

UGANDA'S PREPAREDNESS FOR CLEAN DEVELOPMENT MECHANISM (CDM) AND THE APPROVAL PROCESS

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Presentation Outline

1. Why Carbon Trading (CDM, JI, ET,....)?
2. CDM Relevance.
3. Regulatory Framework
4. The Enabling Environment
5. CDM potential in Uganda
6. Uganda's Approval Process
7. Challenges

WHY CARBON TRADING?

- Reduction of greenhouse gases at lower costs (environmental protection objective):
 - *Stabilisation of concentrations of Greenhouse Gases (GHGs) in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system’.*
- Contribution to sustainable development of host developing countries; the second objective of the climate change Convention (sustainable development objective);

CDM RELEVANCE

- Annex-1 Parties use emission reductions accruing from CDM project activities to comply with their commitments under the Kyoto Protocol
- For non-annex 1 Parties, it is a window of economic development opportunities through financial flows and access to cleaner technologies from developed countries
- Mitigation now means lower future adaptation costs

Regulatory Framework

- Environmental objective of the Clean Development Mechanism (CDM) is regulated by an international institution – the CDM Executive Board (EB)
- An elaborate international regulatory framework to approve methodologies, check and audit greenhouse gas emission reductions
- The sustainable development objective of the CDM is regulated by host developing countries

ENABLING ENVIRONMENT

- Countries wishing to participate in CDM must be a Party to the Kyoto Protocol (KP) and institute a Designated National Authority (DNA). Uganda is Party to both UNFCCC and KP and has established an institutional framework to issue letters of approval
- Natural Resources/Environment protection provisions in the Constitution of Uganda; Embedded in the National Objectives and directive principles of State policy (XXBII).
- The institutional framework comprise of the:
 - Minister responsible for Environment to serve as the DNA
 - Climate Change Policy Committee (CCPC), technical advisor to Minister on climate change policy issues and CDM projects
 - Climate Change Unit providing secretariat support to the CCPC
 - CCU also Focal Point for the UNFCCC in Uganda and coordinates implementation of climate change activities in the country.
 - Monitors the approved CDM Projects to ensure fulfillment of Sustainable development criteria.

ENABLING ENVIRONMENT (Con'td)

- Uganda Investment Authority (UIA) is promoting CDM projects
- Investment code and Sectoral policies giving guidance to investments in Uganda also applying to the CDM.
- Uganda is continuing to attract capacity development initiatives for both public and private sector.

CDM Potential in Uganda

- Although Uganda's emissions are relatively low there is potential to exploit the CDM opportunities
- Potential areas include transport, energy, forestry, agriculture (Crop & Livestock) and waste management
- One mini hydropower project has been registered and several others issued with letters of approval are at various stages of the CDM Executive Board regulatory process
- There are several project ideas under development.

Uganda's CDM Approval process

- Though not mandatory, some proponents prefer preparing a Project Identification Note (PIN) as a basis for advise by the DNA secretariat.
- A Project Design Document (PDD), a Clearance Certificate of Environmental Impact Assessment (EIA) or exemption from NEMA and a completed sustainable development (SD) criteria template is formally submitted to the secretariat stating clearly the project participants.
- Copies circulated to members of the CCPC prior to its meeting
- The CCPC focuses on the sustainable development (SD) component of the CDM project
- Letter of Approval (LoA) issued by DNA (Minister) on advise of the CCPC.

SD CRITERIA TEMPLATE

- Based on the SD criteria adopted for Uganda
- Has 6 information areas; Background, 4 SD elements and the monitoring plan.
- Brief and precise information required

UGANDA'S SD ELEMENTS

Element:

Environmental

Sub-elements:

- *EIA in accordance with NEMA guidelines*
- *Clearance or certificate of exemption from NEMA*

UGANDA'S SD ELEMENTS Cont'd

Element:

Social (40%)

Sub-elements:

- Access to essential social services
- Community participation considering gender balance and disadvantaged groups

UGANDA'S SD ELEMENTS Con'td

Element:

Economic (35%)

Sub-elements:

- Employment generation
- Production and markets contribution
- Others including; redistribution of development, foreign exchange savings & generation,.....

UGANDA'S SD ELEMENTS Con'td

Element:

Technology (25%)

Sub-elements:

- Environmental friendliness
- Technology transfer
- Efficiency
- Acceptability
- Ergonomics & Safety

SD MONITORING PLAN

- Monitorable indicators for key sub-elements of the 4 main SD elements should be put in place for monitoring compliance of project with the SD criteria.
- MoU is signed to strengthen the SD compliance and ensure protection of the investor.

WHY AND WHEN THE SD TEMPLATE

- To ease project evaluation and expedite the approval process by the DNA (PDDS are normally very big documents)
- Submitted together (not a substitute) with the PDD to the DNA

Challenges to CDM Investment

- Technical and institutional capacity – institutional aspects addressed and technical capacity is being addressed,
- Lack of finance to develop and kick-start implementation of CDM projects – again Uganda is attracting support to develop CDM projects,
- Complex procedures and modalities necessary to ensure environmental integrity of the Kyoto Protocol (avoid cheating the environment)



Thanks for Listening