

Africa Green Bond Markets



Speaker

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AGENDA

1. What is Renewables in Africa?
2. Africa Green Bonds – But why?
3. Green Bonds Principles
4. Examples of Green Bonds in Africa?
5. Kenya Green Bonds Programme
6. Kenya Green Bonds current status
7. Conclusions

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WHAT IS RENEWABLES IN AFRICA (RIA)?

As Clean Energy Engineering Consultancy:

- ✓ **Direct Clean Energy Investments Opportunities** to clean energy companies (Deals! Deals! Deals!).
- ✓ **Market insights & business intelligence** to investors.
- ✓ **Technical advice** to project developers and power consumers.

As Media platform:

- ✓ **Promotion and awareness building** about Renewable Energy to businesses and general public (spreading the **green gospel**).

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AFRICA GREEN BONDS – BUT WHY? (1/2)

Africa faces triple-edged challenges:

- ✓ Increase access to Power.
- ✓ Ensure economic growth.
- ✓ Respect International commitments.

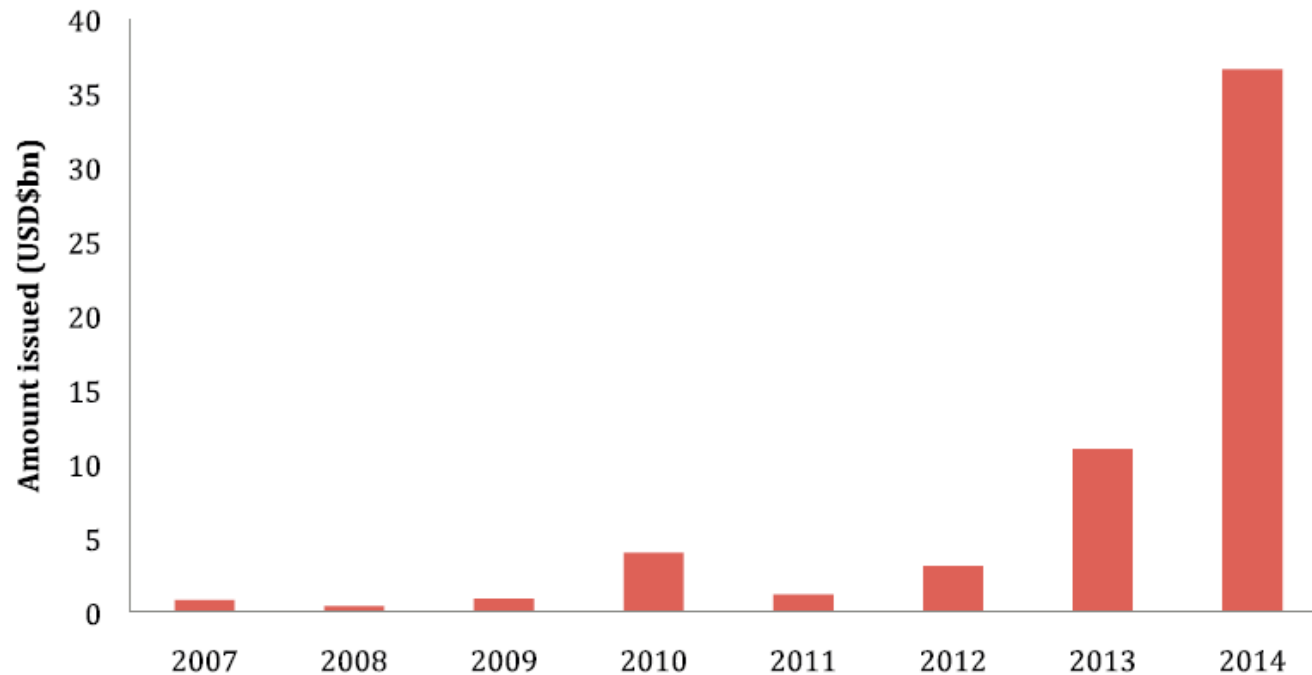
UNEP identified that Africa is most Exposed to Climate Change due to:

- Geographical position.
- Ability to adapt.

Source: UNEP 2012



AFRICA GREEN BONDS – BUT WHY? (2/2)



Global Green Bonds Markets Growth
Source: World Bank, 2015

- The continent's financial requirements to adapt to climate change are projected to be between US\$20bn and US\$30bn annually until 2030.
- In 2013, only 4% of global finance reached sub-Saharan Africa.

Hence...

- ✓ Diversification of finance mechanisms
- ✓ GREEN BONDS

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International Capital Market Association (ICMA) introduced in 2014 guiding principles:

- **Use of proceeds** – Which project/asset could be characterised as green?
- **Project evaluation and selection** – How to identify project/asset?
- **Management of proceeds** – How to control proceeds are spent of right projects/assets
- **Reporting** – How to ensure transparency

Over the next five in addition, before been issued, a green bond programme most go through thorough certification process involving:

- Preparation
- Verification
- Certification



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EXAMPLES OF GREEN BONDS IN AFRICA?

3 African countries have already issued green bonds:

Morocco:

2016 - Moroccan Agency for Sustainable Energy (~USD 120m) – Financing 3x Solar PV (160 MW)

Nigeria:

2017 – 1st African Sovereign Bond (~USD 420m) – Financing Solar PV and afforestation projects.

South Africa:

2017 – Johannesburg Stock Exchange

2017 – Cape Town Municipality (~345m) – financing multiple green assets (e.g. EV Buses, green buildings, etc)



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KENYA GREEN BONDS PROGRAMME



In 2017, Nairobi launched a 3-year programme to build green bond capability in Kenya and East Africa.

Founding organisations: Central Bank of Kenya (CBK), Capital Markets Authority (CMA), National Treasury, Kenya Bankers Association (KBA), Nairobi Stock Exchange (NSE).

Key drivers for programme:

- Vision 2030: national policy to transform Kenya into an industrialised middle-income country by 2030, with many policies including reducing greenhouse gas emissions by 30% below current levels.
- Investing in projects that help to meet the objectives set by the Paris Agreement to reduce carbon emissions.

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Since launch of programme, Kenya has been preparing for full launch. Various work streams have been organised including:

- Research on green bond issuance potential for Kenya and East Africa.
- Creation of third-party certifiers
- Creation of pipeline of green investments
- Development of financial structure supporting organisations looking to pool together green assets
- Promoting Islamic finance
- etc

Launch of Green Bond Market

- On 20th Feb 2019, Kenya launched the frameworks to issue listed and unlisted green bonds were launched today.
- The programme is being coordinated by KBA, NSE and CBI.
- The Green Bond program is endorsed by the CBK, CMA and National Treasury.



KENYA GREEN BONDS – TARGET SECTORS



Target sectors for climate finance in Kenya include:

- Energy.
- Agriculture
- Transport
- Infrastructure
- Manufacturing
- Building & Urban planning
- Water & Waste

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CONCLUSIONS

1. Only a tiny proportion of Green Climate Fund reaches the continent so more innovative financial instruments are needed.
2. Green Bond Market has been growing exponentially and Africa can leverage it for its benefits.
3. Green bonds African programmes so far have been showing great prospects.
4. By launching its Green Bonds Programmes, Kenya is decisively moving towards its Vision 2030.



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NGUE PELO (THANK YOU) !!

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