



Ministry of Environment  
and Forest

# CRGE HIGHLIGHTS

Volume 1, No. 7, May 2014

**CRGE Highlights** is a the newsletter of the Ministry of Environment and Forest (MEF) of the Federal Democratic Republic of Ethiopia, focusing on disseminating the lessons learned from the implementation of Ethiopia's Climate Resilient Green Economy (CRGE).

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## Upcoming Events ...

The DFID strategic Climate Institutions Programme (SCIP) will organize a Lesson Learning Share Fare of projects it is funding on September 4-5, 2014. This event aims to allow SCIP funded projects to share climate change lessons and implementation to Government and Development Partners and to key stakeholder organizations.

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## Implementing the CRGE – Establishing a mechanism for climate finance delivery

### Background

There is overwhelming evidence that climate is changing globally and projections suggest that the rate of change will continue to increase. Warming has occurred across much of Ethiopia and both the frequency and intensity of droughts have increased, impacting the livelihoods of people. At the same time, increases in flooding have also intensified the vulnerability of households. The low level of economic development, combined with a heavy dependence on rain-fed agriculture and high population growth, make Ethiopia particularly vulnerable to the adverse impacts of climate change.

The recognition of this vulnerability and the associated challenges has spurred policy debate in recent years and Ethiopia has developed its green economy ambitions, which encompasses building greater resilience to climate change, under a single policy framework - *Climate Resilient Green Economy (CRGE) Strategy (2011)*. In this context, four areas of engagement have also been selected to fast-track the implementation of the green economy element of the strategy (namely hydropower development, rural cooking technologies, the livestock value chain, and forestry development), taking into account their prospect of immediate economic growth and large carbon abatement potential. The adaptation (or climate resilience) part of the strategy is currently being enhanced in order to secure the livelihoods of those most vulnerable to climate change. To this end, the fast-tracking of the agricultural sector climate resilience strategy demonstrates that adaptation is being given due attention.

### Ethiopia's CRGE Investments

Ethiopia is already making substantive climate change relevant investments. According to the Overseas Development Institute (2014), climate change relevant spending between 2008 and 2012 was estimated at an average of 15 percent of total government expenditure over these four years.

Budget Year	Total climate relevant expenditure (million Birr)	Climate change relevant expenditure (% of Government Expenditure)
2008/2009	5,945	10
2009/2010	10,263	18
2010/11	8,409	15
2011/2012	9,970	17

Source – Overseas Development Institute (2014)

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## CRGE Events - The Seventeenth Joint Network Meeting of Ozone Officers from the English- and French-speaking African countries



Ahead of the 1 January 2015 target to meet the ten percent step down from the freeze level of Hydrochloroflourocarbons (HCFC) phase-out set by the Montreal Protocol on Substances that Deplete the Ozone Layer, forty-seven African countries met from 24-28 March, 2014 in Addis Ababa to exchange experiences and address common issues with HCFC and methyl bromide (MB) phase-out. The main challenge for the African Ozone Officers is the need to speed up the implementation of activities identified in the HCFC Phase-Out Management Plan (HPMP) in order to meet the ten per cent reduction in the baseline consumption for the next eight months. These goals need to be achieved against sharp growing demands for refrigeration and air-conditioning equipment that rely on HCFC technologies or technologies that potentially have major negative impacts on the environment, and particularly the climate.

The meeting was opened by His Excellency Belete Tafere Desta, Minister of Environment and Forest of the Federal Democratic Republic of Ethiopia. In his statement, the Minister noted that many studies and researches done on climate change such as IPCC AR4 and IPCC AR5 indicated that the globe was getting warmer at an alarming rate due to the continuing emission of global warming gases. He said that with good efforts in reducing the use of these gases, the challenges and problems could be solved, and for these reasons, implementation of the Montreal Protocol (MP) is important and needs to be given high attention.

The five-day session was attended by representatives from the Multilateral Fund Secretariat, Ozone Secretariat, Implementing agencies; as well as international experts, Refrigeration Industries and the private sector. Plenary and separate sessions for the two networks were held. The objective was for ozone officers to share experiences and information to enable them to efficiently implement their national HPMPs and meet their obligations under the MP. These talks provided a platform for ozone officers to examine common problems and challenges, compare notes on measures taken in the past years, draw lessons learnt in a few specific cases which need readjustment and foster regional collaboration towards meeting the countries' binding obligations under the Protocol.

The meeting took place against the backdrop of many African countries facing big challenges in the implementation of their national HPMPs due to a growing demand for the introduction and implementation of regulatory mechanisms for energy-efficient, safe and low-Global Warming Potential (GWP) refrigerants. Such challenges made it necessary for African ozone officers to think and act in a comprehensive and holistic manner, in order to advice the governments on the appropriate technology choices.

**Source** - [http://www.unep.fr/ozonaction/information/mmcfles/7677-e-AddisAbaba\\_InfoNote2014.pdf](http://www.unep.fr/ozonaction/information/mmcfles/7677-e-AddisAbaba_InfoNote2014.pdf)

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However, although these investments are resulting in substantive climate change benefits, their priority objectives were to attain Ethiopia's Growth and Transformation Plan (GTP) ambitions in the agriculture and infrastructure development (particularly renewable energy) sectors, in order to ensure the GTP food security and the industrial development targets are met, respectively (*please look at the previous issue of CRGE Highlights, Volume 1, Issue 6 for the ongoing GTP initiatives - which have relevance to addressing climate change*).

Beyond these self-financed interventions, which in the Ethiopian context are referred to as 'unsupported' actions, the Country has also been proactive in attracting and channeling finance from several other sources, with a view of fast-tracking CRGE implementation. In this regard, setting-up the national climate finance architecture and institutions is an important initial step undertaken to ensure that the Country can attract and channel finance from various sources.

### ***The CRGE Facility as a mechanism for climate finance delivery***

The successive agreements from the Conference of Parties (COP) in Copenhagen 2009, Cancun 2010, and Durban 2011 mandate developed countries to provide new and additional climate finance in the amount of \$30 billion between 2010 and 2012 and \$100 billion per annum by 2020 to developing countries to finance their response to climate change. Further, the Green Climate Fund which will be the vehicle through which the \$100 billion per annum will begin to flow by 2020 allows developing countries to have direct access to funds if these

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countries have a national mechanism that meets international fiduciary standards.

Against this backdrop, Ethiopia established an innovative funding mechanism to support the implementation of the priorities set out in the CRGE strategy - *the CRGE Facility*. Designed as a single, national funding mechanism, this Facility is intended to make the administration of funds easier for the government to drive and manage international climate funds, donor funds and domestic funds in a coordinated manner. The Facility was established taking into account the experience of other countries and in line with the international climate change negotiation that wanted to see a visible and traceable funding mechanism for the additional finance that was being allocated and used for climate change interventions and results.

Taking into account the existing institutional structure in the context of climate change, Ethiopia's CRGE Facility is being administered through inter-ministerial collaboration between the Ministry of Finance and Economic Development (MoFED) and the Ministry of Environment and Forest (MEF), which are responsible for the financial and technical aspects of the Facility, respectively. This key institutional arrangement underpins the effective implementation of the programmes set out in the CRGE strategy, recognizing that climate change is an economy-wide issue that needs such inter-ministerial governance.

Regarding operationalization, the important milestones of the CRGE Facility were:

- In 2012 –
  - ✓ The establishment of the Facility with technical support from UNDP
- In 2013 –
  - ✓ Capitalization of the Facility by Government of Austria securing around USD 1 Million in funding;
  - ✓ The development of a comprehensive operational manual which was prepared in consultation with the CRGE steering committee, technical committee, respective line ministries and the Facility advisory board (which is composed of several state and non-state actors and development partners).
  - ✓ Capitalization of the Facility by the UK Department for International Development, securing USD 23 Million in funding;
- In 2014 –
  - ✓ The provision of support to the development of climate resilience and green economy project proposals for funding;
  - ✓ Rigorous screening of the proposals for funding and implementation (currently the first set of projects developed for funding by the Facility have been approved and are being implemented)

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**CRGE Facility Milestones** - H.E. Mr. Belete Tafere, Minister of Environment and Forest during the consultative stakeholders' workshop on the CRGE Facility held at the Hilton Hotel on 16 and 17 October 2013 (left) and Mr. Admasu Nebebe, Director, UN agencies and regional economic cooperation directorate, MoFED, and the CRGE Facility Head, providing an overview on the Facility during its launch in 2012 (right).



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In due recognition of its strategic importance and the need to get additional finance to deliver the ambitious CRGE targets, the Facility is also working towards fulfilling the fiduciary requirements of international climate funds – particularly the Adaptation Fund, which will enable it to directly access finance from these sources. In this context, the CRGE Facility has now prepared its ‘official’ application to the Adaptation Fund that demonstrates that national system in place fulfills the Fund’s fiduciary requirements. Once successful, the CRGE Facility will be in a position to directly access funding from the Adaptation Fund for the implementation adaptation projects. The CRGE Facility is also undertaking early readiness activities to the Green Climate Fund (GCF) – with the view of engaging in this further, as the GCF’s fiduciary requirements are set and clarified.

### ***Beyond a mechanism to channel finance - The strategic role of the CRGE Facility***

It is also to be noted that the CRGE Facility is evolving to become an important instrument towards the complete integration of the CRGE into the national planning and budget cycle. Particularly being hosted by MOFED, which is responsible for the national planning and budget, the Facility is well placed to anchor CRGE implementation in the remaining period of the first Growth and Transformation Plan (GTP-I) – i.e. 2014 and 2015, and as the CRGE becomes integrated into the second Growth and Transformation Plan (GTP II), which is currently being developed and which will be the overarching five-year national plan covering 2015/16 to 2019/2020.

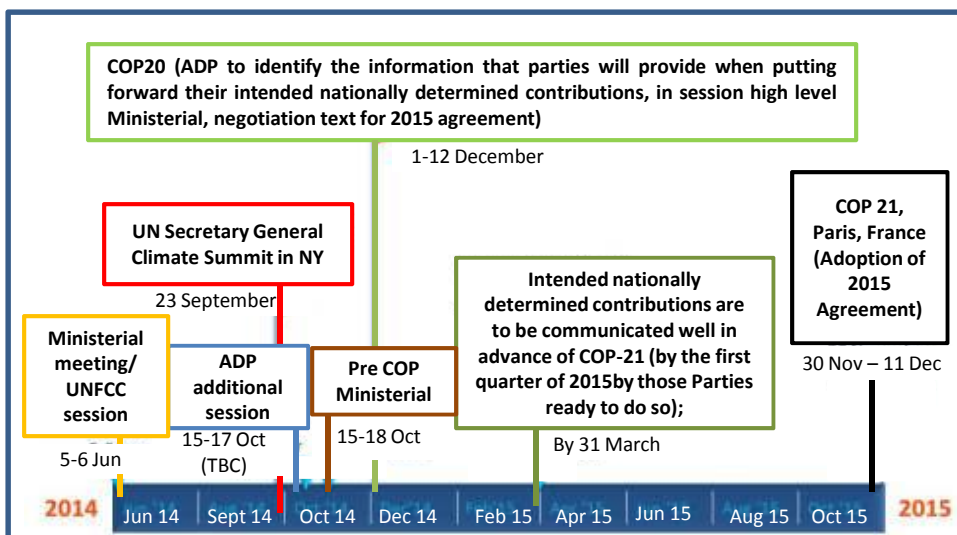
## **The Intended Nationally Determined Contributions (iNDCs) Development Process – A global process under UNFCCC that will reaffirm Ethiopia’s CRGE ambitions**

### **Background**

COP 17 in Durban saw the establishment of the Ad Hoc Working Group on the Durban Platform for Enhanced Action (ADP), which is a subsidiary body that was established by decision 1/CP.17 in December 2011. The mandate of the ADP is to develop a protocol, another legal instrument or an agreed outcome with legal force under the UNFCCC that is applicable to all Parties and which is to be completed no later than 2015 in order for it to be adopted at the twenty-first session of the Conference of the Parties (COP 21) in Paris and for it to come into effect and be implemented from 2020.

In this context, the outcomes at the recent COP in Warsaw, COP 19 (2013), in relation to NDCs were:

- Governments advanced the timeline for the development of the 2015 agreement. They will elaborate the elements of the new climate agreement as of their first meeting in March 2014, table an initial draft text by December 2014, and submit the formal draft text by May 2015, all with a view to enable the negotiations to successfully conclude in December 2015.
- Governments decided to either begin or to intensify domestic preparations for their nationally determined contributions towards the agreement so that they are ready well before December 2015 and ideally by the first quarter in 2015. This is an important part of the timeline of the negotiations.
- It was also decided that nationally determined contributions would be put forward in a clear and transparent manner. Developed country governments were urged to provide support to developing countries for this important domestic process.
- Governments agreed to identify the precise information that countries will provide when putting forward their nationally determined contributions by the beginning of the UN Climate Change Conference in Lima at the end of 2014.



**Timeline for Preparation of intended Nationally Determined Contributions**

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## Current status of the NDCs process

The first meeting of countries to discuss the NDCs in March 2014 raised several issues and underscored the need for technical guidance on the preparation of NDCs. Several issues were raised and some contested amongst parties. Some of the key issues and views expressed are outlined below:

- **Nature of NDCs:** NDCs from developed countries should include economy-wide emissions reduction commitments, as well as commitments on finance, technology and capacity building. The nature of NDCs from developing countries will depend upon their existing capacity and any additional support they receive to prepare their contributions.
- **Ambition:** Call for developed countries to demonstrate leadership by presenting NDCs setting out economy-wide emissions reductions.
- **Conditionality:** Developing countries should have the flexibility to set two kinds of commitments, one accomplished with domestic resources and one with additional finance.
- **Adaptation:** Some developing countries have opposed a narrow view of NDCs and emphasized that they face the choice between paying for adaptation or facing loss and damage - mitigation actions that do not include adaptation increase the risk of climate vulnerability. However others have argued that NDCs only relate to mitigation, as adaptation action does not contribute to the overall goal to be reached in Paris 2015.
- **Pledge and review:** Some countries have asked for initial offers in the NDCs to be assessed against the long-term global goal of keeping warming to 2 degree Celsius, and for an *ex ante* and *ex post* review of the contributions towards this goal.

There are also several ongoing efforts to engage with countries on NDCs. In this regard, a series of dialogues on NDCs have been initiated by UNDP and other development partners. The UNDP Latin America and Caribbean Dialogue was held in Bogota, Colombia on 28-30 April 2014 and the Asia Pacific Dialogue is scheduled for 9-11 July in Hanoi, Vietnam. The purpose of these regional dialogues is to better understand:

- the content and scope of NDCs;
- the process for preparing an NDC;
- best practices for preparing robust, realistic and achievable NDCs;
- what support is needed; and the availability of financial and technical assistance.

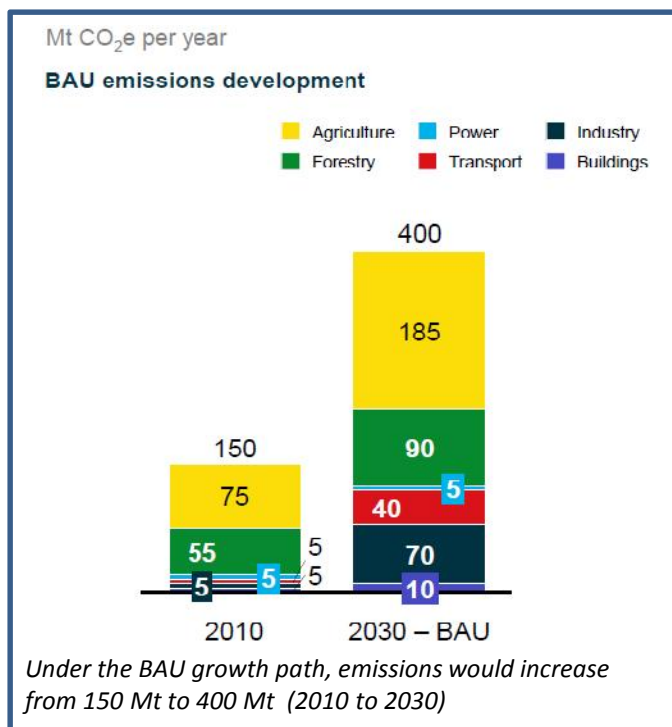
## Ethiopia's Efforts and Engagement

At the UNDP initiated regional dialogue for Africa – i.e. the *Africa Dialogue on Nationally Determined Contributions (NDCs) to a*

*2015 Agreement under the UNFCCC*, which was held in Accra, Ghana between 14 and 16 May 2014, Ethiopia was invited to present its experience in implementing Climate Resilient Green Economy Strategy, which has already set ambitious mitigation targets.

The presentation from Mrs. Ghrmawit Haile Gebrehiwot, Director of Strategic Planning and Resource Mobilization, Ministry of Environment and Forest (MEF) gave a thorough and well received presentation on Ethiopia's efforts in climate and development and its early impressions of NDCs. She gave an overview of the establishment of the Climate Resilient Green Economy (CRGE) in 2011, Ethiopia's vision of achieving green development and middle-income country status by 2025, the well-established institutional arrangements in place and clear political will on climate change, and the work in areas of climate finance-readiness, NAMA preparation, MRV and M&E.

In this context, Ethiopia's domestic efforts in addressing climate and development through the implementation of the CRGE Strategy were applauded by participants and viewed as an example that other African countries could learn from. It was also evident that much of the input required for an NDC could be drawn from the existing work undertaken for Ethiopia's CRGE Strategy.



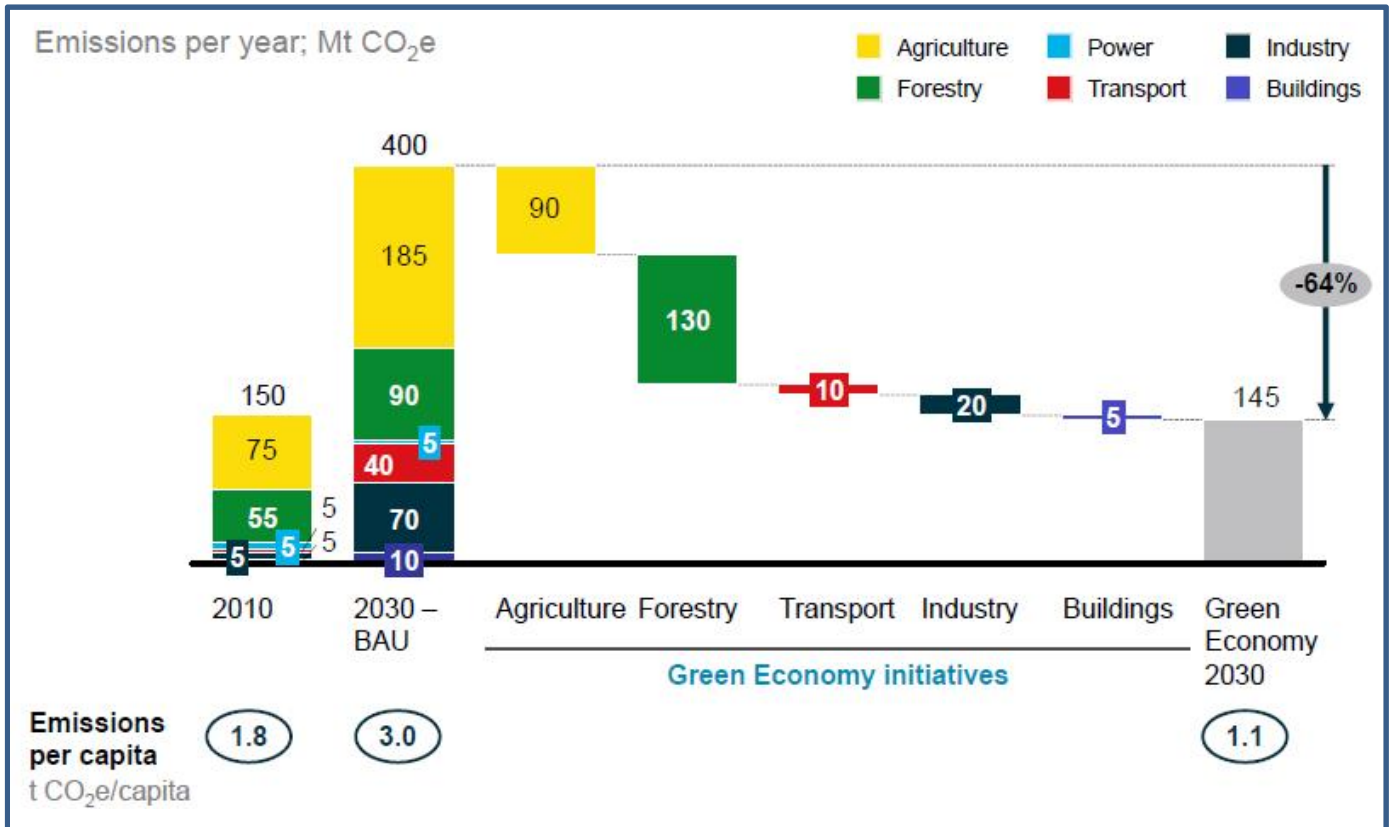
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The CRGE Strategy lays out a path towards Medium Income status, while keeping emissions constant. This is mainly through the development of concrete initiatives for Ethiopia's key sources for GHG emissions across four main pillars, - namely (i) improving crop/livestock practice in the agriculture sector; (ii) protecting and growing forests as carbon stock (forestry); (iii) deploying renewable and clean power generation (energy); and use of advanced technologies – in the industry, transport and infrastructure/building sector.



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