

# Climate Change funding sources

**Climate Champions Training**  
**08 July, 2015**

Sarah Sunday Fortunate – RCC Kampala

# Outline

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Introduction

Climate Change Policy Framework in Uganda

International climate finance Uganda is eligible for

Climate Change Mitigation and Adaptation Financing Programmes

Observations made in the trend of funding

Websites resources to subscribe to for regular climate finance updates



# Introduction

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- Climate finance is central to global efforts that aim to achieve the objectives of the United Nations Framework Convention on Climate Change (UNFCCC).
- At the international level, climate finance has dominated much of the UNFCCC negotiations, reflecting a divergence in position between developed and developing countries.
- Developing countries receive international climate finance from public and private sector sources through various financial instruments (including concessional and non-concessional loans, grants, carbon finance, equity, and guarantees) in addition to climate finance generated through domestic public sources (tax revenues) and private investors.



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# Climate Change Policy Framework in Uganda

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National Development Plan (NDP) 2010-2015

Uganda National Climate Change Policy (NCCP) (2013)

Nationally Appropriate Mitigation Actions (NAMAs) (2013)

National Adaptation Programmes of Action (NAPA) 2007

Uganda National CC Draft Costed Implementation Strategy

Climate Change mainstreaming guideline

Uganda Vision 2040

The Renewable Energy policy (2007)



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# International climate finance Uganda is eligible for

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- Recent and current funding sources in Uganda for climate change projects in general (i.e. including adaptation), existing international finance sources are channeled in form of **grants** (e.g. from Norway, UK-DECC, Germany, DGIS and African Union), **debt funding** (e.g. World Bank), **equity funding** (e.g. Energy Fund, Norfund, IFC, KfW) and **guarantees** (including loan insurance; e.g. from WB, USAID). However, in terms of volume, it does not appear that significant levels of funding come from international climate funds (ODI, 2013) phenomenon that can be observed on a global level too (CPI, 2013).
- Climate finance sources are directed through:
- **Multilateral entities** – *under the UNFCCC framework* (e.g. GCF, AF, GEF (LDCF, SCCF, GEF 4, GEF 5, GEF 6) and *under the non-UNFCCC framework*, (e.g. UN REDD, GERREF, SREP, CBFF, FCPF, CIF (CTF, SCF), FIP, PPCR), and
- **Bilateral entities** (e.g. Australia IFCI, EU-GCCA, Germany-ICI, Japan-FSF, Norway-ICFI, UK-ICF, US-GCCI).



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# Climate Change Mitigation Financing Programmes

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- Swedish Energy Agency

Energy Efficiency ,RE Projects/programmes that have not yet been commissioned

- The Carbon Initiative for Development (Ci-Dev)

RE projects that create new energy connections e.g. household solar, biogas

- The Foundation Future of the Carbon Market

Programme/projects in advanced state of planning and preparation

- NEFCO Norwegian Carbon Purchase Facility (NorCaP)

Commissioned CDM projects that are vulnerable to or facing the risk of discontinuation due to the prevailing low CER prices



# Climate Change Mitigation Financing Programmes (contd.)

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- GCF (50% for mitigation)
- Clean Cooking Loan Fund (the “CCLF”)



Projects that deliver durable, efficient and clean cookstoves and/or clean cooking fuels to households in developing countries

- CDM Loan Scheme

Loans to provide financing for : the preparation of PDD, validation and verification of the first issuance of CERs

- DHL Fund

Interest to purchase CERs from Projects from East Africa

- UNOPS Procurement of CERs from Registered CDM Projects

Invitation to Bid (ITB) for Procurement of CERs from Registered CDM Projects



# Sources of Adaptation funding for LDCs

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- The UNFCCC has enshrined the principle that developed countries should transfer funds to developing countries to support adaptation.
  - a) Article 4.4 of the Convention states that developed countries should assist countries "particularly vulnerable to the adverse effects of climate change in meeting costs of adaptation to those adverse effects".
  - b) This is due to the principle of "common but differentiated responsibilities" that has been agreed within the Convention to reflect the fact that developed countries have had a greater role historically in causing climate change.



# Climate Adaptation Financing

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- There is no clear consensus on how much adaptation will cost or how it will be paid for.  
A recent World Bank report suggested that the price of adaptation in developing countries alone will be \$70–100 billion a year between 2010 and 2050, while other studies suggest these figures are too low.
- In the Copenhagen Accord of 2009, developed countries pledged to provide \$30 billion in additional finance by 2012 (called fast-start finance) and \$100 billion a year by 2020 to be shared between adaptation and mitigation measures. Estimates show that only about \$3 billion of the fast-start finance pledged as of early 2012 is for adaptation measures.



## Sources of Adaptation funding for LDCs

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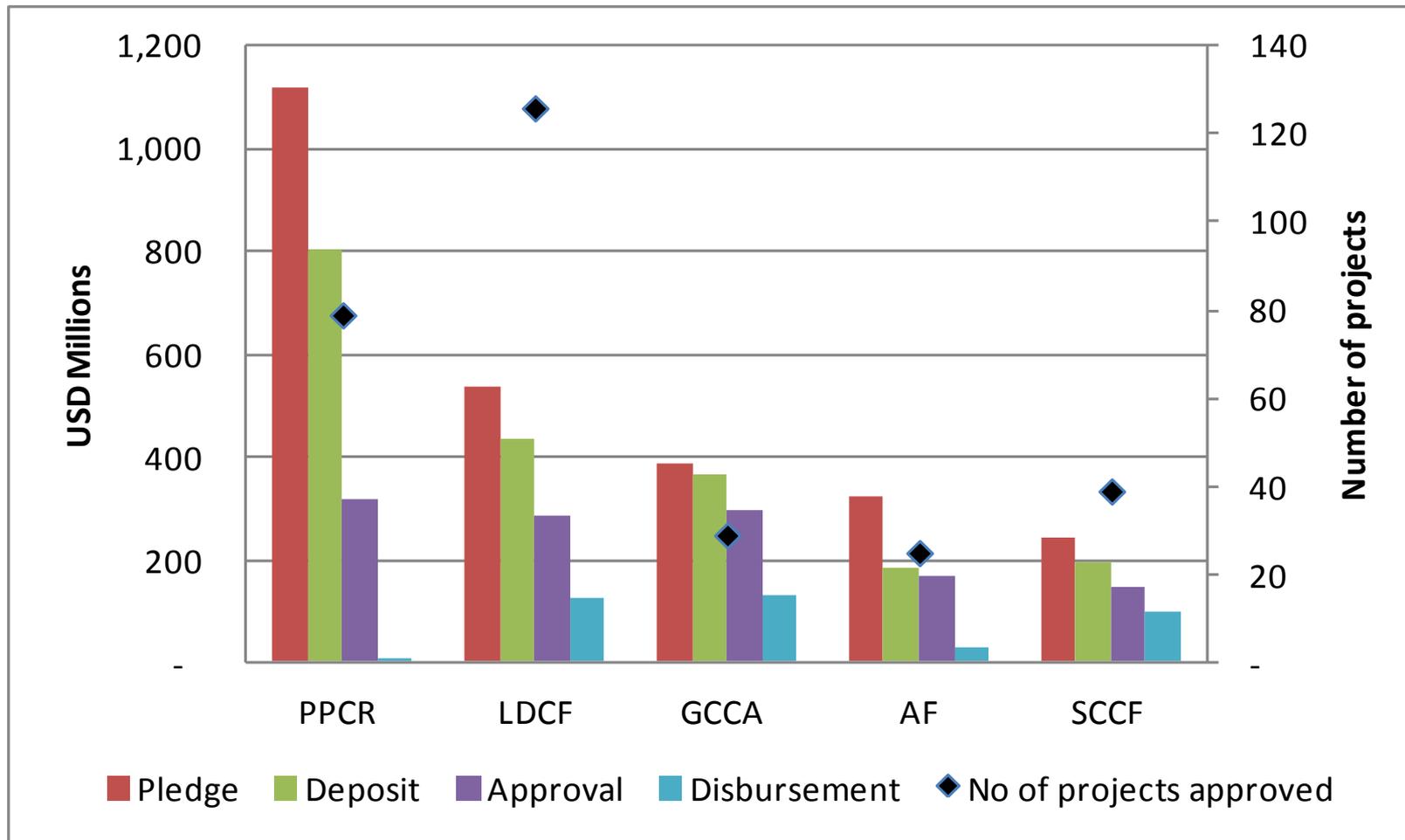
Climate Finance Update (CFU) data suggest that the largest sources of disbursed funding for adaptation projects are currently:



- Pilot Programme for Climate Resilience (PPCR) of the World Bank's Climate Investment Funds
- Least Developed Country Fund (LDCF)
- Global Climate Change Alliance (GCCA) by EU
- Adaptation Fund (AF)
- Special Climate Change Fund (SCCF)
- GCF (50% for adaptation)



## Sources of Adaptation funding for LDCs -ctd



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# Observations made in the trend of funding

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An evolution in funding mechanism for projects that meet or are embedded within the national policies such as NAMAs and INDCs. These can be pilot projects from private participants which meet the country's political context/goals.

Such as CDM PoAs which are submitted as an integral part of a comprehensive national climate mitigation initiative (e.g. NAMA)

Examples of such funding:

1. The Swedish Energy Agency's new support to climate change mitigation activities in developing countries
2. Norwegian Agency
3. The Foundation "Future of the Carbon Market"



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- Climate -L: <http://climate-l.iisd.org/about-the-climate-l-mailing-list>
- Sustainable Energy Policy & Practice (Energy-L): <http://energy-l.iisd.org/>
- FundsforNGOs (Grants and resources for sustainability):  
<http://www.fundsforngos.org/latest-funds-for-ngos/ejns-climate-communications-educators-fund/>
- Carbonmarket-Foundation: <http://www.carbonmarket-foundation.org/submitting-an-application>
- The East African blog on climate change and renewable energy:  
[http://cdminafrika.ning.com/profiles/blog/show?id=2743741%3ABlogPost%3A53433&xgs=1&xg\\_source=msg\\_share\\_post](http://cdminafrika.ning.com/profiles/blog/show?id=2743741%3ABlogPost%3A53433&xgs=1&xg_source=msg_share_post)
- Climate Finance option:  
<http://www.climatefinanceoptions.org/cfo/funding-sources>



# Case study on how the CDM is being implemented in Uganda

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## UGANDA MUNICIPAL SOLID WASTE COMPOSTING PROJECT – PoA

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UNFCCC Regional Collaboration Centre, Kampala



# Uganda Municipal Solid Waste Composting – CDM PoA Project

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- Its a registered Programme of Activities under the UNFCCC on 12 April 2010 - based on documentation submitted for Jinja Municipal Composting site
- The rest of sites validated on 19-28<sup>th</sup> October 2010 by AENOR
- Coordinating Management Entity (CME) - Implementing Entity: The National Environment Management Authority (NEMA)
- It was initially funded by the Government of the Republic of Uganda through World Bank loan under the GoU/World Bank funded Project on Environmental Management and Capacity Building Project II (EMCBP-II) and entirely funded by GoU at the moment
- Estimated Emission Reductions of 83,700 tones of CO<sub>2</sub>e
- Has been issued with the first CERs
- In the process of the second verification exercise (November 2012- November 2013)



# AIMS OF THE PROJECT AND PARTICIPATING CPAs

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- Aimed at supporting better management of Municipal Solid Waste (MSW)
- The first phase collaborated with 9 municipalities/ Urban Councils of Kabale, Mbarara, Fort Portal, Kasese, Mukono, Jinja, Mbale, Soroti and Lira.
- The second phase of the project brought on board 8 additional Urban Councils of **Gulu, Arua, Tororo, Busia, Entebbe, Mityana, Masindi and Hoima**. Three of these (Gulu, Masindi and Mityana) are operational and NEMA (the CME) now plans to include them as CPAs. The remaining five yet to be constructed.
- The first eight CPAs have been implemented and the first monitoring report (for a two- year period up to April 2012) were published, underwent the verification process and CERs Issued.





# CPAs SELECTION CRITERIA

- Adequate waste tonnage (at least 70tonnes per day)
- Availability of suitable land size for compositing operations (about 7acres)
- Local political commitment
- Demonstrated local technical capacity
- Compliance with World Bank social safeguards



# INDIVIDUAL OBLIGATIONS OF PROJECT PARTICIPANT

## NEMA'S Obligations as CME To The Urban Councils

- Provide funds for construction of composting plants, and setting up the necessary infrastructure.
- Procure **skips** , skip loader-**Trucks/Lorries**, Front-wheel loader **Tractors**.
- Training of Urban personnel in waste composting and carbon trading.

## Obligations of Urban Councils

- Avail Land; construct access roads, site roads, parking and drainage systems; fencing of the sites.
- Provision of Water and Electricity.
- Provide personnel and operate composting sites



# PROJECT ACTIVITIES

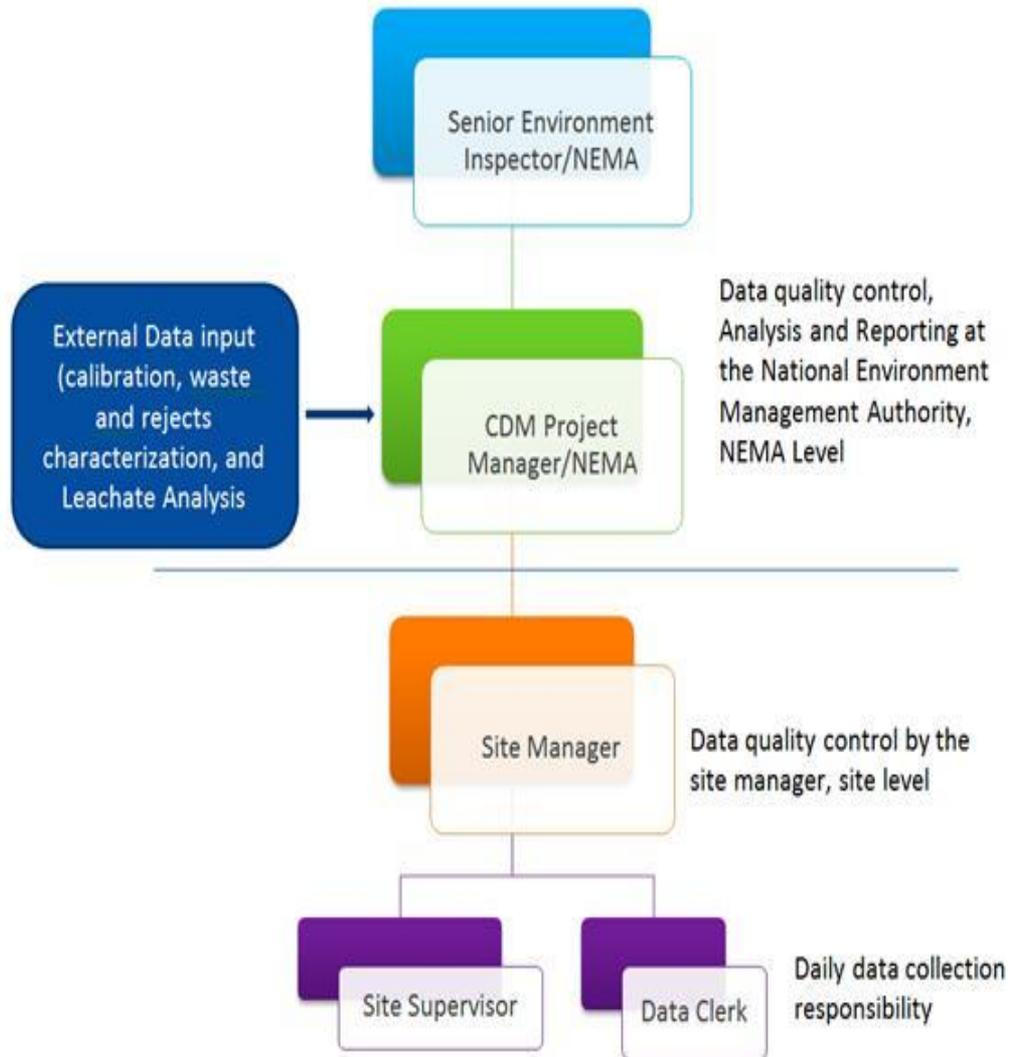
- **Civil works-** Construction of the composting plants
- **Supply of equipment-** Skips, Front-Wheel Loader Tractor and a Skip loader
- **Documentation-** (PIN, CPAs, POA, Validation, verification)
- **Financial Management**
- **Training and Project Implementation** – Staff of NEMA and Urban Councils trained in Composting Process management and Project Management under the CDM
- **9 sites operational of the first phase, 3 sites operational and yet to be included other 5 sites under the second phase yet to constructed.**



# COMPOSTING PROCESS



# COMPOSTING PROCESS/DATA QUALITY MANAGEMENT



# COMMUNITY BENEFIT MICRO PROJECTS



# MONITORING THE COMMUNITY BENEFIT PROJECTS AFTER IMPLEMENTATION



UNFCCC Regional Collaboration Centre, Kampala



## BENEFITS REALIZED

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- Cleaner Towns with reduced disease outbreaks
- Created employment, & thus income
- Farmers have improved agricultural yields
- Project host Community benefits (Water, electricity, roads, health, schools, farming-demos)
- Cut down production of methane (climate change mitigation), and bad smell from dumpsites
- Community benefits- water harvesting jars, shallow wells, energy efficient stoves, a health centre II in Kasese and water harvesting tanks for two schools in Mbale



# GENERAL CHALLENGES FACED

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- Despite the developments made, the project has faced major barriers, in particular:
- Inadequate technical capacity for implementation of CDM projects, particularly at the municipal level for the CPA monitoring and compliance with CER issuance requirements
- Lack of financing to sustain the operation of the CPAs. These barriers are not mutually exclusive in that the issue of technical capacity for implementation is critical to the generation of expected CER revenues, which could help overcome the financing barrier.
- Low level of public & private sector awareness



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# Thanks for your attention!



UNFCCC Regional Collaboration Centre  
A collaboration between the UNFCCC Climate Change Secretariat  
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