity of climate finance (CF) expands (CDM, CIF, GCF, etc.)**
- **Modalities to engage private sector (market, climate funds)**
- **Only SA reached scale, largely through domestic mechanisms**
- **CF was late to consider Africa: PA Rulebook to address from start**
- **Interplay of international and domestic CF for NDC/LEDS**
- **Index-based insurance is increasingly bringing private actors to addressing climate risks**
- **Information on private sector involvement for adaptation to climate change in agriculture is limited**

Private sector finance and LEDS

- Experience with climate finance instruments shows mixed results, domestic enabling environment is as important as access modalities to climate finance
- NDC periods are shorter than investment and technology lifetimes → LEDS offer an opportunity for designing long-term investment strategies that take into account the need for transformational change
- Effective policy instruments needs to go hand in hand with improving sectoral regulation and access to finance

PRINDCISSA results

- **Side-event at the AfDB pavilion: 12 Dec, 16:30-18:00**
- **Find more publications on the Perspectives website**
- **Visit our PRINDCISSA research project website**





THANK YOU!

Igor Shishlov

shishlov@perspectives.cc