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ACCREDITATION TO GLOBAL CLIMATE FUNDS: THE URGENT NEED FOR TANZANIA INSTITUTIONS TO ADDRESS WIDE SPREAD CLIMATE CHANGE IMPACTS

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1.0 INTRODUCTION

Tanzania like other countries in the world experiences numerous environmental challenges. These challenges can have local, regional and international dimensions. In recognition that environmental challenges do not have boundaries, the international community has formulated governing conventions and protocols. These international arrangements have evolved in the past 50 years mainly because of increased environmental risks and the need to have effective global solutions. In the process, partner states to the Conventions commit themselves to cooperate in fulfilling the obligations of the protocol/conventions/agreements. Such protocols and conventions are finally domesticated through regulations and stratagies by respective countries in order to ensure compliance to the international environmental law. Yet, implementation of such conventions and protocols requires substantial amount of resources in which individual countries alone cannot afford. Thus, again the international community has designed mechanism to ensure there are funding opportunities and mechanisms in responding to the global environmental challenges.

One of the contemporary environmental issues is how the global community deals with the impacts of Climate change. The escalating magnitude of the problems associated with climate change has triggered coalition of countries in the world to develop the specific conventions and protocol. Therefore, as we strive to respond to the impact of climate change while examining opportunities available, this opinion paper highlights on the international conventions that the country has ratified and gives information on the opportunities available that require intiatives from entities in the country to secure funds that can help address the impacts associated with climate change.

2.0 HISTORICAL NOTE

The UN Framework Convention on Climate Change (UNFCCC) is an intergovernmental treaty developed to address the problem of climate change. The convention entered into force on 21st March 1994, having been negotiated since February 1991 through May 1992 and opened for signature in May 1992. The signing of the treaty begun at the UN Conference on Environment and Development (UNCED), also popularly known as the Rio Earth Summit. To date, the convention has nearly a universal membership, having 197 countries that have ratified it. Tanzania ratified this Conventions in April 1996. The countries which have ratified the UNFCCC are called Parties to the Convention.

The birth of the convention was triggered by scientific detection and foresight of dangerous human interference with the climate system through emission of greenhouse gases. Scientific evidences have proved beyond reasonable doubts that emissions of GHGs is one of the key factors contributing to the impacts of climate change (IPCC 1990). The ultimate objective of the Convention was thus to stabilize greenhouse gas concentrations at a level that would prevent that anthropogenic interference with the climate system. It therefore provided that such a level should be achieved within a time-frame sufficient to allow ecosystems to adapt naturally to climate change, to ensure that food production is not threatened, and to enable economic development to proceed in a sustainable manner.

In order to set and operationalize the obligations of each party, the UNFCCC categorized its members into two major groups; Annex 1 and Non-Annex 1 countries (UNFCCC (1997). Annex 1 countries refer to industrialized countries that were members of the OECD (Organisation for Economic Co-operation and Development, OECD) in 1992, plus countries with economies in transition, including the Russian Federation, the Baltic States, and several Central and Eastern European States. These countries are considered to be the culprits of the current state of climate change, having a major contribution to the atmospheric greenhouse gases budget. On the other hand, Non Annex 1 countries refer to developing countries which are at the receiving end of climate change impacts including Tanzania, whose developmental activities have not had a significant contribution to the current levels of atmospheric greenhouse gases.

Basing on the just highlighted categories and on its principle of 'common but differentiated responsibilities and respective capabilities', the Convention has put in place a financial mechanism in order to facilitate the parties to implement their obligations under Article 11.1 of the Convention (UN, 1992). The financial resources are to be provided by developed country parties to developing country parties, including transfer of technology and overall capacity building. The mechanism functions under the guidance of, and is accountable to, the Conference of the Parties (COP). The COP also decides on its policies, programme priorities, and eligibility criteria for access. Its operation is entrusted to one or more existing international entities. Further, the Annext 1 countries are obligated to do the most to cut emissions on home ground.

3.0 FUNDS UNDER THE UNFCCC

The Convention acknowledges differing degrees of climate vulnerability of all countries and calls for special efforts to ease the consequences, especially in developing countries which lack the resources to do so on their own.

To cater for the global climate needs, both adaptation and mitigation, the UNFCCC has established climate funds through decisions made by the Conference of Parties. These funds are at the very centre of the financial architecture both of the Kyoto Protocol and the Paris Agreement (PA). UNFCCC climate funds include; the UN Adaptation Fund (AF), the Least Developed Country Fund (LDCF), the Special Climate Change Fund (SCCF), and the Green Climate Fund (GCF). These Funds are the alternative and fill the gap that was initially covered by the multilateral cooperation.

3.1 The Adaptation Fund (AF)

The Adaptation Fund was established in 2001 at the 7th Conference of the Parties (COP7) to the UNFCCC in Marrakech, Morocco, and was officially launched in 2007. The purpose for its establishment was to finance concrete adaptation projects and programmes that are geared towards reduction of the adverse effects of climate change facing communities, countries, and sectors in developing countries. The AF mainly supports small- scale adapative projects in the range of up to 10 million USD that are considered to bring developmental changes on issues related to climate change.

In the early years of the Convention, adaptation received less attention than mitigation, as Parties wanted more certainty on impacts of and vulnerability to climate change. When the Third Assessment Report (AR3) of the Intergovernmental Panel on Climate Change (IPCCC) was released, adaptation gained traction, and Parties agreed on a process to address adverse effects and to establish funding arrangements for adaptation. Currently, work on adaptation takes place under different Convention bodies. The Adaptation Committee, which Parties agreed to set up under the Cancun Adaptation Framework as part of the Cancun Agreements, is a major step towards a cohesive, Convention-based approach to adaptation.

The AF is remunerated through a mixture of auto-generated mechanisms and voluntary contributions, mostly from developed countries. Auto-generation refers to funding from the Clean Development Mechanism (CDM), where a share of the proceeds made amounting to 2% of Certified Emission Reduction (CERs) issued for a CDM project activity is transferred to the AF. Another source of fund for AF is voluntary contributions from developed country parties.

To access the AF, there has to be an Implementing Entity (IE) accredited by the Adaptation Fund Board through recommendation by an independent Accreditation Panel. The IE should be recommended for accreditation by the Designated Authority (DA) of a given developing country that is a party to the Kyoto Protocol, and is particularly vulnerable to the adverse effects of climate change. Countries considered most vulnerable to climate change include low-lying coastal and other small island countries, and countries with climate-sensitive mountainous ecosystems, arid and semi-arid areas, and areas susceptible to flood, drought and desertification. Thus, the AF is directly accessible by eligible countries through their accredited National Implementing Entity (NIE). If a country lacks the national institutions to serve as a NIE, it can nominate a Multilateral Implementing Entity (MIE). This will fulfil the required criteria to serve as Implementing Entities.

Application for AF accreditation can only be through national government agencies. Civil society organizations can be included in the project implementation as executing entities, and this is encouraged by the Fund. In any case, to become accredited to AF, entities are required to meet the legal and fiduciary standards as listed in the Operational Guidelines. Further, as per the current state of affairs, only two national government institutions can be accredited to AF per country. In Tanzania, only NEMC is the AF accredited NIE.

3.2 The Green Climate Fund

The Green Climate Fund (GCF) which is considered to be the world’s largest dedicated fund (worth about USD20 billion) was established by 194 countries party to the UNFCCC. The GCF is the youngest financial mechanism under the Convention, established at COP16 in 2010, adopted in 2011, and has become officially operational since 2015. The mandate of the Green Climate Fund (GCF) is to promote the paradigm shift towards low-emission and climate-resilient development pathways. The fund delivers on its mandates through provision of financial support to developing countries. The countries must focus their interventions on reduced greenhouse gas emissions and adaptation to the impacts of climate change, considering the needs of such developing countries owing to their climate change vulnerability. Altogether, the GCF is the flagship channel for climate finance in the architecture of the Paris Agreement.

The GCF support is channelled through entities accredited to the fund, and the GCF provides direct access. However, to become accredited an entity needs to meet high transparency and fiduciary standards that have been set by the fund's Governing Board. This makes the accreditation process a lengthy and rigorous one, making a long list of entities in the accreditation pipeline. Sometimes it may take years to get through the accreditation phase. Once accredited, implementing entities can work with other partners, including sub-national institutions, NGOs, FBOs, or the private sector, which can be involved in project implementation as Executing Entities (EE).

The GCF has no regional focus but all developing countries that are Parties to the Convention have equal chance to access its resources. At least 10% of the funds are earmarked for LDCs, Small Developing Island States (SIDS) and African countries since they are considered to be particularly climate vulnerable by the GCF. This fund supports adaptation, mitigation (including REDD+, i.e. "Reducing Emissions from Deforestation and Forest Degradation and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries"), technology development and transfer, capacity-building and the preparation of national reports. Its main focus is on low-emission transport; energy efficient buildings, cities and industries; sustainable land use and forest management; enhanced livelihoods of the most vulnerable people, communities, and regions; increased health and well-being, and food and water security; resilient infrastructure; and resilient ecosystems. The GCF dedicates 50% of of its funds to cover adaptation action while the remaining 50% goes to mitigation actions.

3.3 Least Developed Country Fund (LDCF)

The Least Developed Countries Fund (LDCF) was established at the 7th Conference of the Parties (COP 7) held in Marrakesh, Morocco in 2001. It became operational in 2002. The LDCF was established to address the adaptation needs of the Least Developed Countries (LDCs) which are vulnerable to climate change. As a priority, the LDCF supports LDCs in identifying the urgent and immediate adaptation needs that have been compiled in National Adaptation Programs of Action (NAPAs) and its implementation.

The LDCF is administered by the Global Environmental Facility (GEF). Generally, the Global Environment Facility Trust Fund supports the implementation of multilateral environmental agreements and serves as a financial mechanism of the UNFCCC. The LDCF funds can thus be accessed through the nationally available route of accessing financing under GEF support. Tanzania has benefited from this fund by implementing projects led by the Vice President's Office. However, with the economic transition from least developed country to the middle income category, Tanzania may lose its eligibility. This fund has no provision for accreditation to national or subnational institutions.

3.4 The Special Climate Change Fund (SCCF)

The Special Climate Change Fund (SCCF) was established under the UNFCCC in 2001, to complement the LDCF. The World Bank Global Environment Facility (GEF) operates the SCCF. The SCCF is based on voluntary contributions from donor countries. All developing countries are eligible for the SCCF. Like the LDCF, it does not provide direct access. Accordingly, applications have to be submitted by governmental entities in cooperation with international entities (e.g. FAO, UNDP, MDBs) that are accredited to the GEF. As a global fund it can be accessed by all developing countries to address climate change.

3.5 Other funds

There are other funds that are not under the UNFCCC but have a great contribution in addressing climate change and parties can access support from them under the mechanisms set by each individual fund. Some of these include Nationally Appropriate Mitigation Actions (NAMAs) Facility, Clean Technology Fund, Global Energy Efficiency and Renewable Energy Fund, as well as bilateral institutions including development partners (DPs) and international private companies. However, these have differing arrangements when it comes to accessing the funds. This paper focuses on AF and GCF since these are the funds with room for accreditation by national/subnational institutions.

4.0 WHY ACCREDITATION IS IMPORTANT

The idea behind accreditation is to enhance the capacities of developing countries to have mechanisms in place that will enable them to directly access international funding. Through the direct access modality, countries may use an existing national institution that meets the fiduciary standards as set by the funds to implement projects. Historically, countries have had to deploy the service of an accredited Multilateral Implementing Entity (MIE), such as UNDP, UNEP, the World Bank, WFP, IFAD, WMO or ADB, to access funding and implement donor-funded projects. The major reason was inadequate institutional capacity to develop project proposals, implement projects, report and manage funds according to internationally acceptable fiduciary standards. This however, never contributed significantly to building the lacking capacities of in-country institutions. Further, it never gave national institutions an opportunity to take a bottom-up approach in conceptualizing and developing projects most appropriate to domestically needed interventions, but would be influenced to take ideas globally designed by the international implementing entities.

The UNFCCC thus has provided the accreditation mechanism under AF and GCF in order to strengthen country ownership and capacity in the process of identifying, writing, implementing and reporting the climate change projects. Further, the accreditation process assesses the set up of a given institution in relation to financial management and control, audit, procurement, reporting and timely delivery on its obligations. The process, therefore, identifies strengths and weaknesses of the institution and recommends steps for improvement, which are to be observed if accreditation should finally be granted. Thus, the process strengthens the institution under accreditation, uplifting it to fiduciary standards acceptable at international level. To reiterate, and for the sake of easier and much clearer reference, any organization must have the following qualities to be accredited as an NIE of either the AF or the GCF:

i. Demonstrable ability for project identification, development, appraisal and approval;
ii. Ability to contract with executing agencies and monitor their progress including identifying projects at risk and ensure these are continuously followed until corrective action has resolved or mitigated the risks to the project;
iii. Having ready access to the necessary technical, financial, economic, environmental and legal resources to support the project and manage the project executing agencies;
iv. Ensuring that there are the needed contracting, disbursement and control mechanisms over the projects in compliance with national and international procurement rules and regulations;
v. Ensuring that there is full accountability through complete and periodic financial and status reporting for each project;
vi. Having the ability to contract and guide an independent evaluation of projects on a post completion basis and effectively deal with the lessons learned;
vii. Demonstrating a zero tolerance policy related to fraud and other mismanagement on projects that is supported by the most senior management. Therefore, the responsible unit must have access to or establish a mechanism to receive allegations within a framework of whistleblower protection and ensure that each allegation is investigated and concluded upon and continuously monitor the progress of each complaint until a conclusion is reached.

5.0 WHO CAN BE ACCREDITED

Different funds have different eligibility criteria for accreditation. The AF is only dedicated to acrrediting national or subnational institutions in the developing country party governments. Government Ministries, Departments and Agencies are the rightful candidates for AF accreditation. The AF does not provide accreditation opportunity for private sector or Civil Society Organizations. Nonetheless, it encourages its NIEs to collaborate with them as Executing Entities in the course of implementation of projects. Further, if the parties do not have an institution qualifying for accreditation, they may wish to access their country allotments through Mulitilateral Implementing Entities.

The AF used to allow only one government insitution to be accredited as an NIE. However, in 2021, the fund provided room for one more institution to undergo accreditation, should the government so wish. Until now, there is only one NIE for United Republic of Tanzania, and it is the National Environment Management Council.

As for the Green Climate Fund, both government and non-government agencies have equal chance to apply for accreditation. In addition, the fund does not limit numbers of accredited entities per country but encourages as many as possible to apply. Until now in Tanzania, only, the CRDB Bank PLC is accredited by the GCF. A few other institutions are undergoing the accreditation process.

Overall, an aspiring organization should assess their set up in order to ascertain whether or not they are best positioned to be accredited. In addition to the fiduciary standards highlighted in the previous sections, to best qualify for accreditation, entities need to have an appreciable level of autnomy so that they will be able to develop internal policies correspondent with the requirements of the respective funds. Furthermore, if the mandates of the prospective NIE are more of coordination than mere execution, they may sail through the accreditation process. This is because at the end they are not expected to be executers of projects after accreditation but rather overseers of executing entites.

6.0 ROLES OF ACCREDITED ENTITIES

As highlighted earlier, once accredited, an institution/organization becomes a National Implementing Entity-NIE (for AF accredited entities) or Direct Access Entity –DAE (for GCF accredited entities). The broad responsibility of an implementing entity is oversight for projects funded through the AF or the GCF. This is because the AF and GCF cannot play an oversight role for myriads of projects that they will potentially fund. NIEs/DAEs are therefore contracted to play the funds' role on behalf. In this respect, the NIEs/DAEs are responsible for all funds received from the AF/GCF taking full responsibility for the overall management of the projects.

The NIEs/DAEs therefore bear all financial, monitoring and reporting responsibilities, ensuring that the funds' fiduciary and management standards are met. The Fiduciary Standards provide a framework that enables an entity to check whether it has the appropriate policies, processes and capabilities to successfully handle projects, or to assess their strengths and/or weaknesses. The entities must therefore comply with the fiduciary standards of a given fund to demonstrate their ability to deliver on their responsibilities of overseeing the projects.

7.0 ACHIEVEMENTS ATTAINED BY NEMC AS AN ACCREDITED INSTITUTION TO THE AF

Since accreditation in October 2017, NEMC has accomplished a number of activities in accessing resources on behalf of the country. The Council has developed four (4) regular sized project proposals, all of which were approved and are currently at different stages of implementation. The projects are as follows:

i. Enhancing Climate Change Adaptation for Agro-Pastoral Communities in Kongwa District (US $ 1,200,000; approximately TZS 2.7 Billion)
ii. Enhancing Climate Change Resilience of Coastal Communities of Zanzibar (US $ 1,000,000; approximately TZS 2.3 Billion)

iii. Strategic Water Harvesting Technologies for Enhancing Resilience to Climate Change in Rural Communities in Semi-Arid Areas of Tanzania (SWAHAT) (US $ 1,280,000; about TZS 2.9 Billion);
iv. Bunda Climate Resilience and Adaptation Project (US $ 1,400,000; about TZS 3.2 Billion)

In addition to the already running projects, the Council has developed a few more proposals which have been submitted and are currently under review by the AF. They include:

i. Restoration of Lake Babati for enhanced Climate Change Adaptation in Babati District (USD 4,000,000, about TZS 9.2 Billion)
ii. Climate Change Adaptation in Saltwater stressed and Freshwater Deficient Communities in Zanzibar (USD 3,500,000, about TZS 8 Billion)
iii. Karatu Climate Resilience and Adaptation Project for Hadzabe and Datoga Communities (KARAHADA) (USD 2, 500, 000, nearly TZS 5.7 Billion)
iv. Building rural-urban climate change adaptation nexus for sustained local economies development in Chamwino District and Dodoma City (5,000,000, approximately TZS 11.5 Billion)

It is noteworthy that NEMC has through AF support, accomplished one small project worth 25,000 USD, of developing a Gender Policy. The policy is meant to guide the Council's undertakings, including project management, in a gender responsive manner.

It should also be noted that before NEMC became accredited, Tanzania had already accessed 5, 000,000 USD through the DNA to implement a project in Dar es Salaam through UNEP. That adds up to the total amount of financing that Tanzania has received from Adaptation Fund.

8.0 CONCLUSION

This paper has been prepared to raise awareness of the climate financing opportunities available out there, particularly for a developing country like Tanzania. At such a point in time as this when negative climate change impacts are being felt, and countries are obliged to attain to the sustainable development goals, one of which is urgent climate action, it is imperative that our country takes aggressive steps to seize the opportunites that are associcated with climate change. One of the most obvious steps is to encourage Tanzania institutions both public and private to seek financing opportunites and collectively intervene with climate impacts in various sectors. Accreditation to GCF and AF where applicable is one of the most important steps that needs to be taken to maximize the climate financing potential for Tanzania.

The advantage available is that already there are institutions that have been accredited as NIE for AF (NEMC) as well as for GCF (CRDB). These institutions can offer practical experience that is needed for other institutions that are interested to be accredited. However, consideration should not only be on accreditation process, rather it should focus on securing funds for implementing projects in different sectors as adaptive and mitigation measures. Application for accreditation should therefore go hand in hand with capacity building for writing fundable project proposals, implementation, monitoring and reporting.

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