Konrad-Adenauer-Stiftung e.V.

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Climate Change, Renewable Energies and Sustainable Use of Natural Resources

THE ROLE OF CLIMATE FINANCE

On the 23rd of November 2015 the East African Community (EAC), Konrad-Adenauer-Stiftung (KAS) and ForumCC jointly convened a one-day conference on "Climate Change, Renewable Energies and Sustainable Use of Natural Resources in East Africa – The Role of Climate Finance". Representatives from all five Member States of the East African Community participated. The event took place at Mount Meru Hotel in Arusha.

Background

According to the United Nations Framework Convention on Climate Change (UNFCCC) climate finance "refers to local, national or transnational financing, which may be drawn from public, private and alternative sources of financing". Climate finance is fundamental to address climate change and vital for a broad implementation of mitigation as well as adaptation measures. Pertaining to the principle of common but differentiated responsibility and respective capabilities, developed country parties are obliged to provide financial resources to support developing country parties in undertaking mitigation and adaptation activities. To deploy financial resources effectively it is imperative to understand and assess the financial needs of the respective countries and to be familiar with the mobilization, administration and governance, as well as disbursement mechanisms and principles of the financial means.

Objective and Structure

The conference intended to conduct a joint analysis and evaluation of the current climate finance architecture and its opportunities for use in East Africa. In particular, the event focused on the question how climate finance mechanisms can help boost the sustainable use of natural resources and renewable energy in the region. It aimed at drawing conclusions, providing expertise and elaborating recommendations for representatives of the decision making institutions within the East African Community and its member states. In line with the East African Community Climate Change Policy and the respective action plan and the EAC Protocol on Environment and Natural Resources Management the conference also intended to engage civil society as a crucial stakeholder. The conference built on the first joint meeting in December 2013 which was meant as a kick-off meeting to discuss how collective action under the umbrella of the EAC can be strengthened in the future.

The conference contained four sessions and was officially opened by the Chief Guest Jean Baptiste Havugimana, Director Productive Sectors to the East African Community Secretariat. Richard Shaba, KAS Tanzania Programme Coordinator, delivered greetings from KAS. Jackson Muro, Director of the Tanzanian Civil Society Forum on Climate Change (ForumCC), gave welcome notes.

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Jean Baptiste Havugimana officially opens the event.

Natural Resources, Renewable Energies and Climate Change in East Africa

The first session addressed vital background information in order to discuss in detail how climate finance mechanisms can support the sustainable use of natural resources and renewable energy in the East African region. Gerard Hendriksen, Consultant and Renewable Energy Expert, opened the first session with his presentation "Renewable Energy and Energy Efficiency in East Africa", giving on overview on the current energy situation and existing potentials. Next, Father Prof. Dr. Aidan G. Msafiri, Lecturer at Mwenge Catholic University and Climate Change Ambassador for Tanzania, presented the topic "Climate Change – Impacts and Linkage to Natural Resources and Renewable Energies in the East African Region", providing an overview how climate change impacts interfere with energy supply and safeguarding natural resources, and highlighting the need of respective action.

Climate Finance: An Overview of Opportunities and Challenges for the East African Region

Session two was devoted to the current climate finance architecture. Celline Achieng Oduor from Kenya, Project Coordinator at the East African Wild Life Society (EAWLS), presented principles, criteria and the status quo of the global climate finance mechanisms. Channels of climate funding include multilateral channels - both within and outside of UNFCCC financing mechanisms - and bilateral climate change funds, as well as national funds in some countries.

Next to the market mechanisms Joint Implementation (JI) and Clean Development Mechanism (CDM), multilateral channels within the UNFCCC financing mechanisms include the Global Environment Facility (GEF), the Adaptation Fund (AF) and the Green Climate Fund (GCF) as non-market mechanisms. According to Mrs. Oduor the latter is expected to become the primary channel for international public climate finance over time. It was reported, that additionally, a considerable volume of climate finance has been channeled through institutions that are not linked to the UNFCCC body. Especially UN Agencies and Multilateral Development Banks (MDBs) such as the World Bank and the African Development Bank play a prominent part in carrying out multilateral climate finance. Furthermore, a substantial part of public climate finance is disbursed bilaterally, Mrs. Oduor said. The initiatives include Germany's International Climate Initiative and the UK's International Climate Fund among others and existing development agencies are largely responsible to administer these channels. It was reported that additionally some developing countries have set up their own national funds. Resources may be international finance mechanisms, domestic budget allocations and the domestic private sector.

After Mrs. Oduor's presentation, Brian Otiende, climate change coordinator to the EAC, outlined climate funding in the EAC.

Brian Otiende, Climate Change Coordinator to the EAC gives his presentation.

He pointed out, that the EAC Climate Change Policy calls for adequate, sustainable and predictable finance to implement climate change initiatives, projects and programmes. The Policy requires establishing and operationalizing the EAC Climate Change Fund as a financial mechanism. Its aim is to address inadequate, unsustainable and unpredictable climate finance as well as inaccessibility of climate change funding to support regional climate change priorities as identified and elaborated in the EAC Climate Change Policy, Strategy and Master Plan. The Fund is considered as one of the means to implement chapter four of the EAC Climate Change Policy - institutional and financing framework - and the EALA Report and Resolution on Climate Change, Mr. Otiende reported. The Fund is further expected to complement existing EAC financing instruments.

According to the presenter objectives of the fund are: to identify, develop and operationalize strategies for mobilizing financial resources for regional climate change activities; to enhance the EAC's technical and institutional capacities to effectively coordinate climate change projects and programmes; and to enhance and strengthen the regional and national capacities to access direct funding from existing and emerging regional and international climate change finance mechanisms through a Regional Implementing Entity (RIE) and National Implementing Entities (NIE). Initially, the Fund shall be established under the Directorate of Productive and Social Sectors at the EAC Secretariat. Later on, the fund may evolve into an autonomous entity as an institution of the EAC. As potential sources of funding Mr. Otiende mentioned multilateral and bilateral international channels, public funds through partner states contributions, and other innovative sources of funding through private sector financing including Public Private Partnerships (PPPs) and corporate social responsibility investments as well as donations by non-government actors.

Climate Finance and the Use of Natural Resources and Renewable Energies in the EAC: National Perspectives

In the third session representatives of the EAC member states gave their national perspectives on climate finance mechanisms and respective opportunities and challenges to trigger the use of natural resources and renewable energies.

Jules Kazungu, Senior Program Officer in Energy, Climate Change and Chemicals Management from the Rwanda Bamboo Organisation (RBO), presented the Rwandan perspective. He outlined that Government resources alone are inadequate to meet the large investment requirements of scaling up (renewable) energy services. In Rwanda, climate finance is operating under the national Fund for Environment (FONERWA). The ultimate purpose is to spearhead resource mobilization from diverse sources so that it meets the growing needs of the country.

Amie Claude Ntahorwamiye, Technical Adviser to the Ministry of Finances and Economic Development Planning, which is the Green Climate Fund Focal Point in Burundi, presented the Burundian perspective. He outlined that on the one side the Burundian government and development partners such as the World Bank finance the natural resources and renewable energy sector through diverse programs and projects. On the other side funding, e. g. with regard to the National Action Plan for Climate Change Adaptation (NAPA), which highlights priority adaptation measures to address climate change and rational use of natural resources and the promotion of renewable energy, remains problematic. In this situation, Burundi has already submitted projects to the Green Climate Fund concerning the rational use of natural resources and renewable energy financing and waits for the response of the green climate fund. It also intends to approach other development partners to implement the NAPA document and other strategies for the rational use of natural resources and renewable energy.

Subsequently, Andrew Masaba, Senior Economist to the Ministry of Finance, Planning and Economic Development (MoFPED) in Uganda, which serves as the Green Climate Fund National Designated Authority, presented a portrayal of the Ugandan perspective. In Uganda, all respective financial arrangements need to be concluded with the MoFPED. Mr. Masaba pointed out, that the levels of multilateral climate financing in Uganda are still low. Bilaterally the Government of Uganda receives funding from the Global Climate Change Alliance (GCCA) of the EU and the UK International Climate Fund (ICF), and on a smaller scale from bilateral sources from Norway and Japan. All in all, with the exception of biomass, the potential of renewable energies is still underexploited in Uganda. In order to improve efforts the set-up of a NDA Climate Finance Inter-Ministerial Standing Committee is taken into account. Additionally, Mr. Masaba outlined that the effectiveness of development assistance towards climate change requires strengthened efforts by both the development partners and partner countries.

Participants discuss the topic.

The Role of East African Civil Society and the Private Sector

Session four addressed challenges of climate finance in the light of renewable energies and sustainable use of natural resources from the perspective of East African Civil Society and the Private Sector. Edward Paul Munaaba, Executive Director of the African Partnership on Climate Change Coalition (APCCC), analysed the role of East African Civil Society Organisations. APCCC's objectives are to increase local awareness and knowledge of climate change, to contribute to local and national efforts on measures to mitigate climate change (e.g. usage of renewable energy, conservation of carbon sinks), and to strengthen adaptive capacities of communities and institutions to climate change. APCCC itself received funding for diverse mitigation, adaptation and capacity building projects, which among others include solar cooker projects and the CADESE (Capacity Development in the Energy Sector an Extractive Industries) project that supports the implementation of a solar lights installation for a community. Funding was received mainly through development partners and UN agencies. Next to the opportunities of climate finance, there are diverse challenges of climate finance from a CSO's perspective, Mr. Munaaba said. On the one hand, financial resources are limited, and the disbursement of existing funds is depending on donor interests and different financing conditions. On the other hand reluctance of people at the local level may cause further challenges. Additionally, inadequate capacities to track climate finance opportunities and high investment costs may hamper the project implementation on the ground. Furthermore climate funding is sometimes provided only for pilot projects, whereas funding for amplification remains limited. He outlined that CSOs shall, next to addressing these challenges, also sensitize the communities to take on renewable energy as a business not just as service, encourage institutions and communities to adopt to renewable energy solutions and help support to build a capacity of respective local technicians.

Lilian Awinja, Acting Executive Director of East African Business Council (EABC), presented the role of the private sector. She outlined, that on the one side the EAC Climate Change Policy as well as a policy on renewable energy is in place and that on the other side, the EABC holds a renewable energy forum every two years which is aimed to encourage investments into this area, bringing together renewable energy associations, the private sector and the public sector. Nonetheless a lot still needs to be done to encourage more investment in these areas, she said. Mrs. Awinja mentioned that, for example, despite the available initiatives on carbon credits, most private sector companies lack information on the topic. Efforts should be made to sensitize the business community on the value of decarbonization, Mrs. Awinja said. Additionally, the information gap on renewable energy policies and programmes shall be reduced and communication of climate change

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issues and opportunities for businesses across the region shall get more effective and targeted. Incentives should be set aside to promote renewable energy options and the sustainable use of natural resources and encourage the shift. Mrs. Awinja said the EABC was open to new ideas and partnerships to be able to play a substantial role in initiatives on climate change.

Conclusions

The conference was closed by a joint concluding discussion, summarizing the outcomes of the event. A vote of thanks was provided by Celline A. Oduor.

It has been suggested that national approaches for climate finance and inward looking solutions need to be strengthened in order to improve efficiency and effectiveness of climate finance mechanisms in the EAC. Additionally, for a rigorous planning, a baseline assessment of climate finance needs and options in the regions has to be conducted. In general fund mobilization needs to get more predictable to allow for adequate investment programs and to scale up existing efforts for mitigation and adaptation. Furthermore, to channel funds effectively, priority areas for climate finance shall be identified – the support of renewable energy and sustainable use of natural resources being among them.
Pertaining to the administration and governance of funds it was found that the governance mechanisms of climate finance in general and with regard to the support of renewable energies and the sustainable use of natural resources shall be improved and that transparency and accountability need to be enhanced. Furthermore the experts call for more stakeholder involvement. Methodologically this implies a bottom-up approach, also involving CSOs, FBOs and other stakeholders from the grassroot level. To make sure to get the right funds in place, access to and appropriate use of climate finance mechanisms need to be improved by raising awareness and building capacity.
With regard to the disbursement of funds it was suggested that the transparency of the allocation process shall improve in order to increase effectiveness and sustainability. Among others, co-values like (gender) equity for example shall be included as criteria for fund disbursement. Accountability and documentation shall be improved in the sense that a duty to monitor and to evaluate the implementation of funding is established and followed thoroughly.

Building on the first joint EAC-KAS conference on climate change in 2013, participants and organizers reaffirmed that the sharing of knowledge and recommendations is the way to go and shall be developed further. It was observed that efforts of the EAC and its member states were well transmitted to the audience on the one hand and CSOs' feedback was well obtained on the other hand. This two-way-exchange is fundamental for the advancement and effective implementation of climate finance mechanisms to support the usage of renewable energies and the sustainable use of natural resources in the East African Region.

Group Photo

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