NATIONAL INTERMINISTERIAL DIALOGUE: INVESTMENT & FINANCIAL FLOWS TO ADDRESS CLIMATE CHANGE

Atlantic Hotel, Banjul, Gambia
12-13 October 2011

UNDP global project: 'Capacity Development for Policy Makers to Address Climate Change'

DIALOGUE REPORT

Wednesday 12 October 2011

Opening session

The workshop was officially opened on 12 October 2011. The Opening ceremony was facilitated by Mr. Pa Ousman Jarju, Director, Department of Water Resources & chaired by The Minister of Forestry and the Environment, Honourable Jato Sillah, the UNDP Resident Representative and coordinator of the UN System in The Gambia, Ms. Chinwe M. Diké, and Susanne Olbrisch from the global project coordination of UNDP.

Key note Department of Water Resources

Pa Ousman Jarju, Director of the Department of Water Resources welcomed the participants and informed the participants on the background and context of the initiative under which this dialogue is being held.

As climate change is a reality around the world, the challenges it poses threatens to jeopardize progress in development and in reaching the MDGs. Faced with the task to respond to this challenge, countries have requested from UNDP. In response UNDP has put up the project, Capacity Development for Policy Makers to Address Climate Change, which has the aim to better understand the magnitude of funds needed to tackle climate change now and in the long term. 20 countries across Latin America, Africa and Asia have undertaken assessments of investment and financial flows (I&FF) to address climate change for key sectors. The goals are twofold:

- Increased capacity to co-ordinate ministerial and stakeholder views on climate change and UNFCCC negotiations
- Engage in long-term climate change planning and priority setting via Investment and Financial Flows assessments of key sectors.

Each country has individually selected 2-4 key sectors, on which the I&FF assessments are focused. In Gambia, the sectors energy and forestry have been selected to be analyzed regarding mitigation of climate change, while the sectors agriculture and water have been selected to be analyzed regarding adaptation to the impacts of climate change. The assessments try to answer the question: From a development perspective, what does my country need to do to address climate change in selected key sectors, and what financial landscape will be required to achieve those needs?

Since the project was launched in 2008, national experts have prepared national background papers on the selected sectors, an initial Inter-ministerial dialogue was held in January 2009, the teams received trainings in the methodology to carry out the I&FF assessments in November 2009. The national experts are now presenting the outcomes of the assessments to a broad range of stakeholders from different ministries, as well as national and international agencies, to discuss follow up activities to implement the outcomes among the I&FF teams, key line ministries, UNDP and other international agencies.

Key note Ministry of Forestry and the Environment

The Minister of Forestry and the Environment, Honourable Jato Sillah welcomed all participants to the final Inter-ministerial national dialgoue on investment and financial flows to address climate change. He affirmed that sustainable economic growth cannot be achieved without mitigation and adaptation to climate change.

Referring to the vulnerability of The Gambia to the impacts of climate change, the emphasised the challenges and threats climate change poses to the progress in sustainable development and in reaching the Millennium Development Goals (MDGs). Hence, the task of addressing the impacts of climate change and capitalising on the opportunities at hand clearly require an inter-sectoral and inter-ministerial approach.

He stated that understanding the financial needs of addressing climate change, as well as the potential sources of those funds, is a critical step for The Gambia in developing longer-term national policies and measures, and highlighted that the dialogue will give an opportunity to discuss the ways

forward, how to introduce the outcomes from the assessments of Investment and Financial Flows into national planning, national legislation and further collaboration with bilateral and multilateral partners.

Finally, he appreciates the collaborative support from UNDP and concluded his key note by declaring the final dialogue open.

Key note UNDP

The UNDP Resident Representative and coordinator of the UN System in The Gambia, Ms. Chinwe Diké congratulated the Government and People of The Gambia for being among 20 countries globally that have demonstrated the commitment to address the concerns of climate change in their country and have requested support to:

- Integrate climate change into national planning with a wide participation of stakeholders
- Undertake longer-term planning that considers and takes into account climate change
- Implement these objectives within a broader programmatic approach as opposed to through fragmented activities and finally to
- Better understand financial needs and technical possibilities to respond to climate change.

Referring to UNDP's support to the development needs of The Gambia, she highlighted that UNDP has and always will be responsive to the development needs to The Gambia. According to her, the UNDP Environment and Energy Group has launched the project 'Capacity Development for Policy Makers to Address Climate Change' that aims at providing a better understanding of the magnitude of funds needed to tackle climate change now and in the long term, and assess investments and financial flows (I&FF) in key sectors, namely energy and forestry sectors from the perspective of mitigating climate change, and the agriculture and water sectors from the perspective of adaptation to climate change.

According to Ms. Diké, this national Inter-ministerial Dialogue is set to kick start this endeavour, present the outcomes of the assessments, and introduce the complex negotiation process to key line ministries and other development partners and enhance coordination of the views of various national stakeholders on climate change. She finally wished all participants fruitful deliberations.

Break for group photo

Assessing I&FF to address climate change in The Gambia: an overview

Presentation context of I&FF assessments (Susanne Olbrisch)

Can we stop climate change? – No. Can we reduce climate change? – Yes, measures to address climate change include adaptation and mitigation

Why to undertake an I&FF assessment? – Climate change will impact all sectors of a country – the I&FF tool helps to estimate the cost. The I&FF methodology can help:

- Encourage long-term sectoral planning that includes climate change in investment decisions
- Calculate the incremental cost needed to implement climate change adaptation and mitigation measures
- Estimate the magnitude of national efforts to address climate change in a standardised, objective manner
- Engage policy-makers in making climate investment decisions that are driven by national development priorities and poverty reduction goals

What does a national I&FF assessment seek to answer? – From a development perspective, what does my country need to do to address climate change in selected key sectors, and what financial landscape will be required to achieve those needs?

What does a national I&FF assessment seek to answer? – The I&FF assessment considers:

- What are the adaptation / mitigation options for selected key sectors in the next 25 years?
- Who is investing in the sectors? Who are the major players and funding sources?
- What shifts and / or increases in investments will be needed in the key sectors?
- What will be the overall needs for additional investments to address climate change?

What is a scenario? – An internally consistent and plausible characterization of future conditions over a specified time period (2005-2030)

- Baseline scenario: reflects business-as-usual conditions. Describes what can occur without new policies to address climate change.
- Mitigation Scenario: incorporates new measures to mitigate (reduce) greenhouse gas emissions
- Adaptation scenario: incorporates new measures to respond to the potential impacts of climate change.

Example water sector:

- Baseline scenario: provide water to a growing population by extracting it from an aquifer (usual practice in the last years)
- Adaptation scenario: climate change will reduce aquifer refills (because of lower rainfall), so it is decided to promote rainwater harvesting / building a dam.
- The additional investment flows will be the costs of purchasing the tanks to do rainwater harvesting / build the dam (versus investment needed to keep on extracting water from the aquifer).

Definitions: I&FF – Monetary flows needed to implement policy options in key sectors from the national perspective

- Investment Flow (IF): capital cost of a new physical asset (buildings, equipment, software, etc.) life of more than one year
- Financial Flow (FF): expenditure not related to the purchase of physical assets (typically programme expenditures, e.g. vaccination campaign)
- Operation and Maintenance Costs (O&M): for physical assets (salaries, raw materials, taxes, insurance, etc.)

Examples:

Sector / Approach	Policy Measure	Investment Flows	Financial Flows	Operation and Maintenance
Energy (Mitigation)	Increased energy efficiency	Energy saving appliances	Training programme for energy auditors	O&M of new appliances
	Wind farm	Windmills		O&M of windmills
Water (Adaptation)	Water conservation		Information campaign for households	
	Rainwater harvesting	Storage mediums (tanks, jars, etc.)	Information campaign	O&M of storage mediums
Coastal Zones (Adaptation)	Monitoring of infrastructure	New monitoring equipment	Monitoring campaign	O&M of new equipment
	Raising dock levels	Construction costs		O&M of new infrastructure

General vision:

- for each sector, evaluate I&FF for two policy scenarios: baseline (or business-as-usual) scenario and adaptation / mitigation scenario (i.e. considering climate change measures)
- Estimate (cost) the additional flows needed to implement new adaptation or mitigation measures (that is, the difference between flows for the two scenarios)
- Allocate the costs to three entities: government, corporations, and households, & to different years

Lessons: The I&FF assessment benefits from multi-disciplinary teams. For each sector:

- Environment / climate experts to build scenarios under climate change
- Planning experts to assess implications of the scenarios on existing development plans & consider how mitigation or adaptation measures would be implemented
- Finance / economics experts to cost the measures
- Representatives from all relevant ministries
- Academic, NGO/CSO, and private sector inputs also useful.

Feedback globally:

- Results are influenced by scope, identified adaptation/mitigation options, baseline scenario, discount rate: e.g. for the energy sector, estimated costs range from $0.4 billion (Gambia) to $4.5 billion (Dominican Republic)
- Challenges in developing the baseline and adaptation / mitigation scenarios
- Challenge to obtain data, especially for households.

Discussion on context of I&FF assessments

- Ministry of industry and trade: Interested in cost sharing issues of the project – Countries participate on request by the country, for the I&FF assessment phase 100k$ are allocated, the project doesn't require co-financing by the national government
- Ministry of industry and trade: Interested if manufacturing was promoted as a measure in the assessments – Manufacturing has been considered to a certain extent, e.g. in the agriculture assessment. The selection of measures to be analyzed in the assessments have fully been decided by the national I&FF teams.
- Ministry of industry and trade: dam example questionable – Full agreement, options to be considered should be environmentally viable and sustainable and be supported by local population.
- Does this show the whole gap of what is needed and will get int. funding? - The gap will be larger, as only some sectors were assessed, but better chances to get int. funding after having done this assessment.

Key sector forestry (mitigation)

Presentation forestry results (Baboucar Mbye)

The Gambian forestry team has identified priorities as:

- Sustainable forest management
- Enrichment of degraded areas, and
- Afforestation with reforestation.

Main objective of the I&FF assessment: Identify sources of funds

Outcomes:

- Information on investment and financial flows
- Future I&FF in the baseline scenario
- Measures to address climate change and projections of future I&FF
- Projection of future I&FF in the mitigation scenario
- Incremental I&FF needed for measures and political implications
- Policies needed to address climate change mitigation scenario.

Sectoral scope – forestry sector:

- Natural forest management
- Community forestry scheme, and
- Forest plantation development (state and private)

Sectoral scope – forestry sector: Why has this sector be scoped this way:

- To reduce emissions from deforestation and forest degradation (REDD)
- To address forest degradation through SFM / forest restoration (FR)
- To mitigate emissions through afforestation and reforestation.

Assessment Period: 30 years starting from the year 2000 with 2005 as the base year.
Cost accounting parameters: Forestry Sector (Mitigation): The historical data on the IF, FF and O&M were collected from the approved Republic of the Gambia's National Forestry Fund, Estimates of Recurrent Revenue and Expenditure with Estimates of Development from the year 2000 to 2010.
Analytical Approach: With the unavailability of proper software, it was agreed to use and excel spreadsheet for data entry and analysis in providing the assessment report.
Types of physical assets:

- Forest stations and administrative buildings
- Transport (vehicles, motor cycles and bicycles)
- Utility (Solar, electric grids, wells and water pumps), Office equipment, stationary and communication sets (telephone, walkie talkie).

Processes: Calculated investments IF, and O&M using 2005 as the baseline and projecting to 2030, on SKM, Enrichment and Afforestation using Excel. Activities included:

- Building staff quarters Forest engineering works on road access within forest parks
- Community forest and land transfers from state to communities
- Afforestation and natural forest and fire management.

Description of baseline scenario - Included investment entities: Annual IF, FF and O&M estimates for Baseline Scenario (Thousands US$):

- Sustainable Forest management (protecting all forest types including mangroves, farm and and range lands and watersheds)
- Enrichment (planting and protecting degraded and waste lands)
- Afforestation (plantations, orchards and woodlots)

Description of the Baseline Scenario, Forestry Sector (Mitigation): Forestry policy 1995-2005 and 2009-2019, Envisage:

- 30% of total land area covered by forest
- 75% of covered forest area be managed sustainably with community participation (200,000ha)
- 100 meter river bank on both banks protected from deforestation
- Capacity building for staff and communities on SLM

Absence of new policies to address climate change:

- Population growth: 2.7% (from 1.3m to 1.7m from 2003 to present is causing competition for land for other uses a problem)
- Migration (limited funding for mitigation measures can enhance climate change impacts on the flora and fauna and highly affect livelihoods
- Socioeconomic trends: Unstable and unpredictable for conflicts and instability.

Technological change:

- Appropriate technologies needed for adaptation with mitigation measures (fast growing tree plants for supporting domestic energy and construction materials)
- Public and private investment trends, national and sectoral plans: Needs to be promoted and enhanced.

Results

- Information on the expected baseline scenario investments, including the nature, scale and timing of those investments (in thousands US$)
- Policy implications: Investment priorities, given the incremental costs of investments : Afforestation (Planting degraded and waste lands), fire management, Apiculture
- Policy measures to induce investment entities to implement the evaluated measures and change their investment patterns, emphasize on impact of climate change as a cross-cutting issue.
- Possible follow up activities: private investments, NGO investment in afforestation, fire management etc., community and individual investments in fire management, woodlot plantings, orchard development and apiculture.

Discussion on forestry results:

- Fafanding Fatajo: When looking at the baseline scenario, record of historical data crucial to build the scenarios, particular challenge if policies that have been considered don't cover the whole period of historical data. – It was a challenge, because the national policy didn't cover the whole period, but 3 year gap. The team will look at this again. Hon Minister Jato Sillah: legal advice seeked on closing policy gap. But the new policy is more comprehensive than the former one.
- National Environment Agency, Alieu Nyang: Believe that more data is available. – Data availability has been a challenge. UNDP provided a letter, which helped to access data, but still a challenge. The issue is not so much about data existing, but about accessing that existing data. The private sector is reluctant to share data, as it fears increasing taxation or to reveal their profit margin.
- Ministry of industry and trade: Recommending alternative sources of income as a mitigation measure can be an option
- Ministry of industry and trade: Recommendation that logging activities need to be done through national agencies. – Those required partnerships are hard to make.
- Hon Minister Jato Sillah: The results of the I&FF assessments can be used to promote further our needs & communicate them to bilateral and multilateral donors.
- There are a number of alternatives to forest logging for cooking, including alternative cooking stoves and fuelwood from sustainable sources including from plantations of fast growing species
- Observation: Private sector is at the center of our discussion, but no representatives of the private sector here. The Gambia Chamber of Commerce needs to be informed about these issues and the results of the assessments.

Key sector energy (mitigation)

Presentation energy results (Modou Manneh)

Objectives:

- To develop policy options that address climate change in the energy and other economic sector activities to address climate change activities.
- Assess I&FF to address climate change mitigation options for the energy sector
- national climate change policy strategies by engaging line ministries and encouraging and enabling environment.

Previous analyses: First National Communication of The Gambia, Second National Inventory of GHG (2008), National Adaptation Plan of Action (NAPA) (2005), National Energy Policy (NEP 2005) (2005)

Institutional Arrangements and collaborations: The I&FF assessment to mitigate climate change in the energy sector was carried out by a team of experts from different sectors. The team comprises the following experts:

- Team leader (Former director of energy)
- Energy Expert-MOE
- Renewable Expert-GREC
- Economics/Finance Expert-MOFEA
- Statistical Expert-GBoS

Sectoral Scope: Energy Sector (Mitigation) – policy view point:

- Fiscal incentive (Renewable Energy & Energy Efficiency)
- better management of natural resources
- planting of more trees
- diversify fuel substitutions for cooking (LPG…) and transport (bio-diesel…) etc.

Sectoral Scope: Energy Sector (Mitigation) – Technological based approaches:

- Waste heat from Kotu Power Station
- Municipal Solid Waste
- Improved cooking stoves
- Public transport
- Biogas Production
- Use of Compact Fluorescent Lamps etc.

Screening of mitigation options:

- Due to time, availability of data and resource constraints the team focus on only one key mitigation option.
- Based on the report on the SNC in the energy sector, CO2 emission in the residential sector account for 78%, transport sectors 11% and electricity generation 8%.
- More than 80% of energy consumption in the resident sector is from fuelwood
- Cooking fuel substitute (LPG) ranks the highest priority with the greatest potential to reduce GHG emissions.

Base year is 2005, assessment period is 2005-2030. As the base year, the Gambian Dalasi was converted to constant 2005 US$. Central Bank policy rate of 19% was used to calculate the present value. The Dalasi was first deflated using CPI and then converted to USD. The exchange rate used was 1US$ = D28.13.

Analytical Approach:

- The scenario was developed based on the availability of data. LPG imports is estimated as net consumption. Import data = Consumed Data = Import + production – Export – Losses. Production, export and losses are zero. Therefore Import Data = Consumed Data = Import.
- The projected annual estimated consumption for LPG are based on: The annual population increment for the urban and peri-urban areas of the Greater Banjul Area; Consideration of other alternative fuels and promotion of clean cooking stoves by the Ministry of Energy, in the business as usual scenario; Major investment flows are projected based on the capacity needs for expansion of storage facility for LPG; Investments have been projected to be made in 2012 and 2028

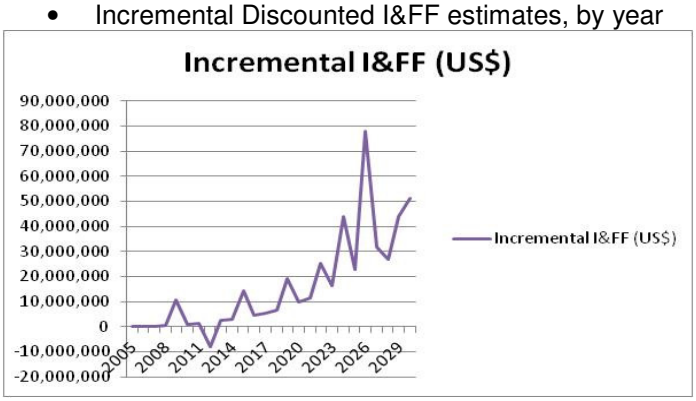
Mitigation scenario:

- The over-exploitation of the natural forest for domestic energy needs and reduce the emission of GHGs, Government took steps to reduce this over-dependency on the forest
- Various mitigation options were considered
- Utilization of LPG as a cooking fuel substitute was selected as the mitigation for the energy sector

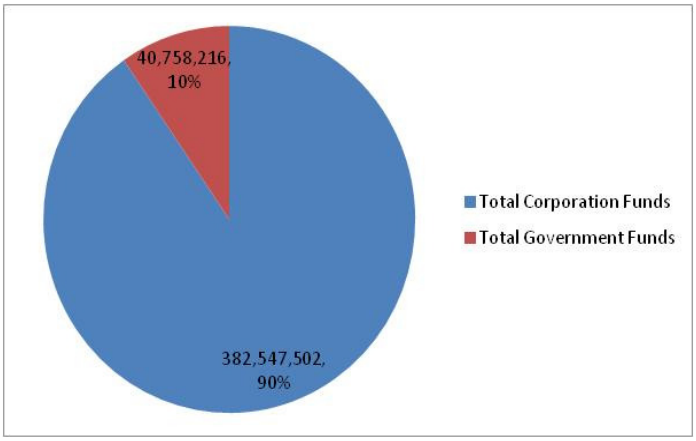
- To strengthen the implementation of the policy objective in this mitigation measure, the Government promoted the private sector.

Results:

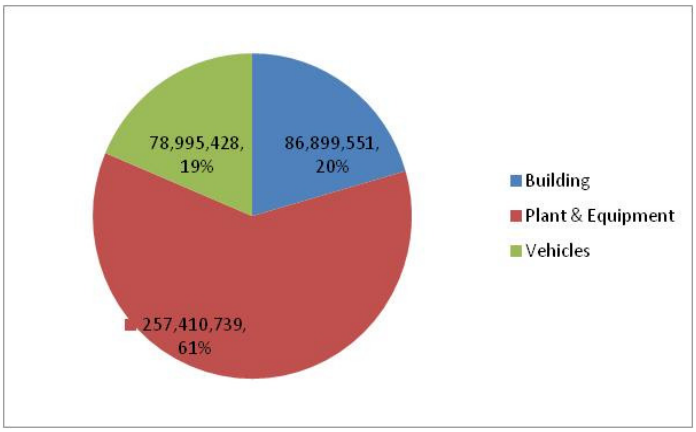
- Based on the projection for the mitigation scenario, major investment shifts in I&FF are needed for expansion of LPG storage facilities. Additional ton of storage capacity is needed anytime the demand is double. O&M expenses increased as LPG business expand. Additional metric ton capacity will be needed in 2015, 2019, 2022, 2024, and 2026.
- Incremental Discounted I&FF estimates, by year



- Incremental Cumulative discounted I&FF estimates, by investment entity:



- Incremental Cumulative discounted I&FF Estimates, by Investment Type:



Policy Implications:

- Elaborate and strengthen the policy that promotes the widespread use of LPG with development of a legal and regulatory framework to enhance and develop among other things standards, safety, enabled market environment for private sector participation and consumer confidence
- Introduce fiscal incentives to reduce high cost of the gas particularly for the ordinary people to increase the demand and thereby reducing dependency on forest resources.
- Introduce other incentives that provide tax breaks to companies and businesses to create additional favourable investment climate and thereby increase supply of LPG and make the price affordable.

- Explore innovative financing schemes such as carbon funds that would cushion the high investment costs since LPG is a clean cooking fuel substitute
- Increase sensitization campaign to switch to LPG as a cooking fuel and save the environment in order to achieve the targeted percentage of population who uses it
- Partner with the private sector in investment schemes for the LPG sector in as a form of encouragement and incentive / guarantee.

Outlook:

- Dissemination of results of policy makers at the highest level
- Sensitization of institutions on incorporating key decisions in the planning process
- Institutionalization of the National Climate Change Committee to undertake climate change issues in all sectors of society.
- Strengthening the ability of the country to better handle climate issues by enhancing capacities at the national level.

Discussion on energy results:

- Saliou Toure: Fiscal incentives were mentioned, which are there exactly, taxes? or else? Plus: GHG emission reductions should be analyzed to confirm if LPG is really the most efficient measure to pursue.
- National Environment Agency: We have an electricity generation gap, solid waste, Public transport, so what was the justification for focusing this assessment fully on LPGs? Think it will be necessary to have more than one option analyzed. This assessment should be seen from the perspective of seizing the opportunity to identify the overall needs within a sector, not only regarding adding one more sector, but also to include capacity needs.– Given the time and data limitations, it was decided to focus on one measure only.
- Ministry of industry and trade: Additional options on further use of head from briquette production is one further option that should be considered.
- Electricity generated in the country is mainly from fossil fuel, how should this switch be achieved?
- African Development Bank, Sebastian Veit: Only looking at increasing import of LPG might jump too short in proving what the country will need in the energy sector. Measures to have less energy imports instead will serve a double focus: Besides being good for the environment, it will also avoid the outflux of hard currency from the country. Also important to clear with Agriculture and Forestry to avoid overlaps.
- Response from Manneh: Many proposals on the energy sector have been made, many of which are hard to implement on the ground. E.g. generation of energy from waste: the waste generated in the Gambia is not enough to run a plant with, and importing waste is not an option. – These points should be explained in the report.
- Saliou Toure: also there is a snapshot problem when quoting the percentage of current emissions to justify LPG, this might decrease, while others are on the rise.
- Pa Ousman: one further main point is to renew and expand the energy network when talking about the energy sector.
- Another thing to make more efficient are the generators that are used throughout the country. Feed-in tariffs are a measure that can be successful to promote renewables.

Key sector agriculture (adaptation)

Presentation agriculture results (Fafanding Fatajo)

US$ 434.96 million is needed to adapt to the effects of climate change in the agriculture sector through the implementation of four main measures:

- Improvement of agricultural land & Water Management, aiming at increasing food security, income generating capacity and improving the nutritional status of farmer beneficiaries (US$ 147.65 mil);
- Development of an agricultural Chain & Market Promotion, aiming at transformation of the agricultural sector to a modern market-oriented commercial sector with well integrated food chains (US$ 46.33 mil);
- Sustainable Farm Development, aiming to achieve sustained agricultural production and productivity growth through people-centered learning (US$ 75.02 mil)
- Development of livestock species resistant to Weather conditions (US$ 165.95 mil).

Policy implications:

- First and foremost, the ANR Policy which is about to ready has not lost sight of climate variability and has been treated fairly in the policy. The ANR policy has spelt out clearly the implication of the climate and the strategies to be used one of which is the GANIP. The GANIP has indicated lots of the policy activities to be implemented to cope with climate change among others.
- Based on the foregoing analyses of the huge I&FF needs of The Gambia for mitigating against and adapting to the impacts of climate change, a huge burden of responsibilities are placed on the shoulders of the of country's policy makers to introduce radical and sweeping new priority investment initiatives such as GNAIP
- Consequently, the political class must be won over to appreciate the gravity of the problem
- Here is a quite a ray of hope in that currently, there exists an active a dynamic Environment and Sustainable Development Sub-Committee of the National Assembly whose members are mainly people with backgrounds in agriculture and natural resources discipline
- This, and the fact that top appointees to positions of environmental management such as the current Minister of Forestry and the Environment (Ex Head of the Forestry I&FF Team), are strong enablers for a sustained positive policy environment for national budgetary support towards climate change investments

Key uncertainties and limitations of the methodology:

- It is a banality that in an underdeveloped country with a high illiteracy rate, finding the right data sets for such rigorous econometric analysis such as needed by this exercise has, as to be expected been an uphill task. There are institutional, economic, social and technological challenges to accomplishing a high quality analytical product.
- Institutionally, relevant data are scanty at best in such lead institutions like GBoS, MOFEA, and even the Central Bank of the Gambia (CBG), Department of Planning (DOP), or often times, totally absent in these sources. The non-generation of specific data due to human resource weaknesses or the lack of funding for research has been found to militate against sound analyses.
- Such human factors like the loss of institutional memory arising out of the departure of experienced staff, unwillingness to divulge information to others, and perhaps, hidden envy to the consultants, are social causes of the analyses.
- Another significant uncertainty over the program is that there is no clearly identifiable and willing sources for the huge I&FF outlay. Governments may be willing, but simply lacks the revenue base to provide the needed resources

Discussion on agriculture results:

- Agriculture team: Hugest challenge has been data collection.
- Make clear that same currency conversion rate is used among the different assessments, right now in one it was 25 Dalasi = 1 US$, and in another 28 Dalasi = 1 US$. – Teams want to look into this.

Key sector water (adaptation)

Presentation water results (Momodou Njie)

Objectives

- Establish the scale of investments and financial resource flows needed to address potential impacts of climate change in the water sector
- Lay the foundations for integration of adaptation issues into national development and economic planning
- Leverage international / external funding for adaptation.

Institutional arrangements

- Assessment was carried out under contract signed individually between UNDP and report authors
- Contact persons were designated for the purpose of contract administration and including in particular information-sharing at the level of UNDP (Sponsor) and Department of Water Resources (Main Beneficiary)

- Periodic reports prepared by the authors were submitted for review and feedback from the sponsor, main beneficiary and larger body of national stakeholders.
- Focus: 1 sub-sector, water resources assessment, country-wide coverage, 1 sub-sector, water supply, water security hotspots
- Reasons: Reverse the effects of decades of under-investment in capacity building for water resources management. municipal and irrigation water supply for public health / welfare and food security are major issues under a changing climate.
- The Greater Banjul Metropolitan Area with 7% total land area was home to 49% of population at last census in 2003, and since 1973 continually records the highest population growth rates.
- The rice-growing districts in the Central River Region (CRR) cover 21% of the Gambia's land area, are home to 10% of the country's population, and currently produces 22% of rice grown in the country.

Data inputs and sources

Inputs: Expenditure data differentiated by financial flow asset type - human resources, infrastructure, equipment and machinery

- non-electrical machinery including computers (ISIC 382)
- electrical motors, machinery apparatus, appliances and supplies (ISIC 383(
- transport equipment (ISIC 384)
- professional and scientific instruments (ISIC 385)

Sources:

- Open access data: Approved Estimates of Revenue and Expenditure with Development Expenditure of the Gambian Government; Diagnostic studies (Njie, 2009, Verkerk and van Rens, 2005)
- Restricted access data: MOFEA loans database; NAWEC water assets inventory; Contract documents; SNA (G Bo S).
- Personal Communication: Public/private sector line managers; Graduates of overseas training programmes

Identities used: CAPEX: IF; OPEX = FF + O&M

Computations:

- CAPEX is based upon asset specifications and unit prices
- OPEX is computed as: the difference of two depreciation curves of assets; a fraction of GDP (for historical period)
- OPEX is disaggregated into FF and O&M streams using partition coefficients extracted from historical data
- (1x6) coefficient matrices are used for allocation of financial resources to different assets

Baseline scenario

Quasi-certainties:

- Climate Change (global warming, precipitation change, sea level rise)
- Population growth and demand concentration
- Labour productivity

Assumptions

- GOTG remains committed to socioeconomic objectives of universal access to safe water and food security.
- GOTG has access to adequate domestic and external sources of funding to execute flagship projects
- Investment in infrastructure projects take precedence over research and monitoring ('people do not eat or drink information')
- The urgency of addressing climate change impacts for which ample empirical evidence exists is underestimated.

Investment decisions

- Greater share of GOTG budget allocations goes towards meeting personnel costs.
- Investments in human resources (capacity building) are driven by donor support and to an uncertain extent on student take-up of training courses offered by the University of the Gambia.
- NAWEC, periodically expands installed capacity from 77,680 to 240,000m^3/day by 2030.
- Irrigation expansion stagnates at 3,000ha in 2015, before picking up again after 2020 (commissioning for Sambangalou).

Adaptation scenario

Quasi-certainties:

- Climate change (global warming, precipitation change, sea level rise)

- population growth and demand concentration
- Labour productivity

Further assumptions:

- Previously identified sectoral adaptation options (i.e. proper location/re-location of abstraction points, artificial recharge, regulation and licensing of water withdrawals) represent significant opportunities to address anticipated water scarcity and quality problems. The exception in this case is artificial recharge of the Kombo Peninsula Aquifer considered by the authors as technically questionable and politically difficult to implement.

Investment decisions

- Observation networks and computation systems upgraded
- Relocation of Fajara wellfield and ancillary facilities
- NAWEC, peropdically expands installed capacity from 77,680 to 219,540m^3/day by 2030
- Irrigation expansion stagnates at 3,000ha (before commissioning for Sambangalou)
- Investments in loss reduction and improved water use efficiency to cut down NAWEC network losses from 25% to 15% by 2015 and 10% by 2025, and industrial consumption by 30%.

Policies and recommendations -

Water resources planning

- Optimal allocation of natural resources (IWRM) and financial resources (SPLID framework) between entities/sector objectives

Investment planning

- Strong coordinating body to counter-balance multi-organizational sub-optimization
- More rigorous investment appraisal procedures

Sustainable financing

- Foreign sources: Front-line national institution need to invest significant effort in capacity building, networking, engaging stakeholders including the business community to access global adaptation funds
- Domestic sources: Domestic sources of funding enhanced by multilateral ODA should be basis of core funding for investments; Pricing policies (for services) must not pressurize households into zero-sum budget decisions.

Outlook:

- Revise partition coefficients for irrigation based on Farmer-Managed Rice Irrigation Project (FMRIP) and Irrigated Rice Development Project (IRRIDEP) historical expenditure data
- Compile expenditure database and make accessible to researchers
- Use experience and nearly-completed SNC process to assess sector-wide incremental investments due to climate change.

Discussion on water results:

- Feedback that presentation is very good and comprehensive, and at the same time very scientific and academic. It will be important to make the language more understandable to non-scientists.
- Agreement it will be important to be less academic in this assessment, and also to elaborate more on which are the measures that have been analyzed and what do they actually comprise.
- During the preparation of the Second National Communication, useful data has been generated, which was used for the assessment.
- Ministry of industry and trade: Lack of data has been an issue in energy, forestry and water sectors. It seems that information wasn't appropriately shared between the sectors, like in the water sector some information can be useful for the energy sector etc.
- UNDP: collaboration among sectoral teams is highly encouraged, for data sharing, but also to scope the sectors as to avoid overlaps between the assessments.
- Agriculture team: this is right, regarding data sharing e.g. in the agriculture team there is someone with access to water data, which was needed by the water team, so collaboration needed.

Assessing I&FF to address climate change in Gambia: Policy implications & recommendations

Discussion: Recommendations and policy implications of I&FF assessments:

- Assessment results need to be transferred to a level that is understandable for: the public / decision makers / policy makers.
- Fafanding Fatajo: Almost the total agriculture in the country is rainfed, water use management & sensitization are crucial steps to be put forward. Agro-processing is important also, following the question how to put value to the produced products, closely linked with that is the question of improved marketing. Moreover certified seed producers plus more drought resistant crops are needed.
- Alagie Fadera: One of the most important points is the national development plans, to it will be important to integrate these results as well as climate change in general into the national development plan to ensure that they get adequately addressed.
- The assessments have been prepared in parallel with the Second National Communication, they have been used for the assessments and vice versa the results of the assessments are a good input for the Second National Communication.
- Pa Ousman: For the Third National Communication, it makes sense to also assess further sectors.
- Pa Ousman: Meeting with DfID showed that before realistically being able to access funds, clear project proposals need to be identified, rather than just having project proposals. The I&FF assessments contribute to having such clear proposals.
- (white tie): Assessments have been thoroughly elaborated, main concern now how to ensure enforcement to make use of them.
- Ministry of finance: Capacity building is an important factor.
- Looking at forestry policy, it was important to revise the old forestry policy from 1995, this has been achieved with the improved new policy. As rainfall patterns decrease, forest protection gets the more important, given not only its mitigation effects, but also its provision of livelihoods & ecologic importance.
- Pa Ousman: Displaying and discussing Climate Change Priority Action Plan of Gambia, regarding how the results can be fed into the plan.
    - E.g.: For energy: Programme: Replacement of incandescent bulbs in households – Indicator: reduce incandescent bulbs in households from 46& in 2011 to 0% in 2015.
    - E.g.: For agriculture: Programme: Briquetting and Carbonization of Groundnut Shells. Indicator: Number and type of equipment to produce the briquets.
    - These examples show that it is important to break down the project ideas into concrete steps, so that potential donors can see that there are clear plans and priorities and that the Gambian government is a responsible partner and engaging in this topic in spite of being a poor country. Important also to coordinate these actions as not to duplicate them.
    - Ousainou Touray: Yes, this plan making is important, but it will be equally important to finally implement those plans. The question is how to enforce it.
- Alieu Nyang, National Environment Agency: So we agree that the results can be good to be put into forestry and agriculture policies.
- The National Agriculture and National Resources Working Group should pick up these issues to integrate the results into the national policies and strategies.
- Regarding the water sector: Water harvesting systems need to be encouraged, particularly as rainfall is decreasing and gets less predictable.
- Pa Ousman: To consolidate the focus of our discussions, improved coordination between the sectors is necessary, to be able e.g. to reach out concertedly to farmers to alert them of necessary changes in practices.
- The takeaway of the workshop should be that there are not conflicts between the sectoral policies, but rather conflicts in individual people's ideas.

Thursday 13 October 2011

The Cancun Convenant

Presentation: An assessment of Cancun and the negotiations & Gambian Views on Cancun and national strategies. The I&FF assessment in the context of the negotiations (Pa Ousman)

Shared vision:
'2℃' goal incorporated into a formal decision for the first time, but with recognition that greater ambition is necessary to reach goal. Recognizes need to engage stakeholders including business and sub-national governments. Low-carbon opportunities arising from a shift to decarbonised societies recognised

Adaptation:

- Establishment of an 'Adaptation Framework' – essentially a set of actions that constitute recognised adaptation efforts.
- Establishment of an 'Adaptation Committee' to promote enhanced and coherent action across various adaptation programmes/initiatives.
- Establishment of a 'loss and damage' work programme to look at the climate impacts in dev. countries, including possible dev. of a climate risk insurance facility.

The Cancun Agreements – Established the Cancun Adaptation Framework:

- Adaptation to be addressed with the same level of priority as mitigation
- Objective: to enhance action on adaptation including through international cooperation and coherent consideration of matters relating to adaptation under the Convention …
- 1. Scope: All parties to plan, prioritize and implement adaptation actions and to use existing channels to provide information on support provided and received for adaptation actions and on activities undertaken. All Parties to enhance action on adaptation through, inter alia: Planning, prioritizing, implementation of adaptation actions; impact, vulnerability and adaptation assessments; strengthening institutional capacities and enabling environments; building resilience; enhancing climate change related planning
- Institutions: Establishing the Adaptation Committee to promote the implementation of enhanced action on adaptation in a coherent manner under the Convention. Strengthening / establishing regional centres / networks, national-level institutional arrangements
- Stakeholders are invited to undertake and support adaptation at all levels

Mitigation for Developed Countries

- Copenhagen mitigation pledges finally anchored to a formal COP decision
- Agreement to enhance existing reporting of Annex I country mitigation actions and support
- 'International assessment and reporting' process established for mitigation actions
- Developed countries to develop 'low-carbon development strategies or plans'
- Work programme on enhanced reporting established to develop details of new reporting requirements.

Mitigation for developing countries:

- Agreement that aim of developing country mitigation action is a deviation in emissions from BAU by 2020
- Copenhagen mitigation pledges finally anchored to a formal COP decision
- Annex I countries to provided enhanced support for finance, technology transfer and capacity building
- A 'mitigation registry' established to record both mitigation actions seeking support and support provided
- Reporting to be enhanced: existing national communications ideally to be submitted every 4 years; plus new biennial update reports
- Agreement on basic monitoring, reporting and verification (MRV) provisions: supported mitigation: subject to domestic and international MRV; non-supported mitigation: subject to domestic MRV only but done according to int. guidelines.
- Agreement on basic international Consultation & Analysis (ICA) provisions: Biennial reports subject to ICA in a manner that is 'non intrusive, non punitive; and respectful of national sovereignty.
- Discussion about appropriateness of domestic measures not part of process
- Creation of low-carbon development strategies or plans encouraged.
- Work programme established to develop details for all of the above.

Finance:

- Copenhagen Accord 'fast-start' ($30 billion to 2012) and long-term ($100 billion mobilised by 2020) finance commitments anchored in formal decision
- Agreement that funds may come from a variety of sources including public, private, bilateral and multilateral
- 'Green Climate Fund' established and its basic governance agreed
- World Bank appointed interim trustee for three years
- 'Independent secretariat' to support fund operation
- 'Transitional Committee' established to design fund, members to be finance and climate experts
- 'Standing committee' established to help improve coherence and coordination of finance delivery and use and MRV.
- Article 11.3 (d) of the UNFCCC requires identification of 'the amount of funding necessary and available for the implementation of the Convention'
- Recent estimates of funding required: UN DESA: Around $500 billion for mitigation; Imperial college /IIED: around &500 billion for adaptation; Allianz/WWF: Around $25 trillion assets in port cities by 2050 threatened from sea level rise'; African Group position: Copenhagen
- In February 2010, the UN Secretary-General established a High Level Advisory Group on Climate Change Financing to study potential sources
- Special Drawing rights (SDRs): In 2009, in response to the global economic crisis, the IMF allocated $250 billion worth of SDRs to member countries
- Redirecting fossil fuel subsidies:Rich countries currently spend between $57 and $100 billion each year propping up fossil fuel industry.
- Redirecting military budgets: In 2010 global military spending rose to an all-time high of $1.6 trillion.
- Addressing Aviation and Shipping: The shipping and aviation industries are currently emitting huge amounts
- Solidarity Air passenger ticket levy: A levy on individual air tickets to raise money. One Proposal calls for a levy of $6 on economy class tickets and $62 on first class tickets.

Where we are?

- In 2009, US Secretary of State Hillary Clinton and other developed country ministers committed to a goal of mobilizing $^00 billion per year for countries in the global South with no scientific or factual basis for this number.
- Yet at this year climate negotiations in Panama, the US joined by Canada and Japan are refusing to talk about how to generate the $100 billion

What do we need at Durban and beyond? – For our countries:

- More transparency is expected on fast start finance
- The precision of the amount need on climate finance in long term finance
- The financial mechanism to be operational mainly through the Green Climate Fund
- Balance climate finance between mitigation and adaptation
- Capacity Building is essential

Key elements of Kyoto Cancun Agreement:

- Agreement to continue and conclude negotiations to ensure no gap between commitment periods
- Agreement on base year (1990) for calculations

For developing countries, it is critical that substantial finance, technology and capacity building support is provided by developed countries to enable them to develop supported NAMAs and low carbon development plans.

Low carbon emission plans (which should be voluntary for the most vulnerable countries) should be retained to plan for sustainable low-carbon development

Technology:

- 'Technology Mechanism' established of two parts: 'Technology Executive Committee' (TEC), 'Climate Technology Centre and Network' (CTCN)
- TEC to provide strategic advice to parties e.g. technology overviews recommend actions, promote collaboration, seek cooperation, catalyse action plans
- CTCN to facilitate a network of national, regional, sectoral and international technology networks, organisations and initiatives

Review:

- Agreement to periodic review of long-term goal adequacy

- Review to be based on CBDR, latest science, observed impacts, aggregated effect of steps taken, consider strengthening of goal including in relation to 1.5℃ rise
- First review to start in 2013 and concluded by 2015
- Parties to take appropriate action based on review.
- Scope of review to be further refined

Discussion on negotiation presentations:

- Ministry of industry and trade: 1. How to enforce pledges, usually sustainable technologies are more costly than conventional ones, how to make business use these more expensive ones? 2. Research and development issues need to be addressed, developing countries cannot do this on their own. 3. Putting taxes on aviation and shipping makes prices rise for traded goods, so how can this put into practice if countries need trade to grow.
- Sebastian Veit: African Development Bank: Issue of finance, experience from AfDB is that lots of climate finance is complex and difficult for dev. countries to access. E.g. not the resources to send delegations of people to these meetings etc. Finance needs to be more accessible, more pragmatic and more transparent. This is the outcome I wish to come from Durban.
- Momodou Njie: even if the current climate financing is very complex for us now, we still need to continue making clear plans on what we need to do to increase our changes once financing becomes available.

Presentation: Climate financing and the financial architecture under negotiation (Saliou Toure)

Climate change creates challenges… but also opportunities for 'greener' human development

- Sources of financing for climate before Copenhagen: Global Environment Facility; Kyoto Protocol mechanisms (for mitigation); Adaptation Fund; Bilateral sources; Multilateral sources
- Sources of financing for climate announced in Copenhagen: 'Fast start finance': $30M per annum for 2010-2012, pledged in Copenhagen; Goal of mobilizing $100bn per annum by 2020 from multiple sources; Creation of the Green Climate Fund (GCF) as an operating entity of the financial mechanism of the UNFCCC.

Finance: many outstanding operational questions - Cancun set up two committees to resolve outstanding issues

- Transitional Committee (15 developed countries, 25 developing countries) to discuss the implementation and governance arrangements of GCF. Africa Group representatives: Gabon, Egypt, Morocco, Ethiopia, South Africa; DR Congo, Burkina Faso. LDCs: Zambia, Bangladesh
- Standing Committee on finance to improve coherence and coordination, mobilization of resources, and MRV of financial flows.

The Transitional Committee (Chaired by Mexico, South Africa and Norway)

- Meetings:
  - 1st meeting: 28-29 April, Mexico City
  - Technical workshop: 30 May – 1 June, Bonn
  - 2nd meeting: 13-14 July, Tokyo
  - 3rd meeting: 11-13 September, Geneva – submissions 29 July
  - 4th meeting: 19-21 October, Capetown
- Four work streams: Scope and guiding principles (co-chairs: Spain, Barbados); Governance issues (DR Congo, Switzerland); Operational modalities (Australia, Pakistan); Monitoring and evaluation (Bangladesh, Sweden)
- Backstopped by Technical Support Unit, based at UNFCCC in Bonn. Goal: Adoption of an instrument (i.e. key parameters of the fund) in Durban

Problem Analysis: Climate Finance Needs

- Business-as-usual approach will not get us to 1.5 or 2C
- Scale of required investments is much greater than $100bn per year, and much greater than multilateral system can provide $10.5 trillion needed to transform energy sector between 2010-30 (IEA, 2009)
- Risk setting up parallel structure to ODA, isolated from rather than furthering poverty reduction efforts
- Streamlining the international system of sources is largely impossible - 50 public funds, 45 carbon markets, 6000 private equity funds providing green finance

What does this mean for a country like The Gambia?

- **Identify and exploit existing resources** (GEF, AF, bilateral and multilateral initiatives)

- **Mainstream climate change** into development planning at national level: Make informed investment decisions that are pro-poor and pro-MDGs; Integrate and consolidate projects into a programmatic approach
- **Strengthen national capacities** (public and private) in order to: Access CC finance (either through MIEs or direct access); and Monitoring, Reporting and Verification («MRV»)
- **Create an enabling environment** so public finance is used in a catalytic manner and engaging private sector

Resources:

- www.climatefinanceoptions.org
- www.faststartfinance.org
- http://unfccc.int/cooperation_support/financial_mechanism/finance_portal/items/5824.php including 3 modules: 1. National Communications (launched in Cancun), 2. Fast Start Finance (launched in Bonn), 3. Funds managed by the GEF (to be launched in Durban)

Discussion on finance presentation:

- Pa Ousman: besides the windows in the Green climate fund on mitigation and adaptation, developing countries would like to have a window on 'private sector', to engage the private sector to use incoming finance to mobilize more funds.
- African Development Bank has been mandated by the African Union to channel funds that come out of the Cancun Agreement. 40% of any allocated Fund for the Green Fund will be channeled to Africa, so $4 billion US are expected. Funds to be used as partial risk guarantees. This means e.g. that when investments are being made on renewable energies, to insure those investments. – Also the African Development Fund is there for the public sector to use their allocations as a risk leverage.
- Wondering why accessing funds from the GEF is so challenging.
- Gambia has only 1 IPP, but it is continued to encourage investment, but the main issue is guarantees, so that point raised be the AfDB is very valid.
- National Environment Agency: In The Gambia, the NIE is the GEF focal point.

From assessment to action: intergovernmental coordination

Panel discussion: Ensuring inter-ministerial coordination and an enabling environment for investments in a climate resilient society & Climate Finance, Sustainable Development and Sectoral Action to Address Climate Change – The role of international agencies

Moderator:

- Is climate change an environmental or a developmental issue? Why or why not?
- Which Ministries need to take a key role on addressing climate change? Is there sufficient inter-ministerial coordination?
- Are our current institutional capacities sufficient to address the complexities of climate change?
- Are politicians aware of climate change impacts and associated mitigation and adaptation options? What political efforts are needed to improve how we address climate change?
- What role can Gambia play to achieve an internationally legally binding agreement on climate change? What can we do better to engage a broader range of national stakeholders (including private sector, NGOs, civil society, etc) on the issues under negotiation?
- Is it possible to intensify efforts in order to have a common African voice at COP17 in Durban?
- What should be the focus of measures to address climate change in the long term – those that ensure the well-being of citizens, those that preserve a competitive economy, or those that protect natural resources? Are these mutually exclusive options?
- Is the current environment conducive to attract public and private sector investment in climate change? What must change/what is working?
- What is the role of the government in creating a favourable enabling environment for investments? How do we ensure that investments are equitable and efficient?

Panelists & participants:

- Sebastian Veit, AfDB: African Development Bank finances large scale projects, threshold is 30 million Euros, which should not deter small scale projects however. Regarding climate change

AfDB is involved in climate change risk management. Needs in bridging the gap, future impact diagnosis. Green Growth Strategy to outline the way forward for African economies to become green while at the same time continuing growth. Greater need of inter-African coordination, we know floods in Mozambique occur only few days after heavy rains in Angola happen. So one example for better coordination that is very cheap and yet effective is to have better communication between them to warn each other, needed to establish early warning systems.

- Janice James, UNDP: Whatever the sectors do should follow a common national strategy, which is nationally homogenous. Climate change has a developmental effect on The Gambia, it is a cross-cutting issue, affecting poverty reduction, agriculture etc. and particularly the MDGs are at risk.
- Sulayman Gaye, Department of Finance: We cannot do anything without proper planning, priority areas are agriculture, infrastructure & energy.
- Alieu Nyang, National Environment Agency: Gambia faces challenges like all other countries, regarding climate change the focus is on adaptation. In Europe in the 1950s there has been acid rain, which was caused by emissions. It should be learned from this that though adaptation is the focus, certain mitigation measures can have positive benefits for our health, society and environment.

Moderator:

- What are the key actions on climate change that require funding? What are the key sectors to consider when addressing climate change in Gambia?
- One challenge for a middle income country like Gambia is accessing climate finance – what are the challenges and opportunities?
- What aspects of a future financial architecture are important to consider for a country like Gambia?
- What is the role of international agencies in supporting the upscaling of climate change efforts?
- How are international agencies working to ensure that access to climate finance and climate policy design is equitable? What can they do better?
- What are your thoughts on the notion that countries need to formulate and implement low-emission and climate-resilient development strategies? What does that mean to you?
- What are the key lessons learned from past efforts to support development that can be applied to improving future actions on climate change?
- How can available knowledge and social awareness be used to develop a national strategy for a long-term fight against climate change?

Panelists & participants:

- Alieu Nyang, National Environment Agency: Climate change is both, as it is part of the natural resource cycle. Awareness is lacking that climate change is more than a change of weather.
- Sebastian Veit, AfDB: Climate change is definitely not only an environmental, but also a development issue. Climate change particularly affects the poor, often e.g. when there are floods the rich people's houses remain dry, but the poor people's houses are flooded, because they have been forced to live in flood-prone areas. Or for instance when peoples poor resource management is blamed to accelerate climate change, e.g. people logging wood for cooking, they don't do this deliberately, but they don't have another choice. So viable alternatives are needed.
- Sulayman Gaye, Department of Finance: A government Task Force is needed to address climate change and development in an effective way. Capacity development and training are crucial for Gambia to receive to do this.
- Almamy Camara, UNDP: Agreeing that current capacity is weak and therefore on the core of future support.
- Fafanding Fatajo: High level commitment needed in all sectors.
- In The Gambia, environmental issues & climate change issues need to be incorporated into development to make sure they are adequately addressed.
- Climate change has impacts on development, and development has impacts on climate change.1991, Gambia was the first African country to develop a GHG inventory. Since the water sector is one of the most affected regarding climate change, it makes sense that climate change issues are coordinated from the department of water resources. Gambia is chairing the LDCs and leading in a number of other climate change-related bodies, so obviously the Country is engaged.

- Mbobo Pateh Jallow: Participation needs to be increased to make it possible to seize opportunities and to make use of incentives. Often still even if e.g. flight tickets and DSA are provided to participate in an international meeting where decisions are made and incentives are set, participation is often not ensured, because of other short-term economic interests. There has to be a shift in behaviour to value more long-term thinking.

Conclusions & next steps

Presentation: UNDP Project Follow Up: Dialogue on next steps (Almamy Camara)

- Possible finance resources have been shown in today's presentation (Saliou Toure's), and UNDP CO, Regional Centre and HQ are ready to mobilise their expertise in assisting you how to best accessed it.

Discussion: future activities and conclusions

- Susanne Olbrisch: As already a number of results have been achieved, countries start using the outcomes of their assessments in various ways:
    - Feeding results into the preparation of their Second National Communications, e.g. regarding identification of key sectors and measures
    - Using the results to refine national budgetary planning
    - Integrating the results into the national Climate Change agencies and using the results for National Action Plans and National Development Plans
    - Developing a national strategy for mitigation and climate change risk management
    - Development of norms and standards for energy efficiency and improving water resources management, which will be integrated into the legislative framework
    - Briefing their national climate change negotiators on the results and political implications for a better participation in the international negotiations
    - Following up on potential partnerships, reaching out to organizations that attended the final dialogue, including regional development banks
    - Developing a proposal to the Adaptation Fund
    - Identifying further key sectors that would benefit from I&FF assessments and fundraising for them nationally and internationally
    - In Transnational Corporations (TNCs)
    - Etc.

Conclusion and thanks

- Pa Ousman thanked the participants for their engagement, further documents will be sent to the participants.