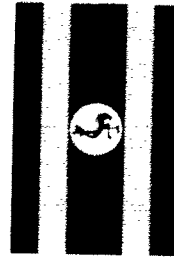


**TECHNICAL & FINANCIAL
FILE**

**CLEAN DEVELOPMENT MECHANISM:
CAPACITY DEVELOPMENT &
PROJECTS SUPPORT**

UGANDA

PROJEU 0001 - N° 0005240
MISSION CDM UGA 09 021 11



THE BELGIAN
DEVELOPMENT COOPERATION
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Abbreviations

ACP	African Caribbean and Pacific
AFRRET	African Rural and Renewable Energy Initiative
A/R	Afforestation/Reforestation
CCU	Climate Change Unit
CDCF	Community Development Carbon Fund
CDM	Clean Development Mechanism
CDM EB	CDM Executive Board
CD4CDM	Capacity Development for CDM
CER	Certified Emission Credits
COP	Conference of the Parties
CPA	CDM Program Activity
DFID	Department for International Development
DNA	Designated National Authority
DOE	Designated Operational Entity
DoM	Department of Meteorology
EIA	Environmental Impact Assessment
ERPA	Emission Reduction Purchase Agreement
ERT	Energy for rural transformation
EU	European Union
FACE	Forest Absorbing Carbon dioxide Emissions
FCPF	Forest Carbon Partnership Facility
GEF	Global Environment Facility
GTZ	German Technical Cooperation
GHG	Greenhouse Gases
GoU	Government of Uganda
GTZ	German Technical Cooperation
ITA	International Technical Advisor

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LDC	Least Developed Country
MDG	Millennium Development Goals
MoFPED	Ministry of Finance, Planning & Economic Development
MoU	Memorandum of Understanding
MWE	Ministry of Water and Environment
NAPA	National Adaptation Program of Action
NEMA	National Environment Management Authority
NFA	National Forest Authority
NDP	National Development Plan
NGO	Non-Governmental Organization
NSS	National Strategies Study
PDD	Project Design Document
PIN	Project Idea Note
REDD	Reduced Emissions from forest Degradation and Destruction
ST	Short Term (consultant)
TOR	Terms of Reference
UCCEE	Collaborating Centre on Energy and Environment
UJA	Uganda Investment Authority
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Program
UNEP	United Nations Environmental Program
UNFCCC	United Nations Framework Convention on Climate Change
UWA	Uganda Wildlife Authority
VER	Verified emission reduction

Executive Summary

Background

Climate change has been high on the international agenda for almost 20 years. The Kyoto Protocol (KP) established binding targets for participating developed countries and established the flexible mechanisms for complying with the requirements of the KP. The Clean Development Mechanism was one of three flexible mechanisms established by the KP, the other two being Joint Implementation and trading of Assigned Amount Units between industrialized countries with a commitment.

The rationale behind the CDM is that emission reductions would be achievable at a lower cost in developing countries and that a market mechanism based on individual projects monitored by a UN institution and governed by the Meeting of the Parties would create a global market for carbon credits with the developing countries benefiting through transfer of technology and the developed countries benefiting from complying with their commitments at a lower price per ton CO₂-e.

However, the most developed economies among the developing countries namely countries of SE Asia, China and India have attracted 80 % of all CDM projects, while Africa counts for only 2.5 %. Uganda counts for 2 registered CDM projects out of a total of 2000+ projects.

Therefore, Uganda will need capacity building in order for her to benefit from the CDM. On this basis the Ministry of Water and Environment of Uganda, who is responsible for Climate Change issues in the country, has proposed Belgium to include a development project supporting Uganda in benefiting from the CDM Mechanism in the development cooperation between the two countries. An agreement between the two countries was signed in 2009.

The intention of the intervention presented in the present Technical and Financial File is to undertake an innovative approach in a pilot project to support capacity building that will lead to Uganda benefiting from the Clean Development Mechanism. The project intervention will strengthen the capacity of Ugandan public and private entities in identifying and implementing CDM projects that will lead to enhanced sustainability of economic development of Uganda. The project will include capacity building in terms of hands-on training in all stages of CDM project development.

Core Objectives

- Overall objective:** To enable Uganda to benefit from the Clean Development Mechanism of the Kyoto Protocol
- Specific objective:** To strengthen technical capacity on CDM project formulation and create awareness of investment opportunities under the CDM among governmental institutions and project developers, including financing institutions.

Validation of the Identification File

The Identification File has been validated based on literature developed by other donors on climate change and CDM and based on the consultant's experience from similar efforts in other developing countries and from sourcing and trading of carbon credits. The validation has also been based on a thorough information gathering from and consultations with stakeholders including more than 25 Ugandan organizations, donors, academia etc.

The result of the validation confirmed the findings of the Identification File on all substantial parts with two suggestions for targeting the intervention more directly towards the achievement of tangible result in the form of actually implemented CDM projects earning CERs (carbon credits) to Uganda. The validation mission also found a need for upgrading and accessibility of online information of relevance for CDM project participants – sellers as well as buyers. Furthermore, the validation mission confirmed the physical potential of a significant potential for CDM projects in Uganda as well as apparently financing possibilities leaving awareness of own potential and lack of knowledge on how to participate as the main obstacles for Uganda to benefit from CDM. Finally, the validation has led to a proposal of leaving out activities that would lead to generation of tCER due to three issues, namely the high complexity of such projects which would lead to high expenses by the intervention per generated tCER; low price for tCERs leading to a lower return of input per intervention unit (Euro) and due to the fact that other more beneficiary support mechanisms are underway for the forest sector such as REDD. The intervention proposed may, however, prove to have significant sustainability effects in the case of energy efficiency projects leading to reduction of the use of firewood as fuel in industry and the commercial sector and in terms of reduced use of firewood for cooking purposes. The intentions behind the Identification File are therefore confirmed as relevant and achievable.

Results

- Result 1: The capacity of the main stakeholders¹ on CDM project formulation strengthened
- Result 2: Accessibility and quality of information on CDM possibilities and procedures in Uganda improved
- Result 3: The process for registration by the EB CDM of Ugandan CDM projects has been supported

Indicators

In the short to medium term the project will only be considered successful if tangible results, in the form of having CDM projects registered and having CERs issued, are reached. They will be the main benefit for Uganda from the Clean Development Mechanism. The choice of indicators will reflect this very practical view of reaching the specific objectives through the selection of potential projects which will be taken through each step of the CDM project cycle.

¹ The main stakeholders are defined in detail in the document and logical framework, these are mainly: Government actors such as CCU and UIA, projects proponents, consultants and academia, financial institutions involved in project's development....

1 Analytical record of the intervention

DGD intervention number	3008741
BTC code	UGA 09 021 11
Partner Institution	Ministry of Water and Environment
Duration of specific Agreement	6 years
Duration of the intervention	4 years
Estimated starting date of intervention	2011
Partners contribution	315.000.000 UGX
Belgian contribution	Euro 2 M
Intervention sectors	Environment, Climate, Industry
Overall objective	To enable Uganda to benefit from the Clean Development Mechanism of the Kyoto Protocol.
Specific Objective	To strengthen technical capacity on CDM project formulation and create awareness of investment opportunities under the CDM among governmental institutions, project developers, including financing institutions
Results	<ol style="list-style-type: none"> 1. The capacity of the main stakeholders on CDM project formulation strengthened 2. Accessibility and quality of information on CDM possibilities and procedures in Uganda improved 3. The process for registration by the EB CDM of Ugandan CDM projects has been supported

2 Situation analysis

2.1 Background context

The Kyoto Protocol adopted in December 1997 in Kyoto, Japan strengthens commitments of developed country Parties. Developed countries, which have ratified the Kyoto Protocol, are committed to reduce their GHG emissions by 5,2% on average below the 1990 level by 2012. The Kyoto Protocol, following the ratification of Russia, entered into force on 16th February 2005 and is therefore binding to parties. The Kyoto Protocol defined three mechanisms. The Clean Development Mechanisms (CDM) is one of the mechanisms that were defined to assist developed country Parties to comply with their Kyoto Protocol targets. The CDM is now regarded as an instrument of cooperation between developed and developing country parties, which promotes environmental protection and sustainable development in host developing countries. The CDM is viewed as a win-win instrument because of its benefits to both developed and developing country parties.

The CDM is an environment market instrument to protect the global environment through implementation of cost effective greenhouse gas emission reduction projects and contribute to sustainable development of host developing countries. Market mechanisms are poor at addressing social development issues. In addition to this inherent weakness of market mechanisms in addressing social development issues, the CDM is a relatively new and complex instrument and is considered as a risky investment by many private sector institutions in developing countries, particularly in least developed countries. The carbon financing (sale of carbon credits) of CDM projects is relatively small compared to project costs.

As a market mechanism, the CDM transaction requires both sellers and buyers. Sellers include private or public project proponents in developing countries such as Uganda who enter into sales contracts on Certified Emission Credits (CERs). Examples include industries, Government and private utilities. Buyers on the other hand are public or private entities using CERs for compliance with commitments under the Kyoto Protocol, or on a voluntary ground (emissions offsetting). Examples include Governments of industrialized countries, power utilities, large emitters of greenhouse gases (GHGs).

If Uganda is to participate in the CDM business, it would have to fulfill the following mandatory roles: (i) sign the Kyoto Protocol of the United Nations Framework Convention on Climate Change (UNFCCC), (ii) Establish the Designated National Authority (DNA) and (iii) Issue Letters of Approval (LoA) that the project meets the national sustainability criteria and is entered into voluntarily. Indeed Uganda has already fulfilled these obligations.

Besides the above obligations, the Government of Uganda also needs to play some voluntary roles in order to sell CDM credits. These voluntary roles include:

- Creating a policy framework and a supporting institutional structure – this is currently being formulated with support from DANIDA

- Undertaking CDM project documentation following the entire CDM project cycle.
- There are indicators which show a significant potential for CDM in Uganda including the following (per year):
- Available additional resources of hydro-power is estimated at 1,700 MW
 - Domestic consumption of firewood is estimated at 6 M tons of oil equivalent (TOE) or 20 M tons of CO₂
 - Commercial consumption of firewood is estimated at 1.2 M TOE or 3 M tons of CO₂
 - Industrial consumption of firewood is 1 M TOE or 3 M tons of CO₂
 - Industrial consumption of power is estimated at 66,000 TOE
 - Landfills, waste water treatment plants, power plants are other possible targets for CDM

There is a huge forest sector. However, forests have special obstacles that would need the attention of a separate project : temporary CERs are not allowed in the European Union ETS, prices of ICERs are low, they have a long lead time, they require special expertise for project development, increased focus on non-CDM carbon credits for the forest sector, expected small contribution from CDM financing and new financing mechanisms are underway like REDD supported by other donors

According to UIA, investments in the manufacturing sector was worth USD 300 M in 2009 down from 2008 figures (USD 474 M), but overall the trend of investment in the manufacturing sector is rising

Total investments in all sectors in 2009 were worth USD 1.2 billions

A significant part of these investments, especially in the manufacturing and other industries are expected to be energy related and may be utilized in CDM projects

Overall, the key findings of the Formulation Mission regarding the CDM included the following:

- There are available indicators showing a significant physical CDM potential in Uganda
- A limited number of potential CDM expertise exists in academia as well as private consultants
- Although widespread interest for CDM exists at all levels, there is a general lack of capacity to support the CDM process
- The CCU is new and not yet well established financially and institutionally
- UIA is in place and is already active in the CDM market
- There are possibilities for tapping in financing especially for the CDM component

- Providing on-line transparent information on procedures and eligibility criteria for issuing Letter of Approval (LoA) to sellers and buyers – this should be addressed as a matter of priority
- Issuing Letter of No Objection based on PIN – guidelines for preparing a PIN have not been developed and yet PINs are important for stimulating buyers interest in a CDM project
- Facilitating and promoting development of CDM project proposals – some proposals have in the past been prepared but there is a general lack of capacity to do this in Uganda
- Facilitating project financing of CDM projects – this is still lacking and there is an urgent need to develop mechanisms for identifying innovative financing sources
- Providing resources for PIN, PDD, Validation, Registration and Monitoring – while these are crucial steps in the CDM process, potential project proponents generally lack the resources to support the process
- Providing on-line information on CDM project opportunities in Uganda to interested buyers – there is an urgent need to develop this on-line information
- Developing an on-line accessible Grid Emission Factor for the national grid – this is also urgently needed to attract interest from potential buyers
- Awareness raising among potential CDM project proponents – although awareness about CDM is gaining ground in Uganda, most potential project proponents are still unsure of what to do as well as of the benefits of CDM
- Promoting "a Window to the world" for project proponents in international relations – the Ministry of Water and Environment is generally actively involved in various international meetings especially those involving the Kyoto Protocol of the UNFCCC. Uganda Investment Authority (UIA), together with a few private sector representatives, represented Ugandan CDM interests at the Carbon Expo in Cologne in May 2010 and has done so for a number of years. These efforts need to be continually supported
- Hosting of meeting with interested buyers – this activity is still lacking but needs to be urgently supported

Most of the potential project proponents in Uganda have not yet adequately played their roles in terms of:

- Identification of project ideas
- Undertaking feasibility studies
- Financing potential projects
- Attracting CDM financing where a project is eligible for CDM trading

- Full in-country capacity for utilizing the CDM potential is lacking including (i) lack of awareness of concrete possibilities among project proponents (ii) lack of capacity for CDM project cycle participation by CCU, Ugandan PDD developers and project proponents (iii) inadequate supportive administrative environment for both sellers and buyers and (iv) lack of financial support for transaction costs related to CDM including PIN, PDD, validation and monitoring.

The cardinal principle of the CDM is the entitlement for developed countries to release a unit of carbon for a unit of carbon reduced or avoided in a developing country. Therefore in order to achieve the environmental objective and maintain the integrity of the Kyoto Protocol, CDM projects must go through a rigorous and thorough scrutiny by the CDM Executive Board. This has necessitated the development of a rigorous and comprehensive regulatory framework. This rigor has further led to the development of methodologies and stringent modalities and procedures to ensure delivery of real measurable and verifiable greenhouse gas emissions. Development of CDM projects therefore requires professional skills in climate change and specific disciplines depending on identified project concept. Training in one or more disciplines is required in order to develop or understand CDM projects.

Capacity building, particularly in developing countries, has been recognized as a key element for effective implementation of the Climate Change Convention and its Kyoto Protocol and has been a standing agenda of the Conference of the Parties (COPs) to the UNFCCC as well as the subsidiary Body for implementation. The COP at its seventh meeting, held in Marrakech, Morocco in 2001 adopted the Comprehensive Capacity Building Framework (CBF). Key elements of the CBF include strengthening institutional capacity (strengthening of focal points or establishing national climate change secretariats and regional and sub regional centers) and technical capacity building. The COP serving as a meeting of the parties (COP/MOP) to the Kyoto Protocol called on developed countries to assist developing country Parties build technical capacity to enable them to participate in the implementation of the CDM. Although some efforts have been made to this end these efforts are limited to a few countries.

Despite ongoing activities on strengthening capacity of developing countries, their participation to the CDM continues to be a problem. This is partly because capacity building is a continuous process and also area or activity specific. Moreover, traditional methods of workshops and class-room training are generally inadequate and unsuitable for many activities of the climate change convention, particularly the CDM. There is need to modify this approach to include actual activities to enhance hands-on training. In this project it is proposed that technical capacity building and awareness will revolve around implementation of actual activities. For instance strengthening technical capacity to develop CDM projects should in addition include project development. This activity should draw upon experts from different disciplines including project financing. Although this may appear expensive, it will ensure value for money (tangible outputs).

2.2 Policy context

The Government of Uganda formulated and is implementing its long term development framework code named "Vision 2025" focusing on two main objectives:

- To promote rapid, sustainable economic growth and ensure that all Ugandans benefit, and
- To ensure that poverty is steadily eradicated amongst its population.

Since 1997, the Government along with other stakeholders has been implementing the above objectives through an over-arching national framework for poverty eradication – the Poverty Eradication Action Plan (PEAP). The PEAP ended in the Financial Year (FY) 2008/09 and was replaced by a National Development Plan (NDP) for the period 2010/11 to 2014/15.

The Government has also reaffirmed its commitment to achieving the Millennium Development Goals (MDGs) which have been mainstreamed in the NDP.

The National Development Plan (NDP) focuses on economic growth, employment and prosperity. The NDP was unveiled in April 2010 and Government of Uganda (GoU) anticipates that it will "...transform Uganda from a predominantly peasant society to a middle income country by 2015".

The 441-page Plan is to guide the country's development programs during the next five years. Its successful implementation will ensure that on average, every Ugandan earns at least US \$ 900, up from US \$506 per year. Through the Plan, the GoU will focus on investing in infrastructure development mainly; energy, railway, waterway and air transport; and, human resource development in areas of education skills, health, water and sanitation.

The NDP further addresses structural bottlenecks in the economy in order to accelerate socio-economic transformation for prosperity. Solutions in the NDP aim at creating employment, raising average per capita income levels, improving the labor force distribution and improving Uganda's competitiveness to levels associated with middle class income countries.

The Plan is to be achieved through a quasi-market environment where the private sector will remain the engine of growth and development.

The Ugandan government gives priority support to activities and programs that have direct and positive implications to these NDP objectives. Sectoral policies have also been developed with the goal of supporting the NDP, providing a good basis for implementation of the CDM. The relevant policies are:

- Renewable Energy Policy (2008)
- National Forestry Policy (2001)
- National Forestry and Tree-planting Act (2003)
- National Environment Regulations (2001)

- National Water Act (1995)
- Energy Policy for Uganda (2002)
- The National Trade Policy, 2006

A Project Design Document (PDD) must be in line with priorities of the NDP, and conform to sustainable development criteria in these policies. A specific policy that addresses climate change in general and CDM specifically is currently being developed and is expected to be finalized by 2012.

2.3 Institutional Location, Staff and Management

The Designated National Authority (DNA) is organized under a single government department model, where the Ministry of Water and Environment (MWE) undertakes all the activities of the DNA. The MWE acts as a secretariat, and calls upon technical experts from other government agencies/ministries, NGOs and private sector to evaluate/analyze and validate CDM projects/investments. At its inception in 2004, the DNA secretariat was the Department of Meteorology (DoM), operated by a single person from DoM, and without a budget for addressing the DNA duties and responsibilities. Since the beginning of 2009, a Climate Change Unit has been created, funded initially by the Danish Cooperation (DANIDA) and based in the Ministry of Water and Environment. Currently, the Unit lacks the necessary financial, technical and infrastructural capacity to perform its functions efficiently.

The DNA Framework consists of the Minister in charge of Environment (as Uganda's DNA) supported by a multi-stakeholder Climate Change Policy Committee and the CCU acting as a secretariat. The Climate Change Policy Committee also acts as Project Steering Committee for overseeing and monitoring climate change related projects coordinated by MWE.

The cross-cutting nature and the level of sensitivity of the operations of CCU requires direct monitoring by and direct reporting to the Permanent Secretary of the Ministry of Water and Environment. The CCU therefore has the potential clout to effectively push forward CDM issues through bureaucratic government machinery.

The CCU is presently including three professional staff supported by the Danish Government. The staff is capable of handling climate change issues but negotiations are still on-going to have them mainstreamed in the public service structure. It is hoped that more staff will be recruited as the need arises including the one specifically for CDM issues.

The Unit still lacks its own facilities. Plans for the construction of a new office block for the MWE are at an advanced stage and once completed it is hoped that the CCU will be housed there. The present structures are temporary and currently being refurbished.

In terms of functions, the CCU is not only responsible for Uganda's reporting commitments to UNFCCC, but it also coordinates mitigation and adaptation activities and assists line ministries in preparing strategies for climate change. It will also raise

awareness on climate change at policy level and in Uganda in general. In terms of CDM, the CCU will coordinate CDM projects; develop CDM operational guidelines and approval procedures; provide technical assistance to CDM project developers; maintain a register of CDM and keep track of certified emission reduction units.

2.4 Other Institutions

The following institutions also play key roles in CDM:

National Forestry Authority (NFA)

NFA was established under the Forests and Tree Planting Act (2003). Section 54 of the Act provides the functions of the NFA which include monitoring the management of forest reserves, providing technical support and guidance in the delivery of forestry services, monitoring and guiding the development of tourist activities in the forestry sector and acting as a lead agency in EIA for the forestry sector. The NFA is lead authority for CDM projects implemented in the central forest reserves. Furthermore the NFA has also been engaged in the development of PDDs and PINs for CDM projects based in the forestry sector and currently has 5 projects at validation with the UNFCCC. NFA is one of the most knowledgeable institutions with regard to CDM and the Reduced Degradation and Destruction of Forests, REDD. It has just recently been included in the World Bank Forest Carbon Partnership Facility (FCPF).

The Uganda Wildlife Authority (UWA)

This is a semi autonomous body under the Ministry of Tourism, Trade and Industry which is responsible for the management of wildlife and national parks in Uganda. Among others UWA is responsible for identifying and recommending areas for declaration as wildlife conservation areas and the revocation of such declaration. UWA is therefore the lead agency when it comes to wildlife management issues. UWA has issued sectoral EIA guidelines for protected areas in Uganda, which are compulsory for those interested in undertaking any development activity in protected areas. UWA has for a decade been involved in voluntary programs aiming at preserving forest cover by using sale of verified emission reduction (VERs) credits from planted trees within their jurisdictional areas. These programs have been set up in collaboration with Plan Vivo.

National Environmental Management Authority (NEMA)

Under the National Environment Act, the National Environment Management Authority (NEMA) is the principal agency in Uganda for the management of the environment, as well as for the coordination, monitoring and supervision of all activities in the field of the environment. NEMA is a semi autonomous body under the Ministry of Water and Environment, but has a cross-sectoral mandate to review and approve EIAs submitted to it in accordance with the law. NEMA is required to review and approve all EIAs for CDM projects in the energy and other sectors, and therefore plays a key role in this regard. NEMA is currently developing a bundled landfill gas recovery initiative within eighteen municipalities under the CDM, with World Bank support.

The Uganda Investment Authority (UIA)

The Uganda Investment Authority (UIA) has the overall responsibility of registering and

licensing private investment. The functions of the UIA include the promotion, facilitation and supervision of investment in Uganda and provision of assistance to potential investors in identifying and establishing investment projects in the country. In 2002 the UIA joined the Meteorology Department in laying out plans to interest local industrialists in the CDM. As such, under overall coordination of CCU, the active involvement of the UIA in CDM projects has been well established. With specific regard to CDM projects, UIA performs the following functions:

- Receives investment proposals for CDM projects and provides relevant investment guidelines to the prospective project proponent;
- Ensures that the CDM project is in line with the established sectoral regulations;
- Licenses investment activities;
- Assists the project proponent in acquiring the necessary land and the necessary utility provisions like water, electricity and telephone;
- Assists the project proponent to sort out any disputes that may arise in the course of their activities; and
- Facilitates the project proponent in any other formalities including accessing key incentives.

Uganda Investment Authority (UIA), which falls under the Ministry of Finance, Planning and Economic Development, provides its services free with no investment costs. UIA has a list of CDM projects which was packaged with support from United Nations Development Program (UNEP) and the World Bank. Project Idea Notes (PINs) were prepared and submitted to the DNA for approval.

7.5 Development Partners

Development partners have made a modest contribution towards the development of CDM in Uganda although in an uncoordinated manner. There is a real possibility that unnecessary effort goes into ensuring coordination, rather than actual timely delivery of response actions. Some of the key interventions are discussed briefly below.

Previous Capacity Building Programs

Multilateral donors have dominated the funding of climate change and CDM activities in Uganda. There have been four projects supporting the establishment of the DNA, all completed by 2008. The first of these was the CDM Susac project funded by the EU/UK (2000–2002) aimed at identifying investments in key sectors, primarily energy, and at identifying market players and developing operational secretariats to coordinate national and international CDM activities. Secondly, the UNCTAD/Earth Council project (2002–2004) aimed at engaging national stakeholders in taking steps to designate a CDM National Authority to establish a DNA and to develop a CDM project portfolio. Further, the Capacity Development for the CDM (CD4CDM) project (2002–2006) was implemented by UNEP Rise, and the latest initiative has been the World Bank CF-Assist project (2004–

2007).

In addition, there have been two projects in the voluntary market for emission reduction, the FACE foundation project in collaboration with Uganda Wildlife Authority, and the Plan Vivo/EcoTrust projects on voluntary tree planting for small holders. Other capacity building projects are aimed at building promotional abilities in institutions such as the Uganda Investment Authority. All CDM capacity building programs undertaken in Uganda are summarized in the table below.

Capacity Building for CDM in Uganda

Time	Project	Partners
1994–2000	The Forest Absorbing Carbon dioxide Emissions (FACE) project	The project was a joint venture between the FACE Foundation of the Netherlands started by an electricity generating company and the UWA
2000–2002	Start-up CDM in African Caribbean and Pacific (ACP) Countries	Funding from the EU and UK's Climate Change Challenge Fund to Department of Meteorology
2000–2001	Capacity Building in CDM in Uganda	Support from UNEP through UCCEE to Department of Meteorology
2001	Uganda West Nile Hydropower Project	Funding from GEF and the WB under the Energy for Rural Transformation Program and the Prototype Carbon Fund
2003	The WB National Strategies Study: Capacity Building for the Kyoto Protocol	WB support under the NSS program to Department of Meteorology
2002–2004	Uganda Plan Vivo Pilot Project on Carbon Trading: Tree planting in Bushenyi and Kasese districts. A joint project between Care Uganda and the EcoTrust	Funding comes from a UK-based branch of TetraPak and training was provided by the Edinburgh Centre for Carbon Management (ECCM)
2002–2004	Getting started with the CDM in Least Developed Countries	Funding from UNCTAD/The Earth Council to the Sustainable Development Centre in Uganda
2003–2004	A CDM Promotional Concept Paper for Uganda	Support from the WB Carbon Finance Project to a Ugandan consultant contracted for the Uganda

	Capacity Development for the CDM in Uganda	Investment Authority
2002-2006		Funding from the Dutch government through UNEP and the UNEP Risk Centre to Uganda Management Institute (Phase 1), Department of Mechanical Engineering, Makerere University and Department of Meteorology (Phase 2)
2004-2007	African-assist initiative. African regional capacity building and technical assistance for carbon finance	Support from the WB to Department of Meteorology

Source: Capacity Building for CDM in Uganda – 2009 Report, Commissioned by NORAD

Current CDM-related initiatives

Royal Danish Embassy has initiated several avenues of support and is the most active of the development partners in supporting Uganda on climate change. The program includes supporting institutional and technical capacity development in the Ministry of Water and Environment to enhance its capacity to implement the Climate Change Convention. The support is focusing on:

- Establishing a Climate Change Unit in the Ministry and building technical capacity of the unit and other technical officers in line ministries to enable effective implementation of Uganda's commitments under the UNFCCC;
- Integrating climate change into development planning at national and sectoral level through development of a climate change policy paper to inform the development of the National Development Plan (NDP);
- Developing a Climate Change Policy to support implementation of Uganda's commitments under the UNFCCC; and
- Preparation for Copenhagen, including climate change meetings preceding the Copenhagen Climate Change Conference.

The support primarily focuses on the UNFCCC and CDM directly although it does lay a firm foundation for CDM development in Uganda. A key lesson from the DANIDA efforts is the need for technical assistance to support the development of the CCU. This proposed project can further build the capacity of the CCU by establishing a website specifically geared towards packaging information for CDM in Uganda.

Royal Norwegian Embassy: Norway focuses on mitigation and adaptation activities through its support to the forestry sector (REDD activities in the Mount Elgon Regional Ecosystem Program, Sawlog Production Grant Scheme and National Forestry Authority), as well as commitments to the energy sector.

Royal Netherlands Government: funded a global CDM project and Uganda was invited to participate. The global objective of this project is to strengthen institutional capacity of

developing countries. In Uganda the focus was on developing further the proposed institutional framework and enhancing technical skills. The expected outputs of this project were an institutional framework and a pipeline of CDM projects. Although many project concepts were developed, these concepts were not developed into full CDM projects because of lack of funds.

DFID will not provide specific support to climate change but will instead increase its advocacy efforts so that climate change is integrated into national policy, programs and expenditure.

GTZ is following a downstream approach that aims at building capacity for private sector players to tap the carbon finance market. Knowledge transfer is promoted and practical advice and support for activities associated with carbon finance is given to the ministries, public, and private sector. GTZ promotes renewable energies and energy efficiency and fosters technical development in the field of wood-fuel efficiency, micro-hydro, solar PV systems. Considerations were made to include components under the new programmatic CDM (PoA) facility; however, this is still in the planning phase.

The EU does not directly address CDM in its environment portfolio. In fact Environment is not a focal centre in Uganda for the European Union although it is addressed as a cross-cutting issue. Similarly, CDM could be viewed as cross-cutting. In the 2010 update of the EC Country Environment Profile for Uganda, opportunities for integrating climate change in the EC – Uganda Development Cooperation are mentioned.

Uganda has participated in two regional projects designed by the UNEP Collaborating Centre on Energy and Environment (UCCE) in Riso, Denmark and a private sector Environment and Sustainable Development (ESD) based in United Kingdom. These projects were designed independently but focused on improving understanding of the CDM. These projects were funded by the Royal Danish Government and the European Commission. The primary objective of the ESD project was to improve understanding of implementation of CDM while the objective of the UCCE is to strengthen institutional and technical capacity of Uganda.

The World Bank does not foresee any specific requests for support to climate change through loan instruments. It has been supporting activities related to CDM – through a CDM Uganda Municipal Waste Compost Program that aims to recover the organic matter from municipal solid waste as compost for soil conditioning and plant growth and avoid methane emission while using the organic matter in wastes as humus. The project would result in greenhouse gas emissions (GHG) reductions and community benefits, namely generate local employment and help the country develop in an environmentally friendly and sustainable way.

The program would support Ugandan municipalities to set up municipal waste composting facilities. As the Project involves nine municipalities the CDM Program of Activities (PoA) approach has been adopted. Each of these compost projects is considered a CDM Program Activity (CPA) and the facilities would sustain themselves on the revenues generated from sale of compost and emission reductions.

The aggregate amount of emissions reduced by the 9 projects is approximately 900,000 CER's over a period of 10 years. A total of 156,889 Certified Emission Reductions (CERs)

and 52,296 Verified Emission Reductions (VERs) will be sold to the Community Development Carbon Fund (CDCF), and include additional funding to implement a Community Benefits Plan. The entire program is voluntary in nature, both for the National Environment Management Authority (NEMA) and the municipalities.

The World Bank has also initiated a Kampala Energy Waste Management Program in the Capital City. At present, a consultancy firm has completed an on-site audit before undertaking a landfill gas modelling exercise and preparing outline design documents for the proposed gas management system. The project also involved a high level financial assessment of project viability and preparation of Clean Development Mechanism (CDM) application documents, including Project Development Document (PDD) and a Monitoring Plan, which were all approved by the World Bank.

UNDP: Climate change is a priority for UNDP and a new position is being established in the country office on environment. UNDP has facilitated the position of Documentation Specialist in the CCU. It is also supporting a US\$ 3.6 million program around Sustainable Land Management in the Cattle Corridor – which has a considerable emission reduction potential.

UNEP is supporting the Katoomba Group, a regional NGO, to develop initiatives around REDD, and are providing support through the Poverty Environment Initiative to NEMA to integrate climate change into the NDP.

The Global Environmental Facility (GEF) provided a grant to the Government of Uganda to prepare its NAPA. The primary objective of the NAPA is to identify immediate and urgent actions that must be taken to minimize vulnerability of poor communities. Interventions have been identified and prioritized. Uganda submitted its NAPA to the Climate Change Secretariat at the Bali Climate Change Conference in 2007. Implementation framework has been developed and the necessary steps are being followed to obtain financial resources from the GEF.

4.3 Ugandan organizations with CDM capabilities

The major constraint in developing projects under CDM has been the development of the PDDs. From the list in section 4, a total of 13 projects are still at PIN stage, while 6 are in some stage of developing their PDDs. Developing PDDs is expensive and requires specialized expertise which is not readily available in Uganda. Currently, the DNA advises independent project developers to have their PDDs and PINs developed by experts in the department of Technology of Makerere University. Apart from the university and the organizations mentioned below, the remaining capabilities can only be found at individual level.

Uganda Carbon Bureau

The Uganda Carbon Bureau is a Uganda based organization offering services on climate adaptation and mitigation to companies, NGOs and institutions active in Uganda. This includes advice on energy saving and emission reduction, as well as brokering services of locally sourced carbon credits. The company also engages in the development of new standards and methodologies for smallholder schemes within tree planting. Lastly the

bureau is active in educational and promotional work to develop awareness about the carbon markets and ways in which Uganda can increase its involvement as well as monetize on climate related issues.

Cleaner Production Centre

The CPC is a private consultancy organization which started in 2001 as promoters of cleaner production in industries coupled with efficiency in resources use such as water and energy e.g. in terms of energy consumption and use of renewable energy. For example, when they worked with Kakira Sugar Works, they found that the company was spending a lot of money on transporting and disposing bagasse. They advised the company to use the bagasse for power production for their consumption and sell any excess to the national grid. The company has since invested USD 20 million to produce 18-20 kW of power with opportunity for accessing CDM facility. Key lessons learned were that (i) other industries could be brought on board to take up cleaner production with similar benefits (ii) convincing industry to adopt the practice is often a big challenge (iii) there is lack of a financing mechanism to assist industry to engage in cleaner production and ultimately in CDM

The consultancy team of Cleaner Production Centre has the capacity to participate in this project as resource persons.

3 Strategic orientations

3.1 Guiding Principles

The following guiding principles will be respected for the implementation of the project:

- Transparency of information;
- Capacity building, it will be a priority, leading to Ugandan expertise being – at the end of the project – able to develop CDM projects;
- The project will tally entirely with long term strategic vision for the environmental sector as laid out in the National Development Plan;
- The project will support the implementation of the National Development Plan;
- The project will be fully integrated into the planning procedures of the facilities and institutions that will be supported. Specific project activities will be planned for. The project will stimulate targeted facilities and institutions to integrate CDM activities in their year plans (MWE, UIA);
- The project will have to build synergies with other initiatives in the field of capacity building in the Clean Development Mechanism;
- The project will draw on existing capacities, initiatives and structures as much as possible, as well as learning from best practices elsewhere, regionally and internationally;
- The project will be implemented through a highly collaborative arrangement with several institutions under the GoU and the private sector;
- Collaboration with academia and consultants knowledgeable on CDM will be developed in order to supply advanced training in CDM documentation and other skills needed for participation in the CDM project cycle.

3.2 Intervention Strategy – The capacity building concept applied in the environment sector

3.2.1 Introduction

Capacity building is high in contemporary discussions on development aid and is an important issue in the Paris Declaration. At the same time, capacity building as an intake point for a project is not evident and the term "capacity building" is often seen as an indirect way of obtaining the objective of a given project.

The present project will to a large degree make use of capacity building through "on the job training" making sure that the "job is done", meaning that the project objectives are fulfilled, while at the same time securing that capacity is built so that the objective of the project will be fulfilled in a continuous way, not only once.

The following paragraphs describe how this project proposal for this specific project understands how capacity building may best be used as a tool in developing the capabilities of Uganda to benefit from the Clean Development Mechanism. The results and activities of the present proposal will be described in chapter 3.

3.2.2 Capacity building, a hierarchy of concepts and needs

Without being exhaustive capacity building can be looked into at the level of

- Capacity building of systems
- Institutional capacity building
- Individual capacity building
- Development of tools for management

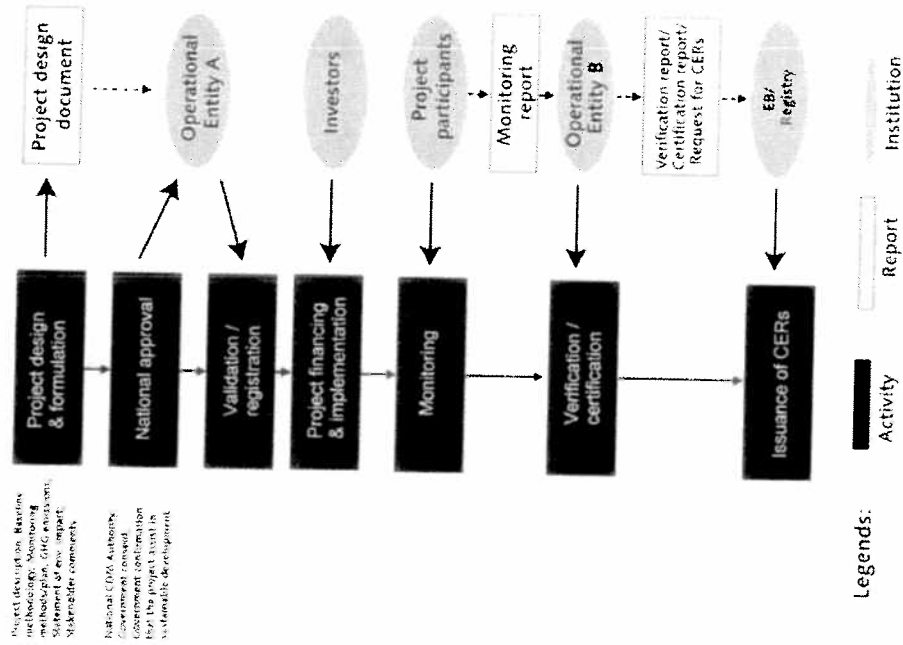
Departing from complex systems, capacity building and capacity building needs can be defined at different levels. If, however, more than one institution is involved in obtaining the project objective, then building individual capacity in a person or a body, institution or the like, will not necessarily lead to institutional capacity in the same way as when a project is taking place in a single institutional environment. The environment, with each stakeholder operating more or less freely and independent from the other stakeholders, and each fulfilling their role in the CDM project cycle. The skills needed for combined system of skills/knowledge need to be present more or less simultaneously in order for the project to reach the objectives. And this knowledge needs to be available in the institution where it shall be applied. Successfully building capacity in the wrong place will leave the combined system of capabilities without ability to meet the requirements of the CDM project cycle. It is therefore important to analyze the need for capacity building together with an analysis of where or for whom this capacity is needed.

3.2.3 Individual needs for Institutional Capacity in a multiple institutions framework

The present project aims at supporting Uganda in benefiting from the Clean Development Mechanism. These benefits are in the Kyoto Protocol described as transfer of technology due to the financial input provided by selling of carbon credits and a contribution to the sustainable development of the country, which will take place once the project has been implemented. In terms of designing the intervention the task of the intervention is interpreted as supporting Uganda in having a number of CDM projects registered by the Executive Board of the Clean Development Mechanism and furthermore to reach this objective together with development of capacity in Uganda to continue to have more CDM projects registered also after the project has ended. The precise nature of the benefits- it be technology transfer or sustainable development – will depend on the individual CDM projects to be developed with support from the intervention, leaving the objective of the intervention to develop capacity to participate in the process of having

projects registered as CDM projects. The capacity needed is therefore tied to the CDM project cycle, which by UNFCCC is described with the below schema:

Project cycle for the CDM



From the schema it is possible to identify the following institutions as participants in the CDM project cycle:

- Government issuing Letters of Approval
- Project proponent hosting the project, making the investment decision
- Designated Operational Entity to undertake validation
- CDM EB undertaking registration of the CDM project and issuing CERs.

In this schema it is left to the Project proponent to draft the PDD or to have somebody draft the PDD on his behalf. All steps of negotiating the Emission Reduction Purchase Agreement are likewise left out as a task for the Project proponent to solve on his own. Taking the need for support of the project proponent into consideration leaves us with the following institutions/stakeholders in need of capacity building:

- Government (the Climate Change Unit of the Ministry of Environment and the Ugandan Investment Authority)
- Project proponents
- Ugandan consultants in need for training as PDD-writers.

The roles of government are twofold namely the mandatory roles and the voluntary roles.

The mandatory (all fulfilled in Uganda) roles of Government are:

- Enter into the global "trade-agreement", here the Kyoto Protocol of the UNFCCC
- Establish Designated National Authority
- Issue Letters of Approval that project is in accordance with national sustainability criteria and entered into voluntarily

The voluntary roles (only partly fulfilled) of Government are:

- Create Ugandan policy framework and supporting institutional structure (partially fulfilled)
- Provide online, transparent info on procedures and eligibility criteria for issuing Letter of Approval to sellers and buyers (not fulfilled)
- Issuing Letter of No Objection based on PIN, supporting buyer interest (not fulfilled)
- Facilitate and promote development of CDM project proposals (partially fulfilled)
- Facilitate project financing of CDM projects (not fulfilled)
- Provide resources for PIN, PDD, Validation, Registration and Monitoring (not fulfilled)
- Provide online information on CDM project opportunities in Uganda to interested buyers (not fulfilled)

- Develop online accessible Grid Emission Factor for national grid (not fulfilled)
 - Become "Window to the world" for project proponents in international relations (not fulfilled)
 - Awareness building among potential CDM project proponents (fulfilled)
 - Establish links to interested buyers (partially fulfilled)
 - Hosting of meetings with interested buyers (partially fulfilled)
- The roles of the Project proponents are:**
- As for any other investment project:
 - a. Identification of project idea (partly fulfilled)
 - b. Feasibility study (not fulfilled)
 - c. Financing. (partly fulfilled)
 - d. Drafting of PDDs (or looking for someone to draft the PDDs) – see page 25
 - Attract CDM financing if project is eligible for CDM (partly fulfilled)
 - CDM project documentation following the CDM project cycle (partly fulfilled)
- The roles of Ugandan CDM consultants are**
- Drafting of PINs, partly fulfilled
 - Drafting of PDDs, partly fulfilled

2.3.4 Capacity needs of government levels:

The present set-up of the Climate Change Unit in Uganda has lead to issuing of more than 13 Letters of Approval and the system is thus capable of handling its mandatory functions under the Kyoto Protocol. A total of two CDM projects and one Program of Activities have been registered.

However, just 2 CDM projects and 1 Program of Activities have been registered at present of which one project is not in operation and one is a forest project which will have issued ICERs at a pace of 5600 ICERs per year providing only modest contribution to Uganda benefitting from CDM. The registered Program of Activities is a program for waste management in a number of Ugandan cities.

The analysis in chapter 2.2.3 above points to a number of possible areas of intervention in governmental institutions and in the private sector, where capacity building and funding of activities will assist Uganda in benefitting from the Clean Development Mechanism in the sense of having more CDM projects and PoAs registered.

Among the voluntary governmental roles that would improve Uganda's probabilities of identifying and developing CDM projects a number of the above-mentioned possibilities

- for voluntary government initiatives are proposed to be supported by the present project:
- Provide online, transparent information on procedures and eligibility criteria for issuing Letter of Approval to sellers and buyers
 - Issuing Letter of No Objection based on PIN, supporting buyer interest
 - Facilitate and promote development of CDM project proposals
 - Provide resources for PIN, PDD, Validation, Registration and Monitoring
 - Provide online information on CDM project opportunities in Uganda to interested buyers
 - Develop online accessible Grid Emission Factor for national grid
 - Become "Window to the world" for project proponents in international relations
 - Awareness building among potential CDM project proponents
 - Establish links to interested buyers
 - Hosting of meetings with interested buyers
- CDM projects may be seen as both environmental projects targeting environmental needs and as investment projects targeting financial needs of enterprises/project proponents seeking additional financing to eligible projects. The choice of government institution to take each of the described roles could depend on an analysis of the nature of each task. Assuming that overall UNFCCC relations and roles attached to issuing of LoAs are closely tied to the function of the DNA, the CCU is proposed to cover:
- Provide online, transparent info on procedures and eligibility criteria for issuing Letter of Approval to sellers and buyers
 - Issuing Letter of No Objection based on PIN, supporting buyer interest
 - Provide online information on CDM project opportunities in Uganda to interested buyers
 - Develop online accessible Grid Emission Factor for national grid
 - Become "Window to the world" for project proponents in international relations
- In the context of CDM projects and under the coordination of CCU, UJA could take up more investment related roles, such as
- Facilitate and promote development of CDM project proposals
 - Provide resources for PIN, PDD, Validation, Registration and Monitoring
 - Awareness building among potential CDM project proponents
 - Establish links to interested buyers
 - Hosting of meetings with interested buyers

4.2 Capacity needs at Project Proponent level

The Project proponents are proposed to receive support at all identified levels:

- identification of project idea, since project proponent seem unaware that they have a potential for developing a CDM project
- support to development of feasibility study for the needed investment needs to be a possibility for the intervention
- The intervention needs to build awareness among financial institutions on a concrete basis providing information on the capability of CDM to contribute to financing and the modalities for such income
- Attract CDM financing if project is eligible for CDM by providing contact to buyers
- CDM project documentation following the CDM project cycle by providing consultancy for developing of PINs, PDDs, validation by DOE's etc.

4.3 Capacity needs at community level

The CDM project consultancy available in Uganda will need some capacity building in order to be as strong as is needed for them to identify, develop and bring Ugandan CDM projects to the international carbon market. Such capacity development will be provided by the project as hands on training on specific CDM projects, where the Ugandan consultant together with an international consultant drafts the CDM documentation and takes it through the CDM registration process.

An international technical advisor to be provided by a contracted international consulting company with proven expertise in all parts of the CDM project cycle will identify the needs for CDM consultancy to identified potential CDM projects. These needs will at the same time constitute opportunities for establishing hands on training for Ugandan CDM consultants. The international technical advisor will draft Terms of Reference for an international CDM expert to draft the CDM documentation and these Terms of Reference will include a requirement for the international CDM consultant to provide hands on training of the Ugandan CDM consultant. The Ugandan CDM consultant will be required to contribute to the drafting of the CDM documentation.

The Ugandan CDM consultant will be contracted through a public tender procedure to be drafted in detail by the international technical advisor and approved through the project mechanisms in place between BTC and the MWE.

The Ugandan CDM consultant will receive a fee, which could be included in the contract with the international CDM expert or could be under a separate contract with the BTC, depending on how the project evolves. Such a fee will be necessary to attract qualified consultants for this training.

3.3 Synergies with other interventions

The project will as much as possible draw on and collaborate with existing or planned interventions by other development partners. Interventions by the development partners are described under chapter 1.5. Several interventions have targeted support to development of CDM projects, but only the World Bank has taken this process far enough to enter the final steps of project development. These projects are developed by the WB in its capacity as sorcerer of CERS to be used by carbon funds administered by the bank. No other sovereign or private developer of carbon credits is present in Uganda leaving space for the present intervention to operate as a semi-sorcerer of carbon credits taking the interest in CDM by the host country as a point of departure.

The DANIDA intervention providing a Climate Change Unit with the ability of issuing Letters of Approval according to an established committee procedure is of major importance for the present project, but the activities of DANIDA will not be taken further in the direction of support of individual CDM projects. Other donors such as GTZ will support one individual project - cooking stoves in private households - but will not support a general approach towards having Uganda benefitting from CDM.

The conclusion is that no other intervention by development partners is likely to intervene with the implementation of the present project, but that increased international interest is emerging on CDM in Sub-Saharan Africa that makes it necessary to review the need for project activities during the implementation phase.

The project is to a large extent aiming at undertaking the same activities as would a private or sovereign buyer undertake if it decides to source carbon credits in Uganda, if one or more carbon credit buyer starts operating in Uganda, such buyer is likely to provide project development support which will make support from the project unnecessary. In this case the project activities will need review and be directed away from support to development of PDDs to support to the earlier stages of the project cycle: identification and capacity building among Ugandan consultants.

4 Intervention framework

4.1 General objective

The objective of the project is: "To enable Uganda to benefit from the Clean Development Mechanism of the Kyoto Protocol".

4.2 Specific objective

The specific objective is: "To strengthen technical capacity on CDM project formulation and create awareness of investment opportunities under the CDM among governmental institutions, project developers, including financing institutions".

4.3 Expected results

Result 1: The capacity of the main stakeholders on CDM project formulation strengthened.

Result 2: Accessibility and quality of information on CDM possibilities in Uganda improved.

Result 3: The process for registration by the EB CDM of Ugandan CDM projects has been supported.

5.3 Activities

5.3.1 Activities related to Result 1.

Result 1: The capacity of the main stakeholders on CDM project formulation strengthened.

1. Support capacity building on all stages of the CDM project cycle in the CCU, UIA and at project proponents and Ugandan CDM consultants through contracting of business oriented, managerial/financial TA.

2. Support program management and all stages of CDM project development through own and short term inputs as well as managing other consultancy services provided by the project

3. Create de facto CDM "School" through capacity development of Ugandan experts to be involved in drafting of PINs and PDDs and participating in negotiations of carbon credit sales contract, the so-called Emission Reduction Purchase Agreement (ERPA) and create a potential for expanding activities to other East African countries as potential market.

4. Include monitoring capacity development for existing and new CDM projects in Uganda to increase CER value and enhance subsidy basis for the Ugandan CDM consultants.

who have received capacity building, with the purpose of building skills that will be needed in CDM projects after the PINs and PDDs have been drafted and the projects have been registered. The building of such expertise in Uganda will also create confidence among buyers that monitoring services will be available on a national basis and that monitoring will be according to UN requirements thus securing actual issuance of CERS.

4.4.2 Activities related to Result 2

Result 2: Accessibility and quality of information on CDM possibilities in Uganda improved.

1. Establish Website on the Designated National Authority as a sub page of the website of the Ministry of Water and Environment with state-of-the-art front page and links.

2. Describe and upload information on national institutional setup, procedures and eligibility criteria for issuing of Letters of No Objection and Letters of Approval to inform buyers and project developers hereof.

3. Uploading 2.nd National Communication of Uganda to the UNFCCC on emissions of greenhouse gases to supplement the present communication which is based on figures from 1993/96 when it is available from the ongoing UNEP-GEF project on this issue.

4. Uploading of screening report on CDM potential in Uganda

5. Uploading of latest Grid Emission Factor for the Ugandan National Power Grid

6. Support participation by project staff, CCU staff and UIA staff in Carbon expo and/or other international carbon market exhibitions/conferences with a national stand for Uganda.

4.4.3 Activities related to Result 3

Result 3: The process for registration by the EB CDM of Ugandan CDM projects has been supported.

1. Screening Report on CDM potential in Uganda including list of project proponents with name, address, telephone number, resume of contacts made of at least 50+ potential CDM projects deemed financially viable and totaling not less than yearly total of 500.000 tons CO₂-e, or document that this is not possible using existing methodologies (excl. Afforestation/Reforestation projects).

2. Develop a national grid emissions factor for the Ugandan national grid.

The Grid Emission Factor is an indication of the national average emission of CO₂ in tons per MWh, which is used to calculate the emission reduction obtained by for example a hydro power plant or other projects reducing demand for grid power based on fossil fuels.

3. Establish funding mechanism for CDM project support (capacity issues, all stages of transaction + other capacity)

4. Funding of all steps of CDM project development (PIN, PDD, validation; support to ERPA negotiations and monitoring).

4.5 Indicators and means of verification

This project will follow 2 sets of indicators, one for the specific objective and one for the expected results and activities.

The overall and the specific objectives are general in nature, but the success of the intervention relies completely on the ability of the project to identify potential CDM projects in Uganda and have them taken through the CDM cycle, so that they are matured into registered CDM projects having CERs issued. This is relevant both in terms of the financial benefits arriving from selling of CERs and from the transfer of technology and the sustainability benefits from implemented CDM projects, since these benefits are unlikely to materialize unless the projects are implemented and registered.

It is at this stage too difficult to set up a specific target number of registered projects or number of issued CERs to be used as an indicator of success for the project. Clearly, even a full implementation of all other parts of the project, but without the development of at least one full CDM project until validation will leave the intervention unsuccessful.

On the other hand one very large project might be enough to consider the intervention as successful. In order to discuss the minimum level of CDM project registration and issuance of CERs required for defining the intervention as successful the total value of the intervention has been compared with the "benefit for Uganda" in monetary terms – as the income expected to arrive to Uganda from selling CERs.

To reach a total income from selling of CERs at an assumed price level of Euro 8 per CER one or more CDM projects generating a total of 25.000 CERs per year over a 10 year crediting period will receive Euro 2M. The implemented projects will on top of this income lead to transfer of technology and sustainability benefits for Uganda from the implemented projects depending on the individual nature of these projects. In this case the project will have supported the generation of each CER with EURO 8 equal to the sales price.

A reasonable minimum level of success of the intervention could be to keep the support per CER below Euro 1 thus keeping the support per CER within the short term fluctuations of the price level. In that case a total of 2 million CERs will need to be generated from CDM projects generated with support from the intervention. A distribution could be 10 projects with an average size of 20.000 CERs annually. Funds for development of such a number of projects should be available considering the possibility of having one or more of the identified CDM projects developed by buyers once the high quality PIN, a feasibility study and financing is in place.

First potential CDM projects are expected to be identified within 3 month from project start. Development of the project as a CDM project will then be expected to last for approximately 1 year including drafting of PIN, PDD, validation and registration by the CDM EB if the project process is duly supported.

Taking into consideration that the intervention is also aiming at a longer term development of Uganda's capacity for development of CDM projects and assuming that the CDM mechanism will be included in future protocols under the UNFCCC the project could be evaluated as successful based on indicators of capacity development even if no CDM projects are registered if the capacity to be build during the project is successfully utilized after the project has ended.

4.5.1 Indicators for the specific objective

The below table lists the indicators that will be useful for evaluating the present intervention.

N°	Category	Indicator	Target	Data Source
	Output	Number of potential CDM projects identified	20	Progress reports
1	Output	Number of PINs developed	20	Progress reports DNA website
2	Output	Number of PDDs developed	8	
3	Output	Number of ERPAs signed	8	Progress reports DNA website
4	Output	Number of CDM projects registered	7	Progress reports DNA website UNFCCC web-site
	Output	Number of CERs for all registered CDM projects supported by the project	Highest possible figure above 25.000 CERs per year with 2.000.000 over CDM project crediting time as an indicator for a fully successful intervention	Progress reports DNA website UNFCCC web-site
5	Output	Number of Ugandan consultants trained in PIN writing	4-5	Progress reports
6	Output	Number of Ugandan consultants trained in PDD writing	4-5	Progress reports CDM Bazar UNFCCC web site

7	Output	Number of Ugandan consultants trained in ERPA negotiations writing	2-4	Progress reports of CDM Bazar UNFCCC web site
8	Output	Number of CDM projects financed by financial institutions	5-8	Progress reports of CDM Bazar UNFCCC web site

4.5.2. Indicators and means of verification for the Results

The below table lists the indicators directly related to the results and activities of the intervention.

Result 1: The capacity of the main stakeholders on CDM project strengthened	<ul style="list-style-type: none"> CCU staff able to promote CDM in Uganda Public, private and civil society stakeholders engaged in identification of potential CDM projects and Public, private and civil society stakeholders engaged in drafting PINs, PDDs, ERPAs and monitoring reports
Result 2: Accessibility and quality of information on CDM possibilities and procedures in Uganda improved	<ul style="list-style-type: none"> Website, incl. necessary capacity, established including: <ul style="list-style-type: none"> 2nd national communication Eligibility criteria for LON Eligibility criteria for LOA Procedures for application of LON/LOA Report on screening of Uganda for potential CDM projects Web site established with uptime above 90%
Result 3: The process for registration by the EB CDM of Ugandan CDM projects has been supported	<ul style="list-style-type: none"> Number of potential CDM projects in Uganda identified Number of PINs, PDDs, ERPAs on CDM projects supported Number of cdm projects registered Number of CDM projects supported by financial institutions Number of ERPAs signed with buyers Number of monitoring reports verified by Designated Operational Entities Number of Certified Emission Reductions (CER) issued

4.6 Description of beneficiaries

In accordance with the overall objective of the intervention, the overall beneficiary of the intervention is the state of Uganda and its inhabitants assumed to benefit from the income from selling of CERs, from the technology transferred in the CDM projects and from the social, economical and environmental sustainability benefits deriving from each implemented CDM project.

Direct beneficiaries will be persons and institutions receiving capacity building and other CDM project support through the activities of the project. These will include Climate Change Unit of the MWE, Ugandan Investment Authority, private and public project proponents and academia and consultants, of the beneficiaries institutions identified as needing capacity building in chapter 2.2.4 to 2.2.6.

4.6.1 Climate Change Unit

The Climate Change Unit of the Ministry of Water and Environment

The development of a sub-page on the web-site of the MWE as a web-site area reserved for information concerning the Designated National Authority and CDM in Uganda is currently being supported by the Danish development cooperation. The present project will support the CCU in the development of the content and organization of the maintenance of the website. The web site will include information on Uganda's ratification status towards the UNFCCC and any other information relevant for Uganda's participation in the UNFCCC; Uganda's most recent national communication; eligibility criteria for issuing Letters of No Objection and Letters of Approval for CDM projects and the result of the project activity on screening of Uganda for potential CDM projects. The project will provide TA for drafting the contents of the web site as well as support to the IT unit of the MWE as required for uploading contents on the web site of the MWE. To the extent needed the staff of the CCU will receive support in establishing procedures and describing procedures for upload. All what is related to CDM should be interconnected. Therefore, on the MWE website, links should refer to the UIA website and vice versa.

4.6.2 Ugandan Investment Authority

The project activities will support the UIA in its general work on attracting investments to Uganda as well in its work on promotion of Ugandan CDM projects.

4.6.3 Private and public project proponents

Private and public project proponents will receive capacity building from the project especially in terms of identifying them as potential project proponents for a CDM project, but also in the development of the potential project into a registered CDM project

provided that the project is feasible and that financing can be found.

4.5.4 Consultants and academia

Consultants and academia will receive capacity building as participants in the development of CDM project documentation as hand on training on individual CDM projects.

5 Resources

5.1 Financial resources

The Government of Belgium will fund the project with a grant of Euro 2 million.

The Government of Uganda will contribute in kind to the project. When signing the Specific Agreement this contribution will be guaranteed, including that key personnel will be participating in the implementation of the project. In addition, MWE will provide the international Technical Experts as well as Ugandan experts being trained in CDM documentation with sufficient work space and basic equipment.

Before the signing of the Specific Agreement, BTC can commit or expend a part of the general means in order to pay the vehicle, office furniture and IT equipment.

5.2 Human resources

The project will have a long term International Technical Advisor, a number of short term international Technical Advisors, a Ugandan Project Officer and a driver.

BTC will recruit the long term international Technical Advisor (International Carbon Market Specialist), the short term International Technical Advisors and the long term National Technical Advisor (National Carbon Market Specialist) by launching an international tender for a company to provide all international and national experts to be involved in the project (not regarding Ugandan consultants to receive capacity building). The candidates will be selected by the BTC selection committee. The international Technical Advisors and the company as such should have a background in CDM project sourcing and development combined with a solid background in development assistance to Sub-Saharan Africa either as individuals or as a company.

BTC will recruit the Project Officer in Uganda. He/she will be contracted by BTC Kampala.

The project may also count on Belgian partners involved and having expertise related to CDM activities such as BIO (Belgian Investment Company) and the Joint Implementation/CDM unit of the Belgian Ministry of Health & Environment.

In the context of concrete CDM project implementation, the Belgian Investment Company for Developing Countries (BIO) could provide expertise and/or support to the project with regard to its financing. The conditions and modalities thereof would be discussed for each concrete CDM project." (BIO website : www.bio-invest.be).

The JI/CDM team of the Climate Change Section of the Belgian Federal Public Service for Health, Food chain Safety and Environment may provide up-to-date information and advice on the EU and international carbon market (project types allowed, price-information, important players, etc.). This JI/CDM team can provide capacity building on assessment of projects' contribution to sustainable development and on contract negotiation. (JI/CDM website : <http://www.climatechange.be/jicdm/tender>.)

6 Financial and Implementation modalities

Project organization:

BTC will contract an International Consulting Company (ICC) providing:

- 29 man-month International Technical Advisor who is a carbon market specialist.
- 48 man-month National Technical Advisor who is a carbon market specialist.
- 1½ man-month short term International Technical Advisors to undertake activities on web site design, upload of documents
- ½ man-month short term International Technical Advisor to establish funding mechanism for Ugandan consultants to receive capacity building under the project (not clear).
- 2 man-month ITA pool of experts to assist the project management in screening for potential CDM projects in Uganda.

In addition, BTC will contract a project officer/accountant to be hosted at the Representation of BTC in Kampala. BTC will buy one suitable car and hire a driver and purchase all necessary equipment for the project.

The project will be implemented fully under regie using Belgium law.

The International Technical Advisor (ITA) will jointly with the Coordinator of the CCU form the Project Management. Project management decisions are taken in consensus. The Project Management will report on a quarterly basis to BTC and on a 6 monthly basis to the steering committee (SC). The SC will approve reports, including work plans for the coming quarter according to the requirements of Chapter 5.3.

The daily project management will be jointly undertaken by the Coordinator of the CCU and International Technical Advisor (ITA) provided by the International Consulting Company when he/she is in Uganda. When the ITA is absent his/her responsibilities will be undertaken by the national carbon market specialist. The project will be implemented under an agreement with the MWE, and the project will be hosted in offices in the building of CCU. An agreement with the involved parties will be established describing the parts of the project to be implemented in cooperation with the CCU (web-site related issues) and the parts to be undertaken in cooperation with the UIA.

In order to have transparent administrative procedures surrounding the identification, development and national approval (LoA) of CDM projects, the MWE/CCU who will be issuing Letters of Approval will not (or limited) be involved in CDM project identification and development, and UIA will not be involved in issuing of Letters of Approval.

5.3 Material Resources

5.3.1 Material for the Technical Advisors and Project Officer

Equipment needed for the Technical Advisors and the Project Officer will be allocated by the project. The MWE will provide the office space for the project staff and for academia/consultants receiving capacity building as needed.

BTC Kampala will additionally and under the projects general means procure a car and recruit a driver that will be suitable for field visits to any potential project proponent in Uganda. This vehicle will only be used by the project management for project activities.

5.3.2 Material for the institutions targeted by the interventions (institutional capacity building)

Capacity building in resource-poor countries is inevitably confronted with lack of certain equipment that disables the introduction of change. Therefore, the project is proposed to include a limited budget for material, including laptops, printers, desks, office chairs, stationeries etc.

The amount necessary is Euro 57.000.

6.1 Financial management and responsibilities

6.1.1 Overall principles

In agreement with MWE, BTC takes full responsibility for the management of project funds. The project will therefore be implemented under "BTC management" (in Belgian cooperation terms called "régie").

All project expenditure will thus be managed directly by the project management under BTC supervision and following BTC rules and regulations. Expenditure will be planned beforehand by project management and approved by the Resident Representative and BTC Program Officer. In absence of the BTC Program Officer, the Finance and Administrative Officer (LAF) shall co-sign.

6.1.2 Bank accounts and signing authorities

After signing of the Specific Agreement, BTC Uganda will open a EURO bank account (main account) and a local currency account (UGX) for the project funds at a commercial bank in Uganda.

It shall be operated by double signature of the BTC Resident Representative and the LAF. In absence of the LAF, BTC Program Officer shall co-sign. The ITA will review and provide advice on payment requests before forwarding for onward processing.

6.1.3 Funds transfers

6.1.3.1 First transfer

After signing of the implementation agreement between the Belgian Government and BTC, a first request for funds (cash call) can be drafted by the Project Officer and submitted to the BTC Representative in Uganda. The requested amount must be in line with the financial needs of the first three months and will follow BTC internal procedures.

6.1.3.2 Subsequent transfers

Subsequent transfers will be provided by BTC on a quarterly basis to the project.

To receive a subsequent transfer, the project must submit a cash call to the BTC Representative at the beginning of the month preceding the next quarter. This cash call must be prepared by the Project officer and based on the financial report on the utilisation of the previous transfer. The cash call must be signed by the BTC Program Officer.

The amount of the cash call will be equal to the financial forecast for the quarter in question, plus committed funds from the previous quarter, plus a cash buffer, minus unspent funds.

The transfer of funds by BTC is undertaken at the start of each quarter, on condition that:

- The accounting for the previous period has been closed and transmitted to the BTC Representative,
- An updated financial planning of the current and next quarter has been transmitted to the BTC representative,
- The amount of the request does not exceed the budget balance.

The Project Officer may submit urgent cash calls with a written justification for the unforeseen circumstances.

6.1.4 Financial reporting

6.1.4.1 Accounting

The Project Officer will account for the project following BTC internal regulations for accounting and approval. The accounting must be signed by the BTC Program Officer and submitted to the BTC Resident Representative in Uganda.

On quarterly basis, the Project Officer must submit the following to the BTC Representative:

- The quarterly Financial report (following BTC template), including the list of incomes and expenses over the previous quarter,
- Bank reconciliation and cash reconciliations,
- Original supporting documents.

6.1.4.2 Financial planning

Every quarter, the Project officer will prepare a financial forecast for the current quarter and the upcoming quarters of the current Financial Year and future years based on the approved project plans. The financial planning will be done according to BTC procedures and must be submitted to the BTC representation.

6.1.4.3 Reporting to the Steering Committee

At the Steering Committee, the project management will present the following financial information:

- Budget monitoring reports,
- Updated financial planning,
- List of the main commitments,
- Bank accounts statements,
- Payments by BTC Headquarters,
- Budget modification proposal if required,
- Action plan according to audit recommendations.

6.1. Budget management

The total project budget cannot be exceeded. If a budgetary increase is required, a justified request must be submitted to the Belgian Government after having been approved by the Steering Committee. If the Government of Belgium approves the request, an exchange of letters must follow.

The Steering Committee must approve all requests for major budget changes as described in Chapter 5.3. Possible budgetary changes include:

- Modification of the budget structure,
- Transfer of resources between budget lines,
- Use of the reserve allocation.

The management of budget changes must follow BTC procedures.

The budgetary reserve can only be used for project activities and after approval by the Steering Committee. Its use must always be accompanied by a budget modification.

The commitments must respect the mandates (refer to signatures authorities). The project director must ensure a correct and accurate follow-up of the commitments. It is not allowed to make commitments on budgets not officially approved.

6.2. Auditing

The project and its accounts are subject to two external audits, which has to evaluate:

- Whether the project accounts reflect reality,
- The existence of procedures and their application by the project,
- The economic and efficient use of the project funds.

The project will be audited after one year of implementation and during the third year of implementation.

The Steering Committee will entrust BTC with the elaboration of the TORs for the external audit and the selection of the auditors. The external auditor has to be a certified independent company either national or international. The audit company must abide by international standards of auditing.

The auditor's reports must be forwarded to the Project Steering Committee. The audit reports will include recommendations and proposal of corrective actions.

The Project Officer will prepare an action plan to improve the procedures and justify that corrective measures were taken.

The Steering Committee may request additional audits if necessary.

The Belgian College of Commissioners will yearly audit and certify BTC general accounts. On that occasion, they could also audit the project. BTC Audit Committee can also request that BTC internal auditors audit the project.

6.1.7 Procurement

In the "BTC own management" (régie) modality, the procurement of goods and services for all project budget lines will be carried out by the project support staff following Belgian regulations.

In order to ensure transparency of project procurement practices, the members of the Steering Committee will have access to all administrative, financial and technical documentation regarding project procurement.

6.2 Management modalities

The Clean Development Mechanism Project (CDMP), a multi stakeholder initiative, will be implemented under overall responsibility of the MWE Permanent Secretary and coordinated by the Climate Change Unit (CCU).

With regards to financial and procurement issues, the "Clean Development Mechanism" project (CDMP) will be implemented under BTC Direct Administration, i.e. BTC Resident Representative in Uganda will be the project director responsible for budgeting, planning and funds management as well as issues related to procurement. The project director will be advised by the project management.

In this context, the BTC Resident Representative in Uganda or his delegate will be responsible for the management of the EURO and UGX account. Thus the management modality will be "BTC own management, called "régie" in BTC terminology.

The International Technical Advisor (ITA) will jointly with the Coordinator of the CCU form the Project Management responsible for technical management and implementation of the project. Project management decisions are taken in consensus. In case no consensus can be reached, issues will be referred to the MWE PS and BTC RR.

To support the day-to-day management of the project, a Project Officer will be made available who will report to the project management. A driver will support the project management will also be hired.

Together with the Project Officer (PO), the Coordinator of the CCU will ensure the project secretariat. They will be jointly responsible for administrative and reporting aspects of the project.

6.2.1 Budget framework

The legal framework of the project will be described in the Specific Agreement signed between the Belgian Ministry for Foreign Affairs and Development Cooperation and the Ugandan Ministry of Finance, Planning and Economic Development.

Public tendering will follow Belgian laws and regulations for goods and services covered within the "BTC own management" (régie) budget lines.

BTC Headquarters will launch an international tender procedure following Belgian rules and regulations for the identification and contracting of an international Consultancy Firm who will be providing the international and National Technical Assistance, and all short term advisory services identified at the onset of the project. Selection will be carried out by BTC in consultation with MWE. With regards to any need for short term advisory service identified during implementation, the ITA will prepare detailed TOR that will be submitted to the Project Steering Committee for endorsement and onward processing by the Consultancy Firm.

Local staff and expertise will be recruited by BTC under Belgian law, in consultation with MWE.

6.2. Technical responsibilities

The International Technical Advisor will be responsible under the authority of the project director for the budgetary management and jointly with the CCU Coordinator be responsible for the execution of the project as described in the Specific Agreement with regards to the technical and administrative management. In this rôle modality, the Technical Advisor will play both a supervisory role and an implementing role with regard to release of funds, and reporting on financial management. In addition, the Advisor will have the function of providing capacity building and support to MWE/CCU for achieving project results.

See Chapter 7.4.1 for the TORs for the International Technical Advisor.

The Steering Committee will oversee the project performance and will ensure that agreed policies and principles have been followed in the project planning and budgeting process. The project management will report to the Steering Committee.

6.3. Implementation and follow-up structures

6.3.1. Planning

The annual planning and budgeting for the activities of the project will for the relevant parts of the project budget be incorporated in the annual planning process of the MWE/CCU. The project should ensure that their activities are incorporated within Ministry's and institutions' annual work plans and budgets where they will be implemented. The project annual work plans and budgets will be submitted to and approved in the steering committee

Open dialogue and exchange during the planning process and a pro-active communications strategy is essential and all the relevant ministries and institutions should be participating in the planning process.

The program will be implemented through a highly collaborative arrangement involving all relevant staff members at the targeted institutions/Ministries. The targeted Ministries/institutions will also be kept informed regarding resource allocation, approval of plans and the overall progress of implementation.

The implementation process will be "owned" by the MWE (CCU) and assisted by technical assistance (international and national). MWE and other institution's selected staff members will also assist in the implementation process.

Throughout the planning process the International Technical Advisor will actively participate to the dialogue, advice on policy and capacity building issues relevant to the project's specific objective and expected results.

During the project establishment phase, before the arrival of the ITA, the project can undertake some essential procurement.

6.3.2. National follow-up structure

The Climate Change Policy Committee is a multi-stakeholder body that has the following responsibilities:

- Advise the Minister on climate change policy issues
- Support the Minister on processing of carbon project for approval
- Acts as project steering committee for all climate change projects
- Provide guidance during climate change policy development, implementation and review.

The committee consists of eleven (11) members from the following Ministries/ institutions;

- Ministry of Water and Environment (MoWE)
- Ministry of Finance, Planning and Economic Development (MoFPED)
- Ministry of Works and Transport (MoWT)
- National Planning Authority (NPA)
- Ministry of Energy and Mineral Development (MEMD)
- Ministry of Agriculture, Animal Industry and Fisheries (MAAIF)
- Ministry of Health (MoH)
- Office of Prime Minister (OPM)
- Ministry of Justice
- Ministry of Local Government (MoL)
- Department Of Meteorology

The Climate Change Unit is the secretariat to this committee.

6.3.3. The Steering Committee

A Steering Committee (SC) will be established to guide the project and its main roles are the following:

- To ensure that the project follows the procedures and principles defined in this Technical and Financial File project document,
- To identify internal and external bottlenecks that may jeopardise the achieving of the project results and to take action accordingly.

The SC will not involve itself in operational decisions of the project.

The SC will have the following specific responsibilities:

- To endorse the annual project work plan and project budget. The content of the plan remains the responsibility of MWE/CCU who is the owner of the plan and of the ITA,

- To appraise project progress based on six-monthly project progress reports (technical and financial), prepared by the ITA and appraise the achievement of its results in view of reaching the Specific Objective
- To identify bottlenecks jeopardising the achievement of the project results and take action accordingly,
- To call for project audits and appraise internal and external project audit reports and other monitoring reports,
- To call for the external mid-term and end-of-project evaluations of the project, to appraise the terms of reference of the evaluation missions and to appraise and approve (if relevant and when appropriate) the recommendations of the evaluation missions,
- To ensure synergy with other projects and donors active in the same sector,
- To review and approve proposals for important changes in the budget, such as important budget shifts between results (>15%),
- To provide general guidance to the project and approve proposals for change in project design, policies and procedures described in the TFF with the aim of improving the effectiveness of project implementation,
- To approve changes in project implementation modalities,
- To approve the final project report and the closure of the project.

The SC will meet at the beginning of the project and at least twice per year, preferably in June / July and December / January. In addition, the Steering Committee can meet on the initiative of any of its members.

It is proposed that the Steering Committee membership should include:

- The Climate Change Policy Committee members (as indicated above);
- The Resident Representative of BTC, also Project Director;
- Uganda Investment Authority (UIA)

The Steering Committee will be chaired by the PS of the MWE.

The Steering Committee will decide by consensus by all the members. The Steering Committee members may designate a delegate to the Steering Committee in case they are not able to attend the meeting in person. However the delegate has to be fully mandated to take decisions and commit the absent member for follow-up. The Steering Committee can invite any other relevant person to attend the Steering Committee as informer and/or observer.

The ITA will attend the Steering Committee meetings to report to and advise the Steering Committee, but will not participate in any decision-making.

The Program Management will act as the Secretariat for the Steering Committee. Each

Steering Committee meeting shall be minuted and its minutes duly signed by the authorized members. During the first Steering Committee meeting the key SC members authorized to sign the SC minutes will be nominated.

6.3.4 Day-to-day management

The project management assisted by the Project Officer will assume the daily management of the project. It will have the following responsibilities in support of the implementation of CDMP:

- To organise, coordinate and supervise the implementation of the project activities in accordance with the approved project work plans,
- To submit quarterly financial reports to BTC according to the defined format,
- To compile the six-monthly narrative and financial reports according to the agreed formats and submit budgeted work plans for the following six month period for consideration by the Steering Committee,
- To initiate and supervise any tendering processes to ensure they are executed according to the appropriate procedures,
- To assume the role of the secretariat of the Steering Committee (secretariat, agenda, minutes and dissemination of minutes, reports and other relevant information),
- To ensure good management of project resources (material, financial and human),
- To recruit the staff required for the project execution.

Ideally the project management will be based within MWE/CCU. If no space is available within MWE/CCU, MWE will identify an external office location.

6.4 Reporting, auditing, monitoring and evaluation

Reporting and monitoring will be an integral component of implementing the project. Key Performance Indicators described in chapter 3.5 will be used to measure progress during annual progress reporting and mid-term and final evaluation.

The Steering Committee will hold bi-annual and annual project reviews based on half-year and annual progress and financial reports compiled by the Project Management.

A mid-term project review will be held at the end of the second year of project implementation. This independent exercise, led by an external evaluator, will aim at drawing lessons from the progress made and at refocusing project strategies to the objectives for the remaining years. The mid-term review will be executed following the procedures developed by BTC.

A final evaluation will be carried out during the last year of implementation.

6.5 End-of-program preparation

The program will have a non expandable lifespan of four years. The Steering Committee decides on the closure process six months before the end of the program. The project management will submit a final narrative, technical and financial report to the Steering Committee. All these reports including the financial statement will be prepared by the project management in collaboration with the Representation according to BTC procedures. BTC must check the financial statement before it is presented to the closing Steering Committee.

The Steering Committee will meet not later than one month before the end of the program in order to examine and approve the final draft report of the program according to BTC regulations.

At the end of the project, unused fund in the project bank accounts and the balance in the budget not transferred yet will not be made available for project use. These amounts can only be re-allocated during the Partner Committee or the joint commission (new IDCP).

After having fulfilled the requirements to end the program, the signatories to the two accounts will officially close the accounts.

Equipment under 'BTC management' remains BTC property and will be handed over to MWE/CCU at the end of the program.

7 Cross cutting themes

7.1 Environment

Uganda's climate is naturally variable and susceptible to flood and drought events which have had negative socio-economic impacts in the past. Human induced climate change through deforestation, wetland degradation and industrial pollution, among others, is likely to increase average temperatures in Uganda by up to 1.5 °C in the next 20 years and by up to 4.3 °C by the 2080s². Such rates of increase are unprecedented. Changes in rainfall patterns and total annual rainfall amounts are also expected but these are less certain than changes in temperature. The climate of Uganda may become wetter on average and the increase in rainfall may be unevenly distributed and occur as more extreme or more frequent periods of intense rainfall. Regardless of changes in rainfall, changes in temperature are likely to have significant implications for water resources, food security, natural resource management, human health, settlements and infrastructure. In Uganda, as for the rest of the world, there are likely to be changes in the frequency or severity of extreme climate events, such as heat waves, droughts, floods and storms.

Uganda is highly vulnerable to climate change and variability – its economy and the wellbeing of its people are tightly bound to climate. Human induced climate change in the coming century has the potential to halt or reverse the country's development trajectory. In particular, climate change is likely to mean increased food insecurity, shifts in the spread of diseases like malaria; soil erosion and land degradation; flood damage to infrastructure and settlements and shifts in the productivity of agricultural and natural resources. It will be the poor and vulnerable who feel these impacts the hardest, though climate change has serious implications for the nation's economy, with for example, a shift in the viability of coffee growing areas potentially wiping out US \$ 265.8 million or 40% of export revenue. Exacerbating poverty and triggering migration as well as heightened competition over strategic water resources, climate change could lead to regional insecurity.

Early adaptation to climate change can moderate impacts and even secure benefits. New international finance and political attention on climate change also has the potential to strengthen weak institutions and to reduce the social vulnerability and inequity which has long been a target of development assistance. However, although pockets of excellent technical expertise and disparate activities on climate change are emerging, in part through response to the UNFCCC, action by government to date falls well short of what is needed to climate-proof Uganda's development. Alongside explicit capacity constraints in terms of resources and personnel, there are less obvious constraints to effective action such as confused mandates, dysfunctional arrangements for inter-agency working, and weak institutional and professional incentives for pro-active action. As well as adding to

² Hepworth, N. and Goulden, M., 2008. Climate Change in Uganda: Understanding the implications and appraising the response, LTS International, Edinburgh

7.2 Gender

Uganda adopted in 1997 a National Gender Strategy followed by a National Action Plan on Women. This action plan was updated in 2007. The overall goal is to achieve gender equality and women's empowerment as an integral part of Uganda's socio-economic development.

As the main natural resource users and managers in rural Uganda, the adverse effects of climate change are likely to be felt disproportionately by women. However, as vulnerability to climate change depends on control of financial, physical, natural, human and social capital, and because women typically have less access to and control over these resources than men, they are likely to have lower adaptive capacities as the impact of global warming intensifies.

Biomass energy is known to be the biggest contributor to total energy used in Uganda. About 91% of the total energy used in the country is derived from biomass. Biomass resources include firewood, charcoal, forest, and agricultural crop waste and agro-industrial residues. Whereas these resources are widely used for energy generation, most of the traditional biomass energy technologies which include wood and charcoal stoves, ovens and kilns are inefficient. The development of energy efficient cook stoves for use by rural and urban women may not only contribute to a significant reduction of deforestation in the country, but will also improve family health due to reduced smoke inhalation. Claims of increased populations of mosquitoes as a result of reduced smoke in households that use more efficient cook stoves have not been proven. There is need for urgent research to verify this claim. An organized use of energy efficient cook stoves by large women groups could also attract CDM funding.

Monitoring of the sustainability effects of implemented CDM projects is outside the scope of the present intervention. Therefore, monitoring of any such effects regarding gender issues will likewise be outside the scope of the present intervention, but will be a very relevant topic for an ex-post evaluation of the intervention.

7.3 Social economy

In 2008/09 Uganda was projected to reach a population of 32.2 million persons and with a population growth rate of 3.2% the population is estimated to rise to 44 million by 2020. It is also estimated that some 88 % of the population lives in rural areas. The percentage of the population living below the poverty line was 31 % in 2005. The high rate of population growth in Uganda translates into a progressively high demand for energy which must be provided in a manner that protects the environment.

Uganda's energy supply presently stands at 91.5%, 7.4% and 1.1% from biomass, oil products and electricity respectively³. Wood fuel, comprising both firewood and charcoal, is the biggest source of energy for residential, commercial and institutional cooking. The

³ Ministry of Energy and Mineral Development, 2008

the challenges of developing an effective response, these issues undermine existing institutional performance which in turn heightens Uganda's vulnerability. Strong leadership with the power to influence across the sectors, and determination to tackle these constraints will be required to respond effectively to climate change. At the moment that leadership is lacking.

Strong leadership is also urgently needed within the development partners. Despite the development of a Joint Assistance Strategy, donor action on climate change has to date been disparate and has bypassed coordination mechanisms such as sectoral working groups, which themselves have yet to develop a collaborative response on climate change issues. Uncoordinated action threatens to stifle the existing capacity on climate change in Uganda and to produce damaging parallel initiatives. Nevertheless, positive action is underway as noted by the various donor contributions in the preceding sections of this report.

Climate change mitigation through the Clean Development Mechanism and Voluntary Carbon Markets has had a limited impact in Uganda, although it is thought there is potential for Uganda to benefit from these in the future. Constraints such as high transaction costs and limited indigenous capacity are being tackled through a number of initiatives, but the situation should be monitored closely to ensure that Uganda reaps real benefits from these mechanisms.

Civil society with support from international NGOs has the potential to play an important role in supporting an effective response to climate change in Uganda and activity there is already vibrant. Advocacy and research is one area they can support on and there is an urgent need to identify the priority issues which require investigation to support an effective response within Uganda.

Government of Uganda (GoU) formulated and is implementing its long term development framework called "Vision 2025" which is focusing on two main objectives:

- promote rapid, sustainable economic growth and ensure that all Ugandans benefit from it;
- ensure that poverty is steadily eradicated.

Since 1997, the Government of Uganda along with other stakeholders has been implementing the above objectives through an over-arching national framework for poverty eradication – the Poverty Eradication Action Plan (PEAP). The PEAP ended in the Financial Year (FY) 2008/09 and was replaced with a National Development Plan (NDP) for the period 2010/11 to 2014/15. The National Development Plan (NDP) focuses on economic growth, employment and prosperity. The NDP recognizes the important role that the CDM will play in fulfilling its obligations to the Kyoto Protocol as well as improving environmental conditions for sustainable economic growth. In this respect, this 2 million euro project will be entirely devoted to support Uganda in its efforts to protect and manage better its environment and find the path to a more sustainable development model.

per capita firewood consumption is 680 kg/year⁴, driven largely by the cost saving practices of households, where fuel wood (charcoal) is preferred to more expensive forms of energy such as electricity and petroleum products. The urban demand for charcoal is increasing at a rate almost equal to that of the urban population growth. These livelihood patterns have negative implications in the forms of forest degradation and climate change.

Wood fuel conversion technologies in use (wood stoves, brick kilns etc) in Uganda today are very inefficient. The emphasis of the technologies has been on increasing the efficiency of domestic biomass energy use both to sustain resources and reduce indoor air pollution. Several initiatives to introduce better technologies have been made by government and the private sector particularly training in fuel efficient stove and kiln construction. These practices are aimed at reducing degradation of natural forests by rural communities. However, affordability, efficiency and adoption of the technologies are still very low. Alignment to CDM approaches could improve their adoption rates.

Energy for rural transformation programs (ERT) is an attempt by government to develop solar energy resources for consumption and rural development. The ERT program comprises of a 10 year plan developed by the GoU together with the African Rural and Renewable Energy Initiative (AFRETI) of the World Bank aimed at raising Uganda's rural electrification level to at least 10% by 2012. It is a multi-sectoral program addressing main grid related power distribution and generation, independent grid systems, Information and Communication Technology (ICT), solar photo voltaic systems and cross sectoral linkages with health, agriculture, water and education. Properly packaged, the ERT program could be converted into CDM credits.

14 Children's Rights

The activities in the project should not have impact on children's rights.

⁴ Ministry of Energy and Mineral Development, 2005

9 Annexes

9.1 Logical framework

<p>Overall Objective: To enable Uganda to benefit from the Clean Development Mechanism of the Kyoto Protocol.</p>	<p>Specific Objective: To strengthen technical capacity on CDM project formulation and create awareness of investment opportunities under the CDM among governmental institutions, project developers, including financing institutions.</p>	<p>Result 1: The capacity of the main stakeholders on CDM project formulation strengthened</p>	<p>Approval by the top management of the MoWE to conduct the activities required</p> <ul style="list-style-type: none"> • Availability and interest and willingness by MoWE top managers and assigned staff to participate and cooperate • Availability of adequate office facilities and staff to participate in the project
<p>Indicators</p> <p>Final Report referring to and elaborating on project achievements approved by Steering Committee</p>	<p>A number of Ugandan CDM project appear on www.unfccc.int as registered CDM projects</p>	<ul style="list-style-type: none"> • CCU staff able to promote CDM in Uganda • Public, private and civil society stakeholders engaged in identification of potential CDM projects and • Public, private and civil society stakeholders engaged in drafting PINs, PDDs, ERPAs and monitoring reports 	<ul style="list-style-type: none"> • Project Progress report • Evaluation reports • Meeting minutes • Interviews
<p>Source of Verification</p> <p>Final Report</p>	<p>Final Report www.unfccc.int</p>	<p>Final Report</p>	<p>Approval by the top management of the MoWE to conduct the activities required</p> <ul style="list-style-type: none"> • Availability and interest and willingness by MoWE top managers and assigned staff to participate and cooperate • Availability of adequate office facilities and staff to participate in the project
<p>Assumptions</p> <ul style="list-style-type: none"> • Registration regime for CDM projects at CDM EB is in place also after 2012. 	<ul style="list-style-type: none"> • Modalities for project management and disbursement of funds are implemented according to the agreement with MWE 		

<p>Costs (Euro) See 4.3</p>	<p>Means International and national consultants CCU Staff UIA Staff Ugandan consultants/academia Transport Stationeries</p>	<p>Activities</p> <p>1. Support capacity building on all stages of the CDM project cycle in the CCU, UIA, financial institutions and at project proponents and Ugandan CDM consultants through contracting of business oriented managerial/financial ITA.</p> <p>2. Support program management and all stages of CDM project development through own and ST inputs as well as managing other consultancy services provided by the project.</p> <p>3. Create de facto CDM "School" through cap. dev. of Ugandan experts to be involved in drafting of PINs and PDDs and participating in ERPA negotiations and a potential for expanding activities to other EA countries as potential market.</p> <p>4. Include monitoring capacity development for existing and new CDM projects in Uganda to increase CER value and enhance subsidy basis for developed experts over beyond PDD writing and create confidence among buyers that monitoring will be according to requirements.</p>	<p>N°</p> <p>Result 1: The capacity of the main stakeholders on CDM project formulation strengthened</p>
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<ul style="list-style-type: none"> • Successful tendering of international consultants for PDD etc. writing and project validation 	<ul style="list-style-type: none"> • ERPAs signed with available buyers • Registration by EB CDM and projects are listed in UNFCCC website for registered CDM projects 	<p>Reductions (CER) issued</p>	
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<ul style="list-style-type: none"> • Availability of website in continuously operation for the MWE • Access to needed information to be included in the website • Cooperation from IT staff of MWE concerning establishment of a DNA part of the website • Cooperation from CCU staff of MWE concerning establishment of a DNA part of the website • Cooperation from CCU staff of MWE concerning establishment of a DNA part of the website • CDM potential in Uganda available for CDM project implementation 	<ul style="list-style-type: none"> • Website established including 2nd national communication • Eligibility criteria for LON • Eligibility criteria for LOA • Procedures for application of LON/LOA • Report on screening of Uganda for potential CDM projects • Evaluation report • Progress reports 	<ul style="list-style-type: none"> • Web site established with uptime above 90% • Staff able to design, update and maintain a website • Satisfaction of users • Website used (number of hits) • Interested stakeholders use website to communicate • Website positively evaluated during ATR 	<p>Result 2: Accessibility and quality of information on CDM possibilities and procedures in Uganda improved</p>
<ul style="list-style-type: none"> • Cooperation of CCU, UIA on project implementation when participating in the management of the project • Physical availability of CDM potential in Uganda • Financing available for CDM project 	<ul style="list-style-type: none"> • Project Progress reports • Evaluation reports • Minutes of meetings • PINs submitted for issuing of LON • LON issued by DNA • PDDs submitted for LOA • LOA issued by DNA • PDD submitted for validation reports 	<ul style="list-style-type: none"> • A number of potential CDM projects in Uganda identified • Number of PINs, PDDs, ERPAs on CDM projects supported • Number of CDM projects registered • Number of ERPAs signed with buyers • Number of monitoring reports verified by Designated Operational Entities • Number of Certified Emission Reductions (CER) issued 	<p>Result 3: The process for registration by the EB CDM of Ugandan CDM projects has been supported</p>

		validation; support to ERPA negotiations and monitoring); 5. Relevant financial institutions trained in understanding how they can contribute to making a potential CDM project bankable.	Stationeries Funding of CDM project development
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		<p>1. Establish Website on the Designated National Authority as a sub page of the website of the Ministry of Water and Environment with state-of-the-art front page and links.</p> <p>2. Describe and upload information on national institutional setup, procedures and eligibility criteria for issuing of Letters of No Objection and Letters of Approval to inform buyers and project developers hereof.</p> <p>3. Uploading 2nd National Communication of Uganda to the UNFCCC on emissions of greenhouse gases to supplement the present communication which is based on figures from 1993/96 when it is available from the ongoing UNEP-GEF project on this issue.</p> <p>4. Uploading of screening report on CDM potential in Uganda</p> <p>5. Uploading of latest Gnd Emission Factor for the Ugandan National Power Gnd</p> <p>6. Support participation by project staff, CCU staff and IUA staff in carbon expo and/or other international carbon market exhibitions/conferences with a national stand for Uganda.</p>	<p>International and national consultants CCU Staff IUA Staff Transport</p> <p>4 years hosting fee for website of MWE Stationeries Carbon Expo etc. Travel accommodation, entrance fees, exhibition fees etc.</p>
<p>Result 2: Accessibility and quality of information on CDM possibilities and procedures in Uganda improved</p>	<p>Result 3: The process for registration by the EB CDM of Ugandan CDM projects has been supported</p>	<p>1. Screening Report on CDM potential in Uganda incl. list of project proponents with name, address, telephone number, resume of contacts made of at least 50+ potential CDM projects deemed financially viable and totalling not less than yearly total of 500,000 tons CO₂-e, or document that this is not possible using existing methodologies,(excl. Af, but incl. PoA)</p> <p>2. Update existing national gnd emissions factor for the Ugandan national grid</p> <p>3. Establish funding mechanism for CDM project support (capacity issues, all stages of transaction + other capacity)</p> <p>4. Funding of all steps of CDM project development (PIN, PDD; validation; support to ERPA negotiations and monitoring).</p>	<p>International and national consultants CCU Staff IUA Staff MEMD Ugandan consultants/academia Project proponents Financial institutions Transport</p>

<ul style="list-style-type: none"> Cooperation from CCU staff of the website MWE concerning establishment of a DNA part of the website Evaluation report Progress reports 	<ul style="list-style-type: none"> Application of LON/LOA Report on screening of Uganda for potential CDM projects Evaluation report Progress reports 	<ul style="list-style-type: none"> Website positively evaluated during ATR Number of potential CDM projects in Uganda identified Number of PINs, PDDs, ERPA on CDM projects supported Number of cdm projects registered Number of ERPA signed with buyers Number of CDM projects financed by financial institutions Number of monitoring reports verified by Designated Operational Entities Number of Certified Emission Reductions (CER) issued 	<p>R3</p> <p>Uganda registration by the EB CDM of supported registration by the EB CDM of supported projects has been</p>
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<p>Hypotheses</p>	<p>Sources of verification</p>	<p>Indicators</p>	<p>Logical of the intervention</p>
<ul style="list-style-type: none"> Registration regime for CDM projects at CDM EB is in place also after 2012 	<p>Final Report</p>	<p>Final Report approved by Steering Committee</p>	<p>GO</p> <p>Overall Objective: "To enable Uganda to benefit from the mechanisms for mitigation of Climate Change"</p>
<ul style="list-style-type: none"> Modalities for project disbursement of funds are implemented according to the agreement with MWE 	<p>Final Report www.unfccc.int</p>	<p>A number of Ugandan CDM project appear on www.unfccc.int as registered CDM projects</p>	<p>SO</p> <p>Specific Objective: To strengthen technical capacity on CDM project formulation and create awareness of investment opportunities under the CDM among governmental institutions, project developers, including project-financing institutions</p>
<ul style="list-style-type: none"> Approval by the top and senior management of the MoWE to conduct the activities required Ability and interest and willingness by MoWE top managers and assigned staff to participate and cooperate Availability of adequate office facilities and staff to participate in the project 	<ul style="list-style-type: none"> Project Progress report Evaluation reports Meeting minutes Interviews 	<ul style="list-style-type: none"> CCU staff able to promote CDM in Uganda Public, private and civil society stakeholders engaged in identification of potential CDM projects and public, private and civil society stakeholders engaged in drafting PINs, PDDs, ERPA and monitoring reports 	<p>R1</p> <p>Result 1: The capacity of the main stakeholders on CDM project formulation strengthened</p>
<ul style="list-style-type: none"> Availability of website in continuously operation for the MWE Access to needed information to be included in the website. Cooperation from IT staff of MWE concerning establishment of a DNA part of the website 	<ul style="list-style-type: none"> Website established including 2nd national communication Eligibility criteria for LON Eligibility criteria for LOA Procedures for 	<ul style="list-style-type: none"> Web site established with uptime above 90% Staff able to design, update and maintain a website Satisfaction of users Website used (number of hits) Interested stakeholders use website to communicate 	<p>R2</p> <p>Result 2: Accessibility and quality of information on CDM possibilities and procedures in Uganda improved</p>

	Activities to reach Result 2	Means	Belgian Contribution
R 2	Result 2		Costs in Euros
A 2.1	1. Establish Website on the Designated National Authority as a sub page of the website of the Ministry of Water and Environment with state-of-the-art front page and links.	International and national consultants CCU Staff Stationaries	25000
A 2.2	2. Describe and upload information on national institutional setup, procedures and eligibility criteria for issuing of Letters of No Objection and Letters of Approval to inform buyers and project developers hereof.	International and national consultants CCU Staff Stationaries	0
A 2.3	3. Uploading 2nd National Communication of Uganda to the UNFCCC on emissions of greenhouse gases to supplement the present communication which is based on figures from 1993/96 when it is available from the ongoing UNEP-GEF project on this issue.	International and national consultants CCU Staff Stationaries	0

A 1.4	4. Include monitoring capacity development for existing and new CDM projects in Uganda to increase CER value and enhance subsidy basis for developed experts over beyond PDD writing and create confidence among buyers that monitoring will be according to requirements.	International and national consultants UJA Staff Ugandan consultants/academia Transport Stationaries	0
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	Activities to reach Result 1	Means	Belgian Contribution
R 1	Result 1: The capacity of the main stakeholders on CDM project formulation strengthened		Costs in Euros
A 1.1	1. Support capacity building on all stages of the CDM project cycle in the CCU, UJA and at project proponents and Ugandan CDM consultants through contracting of business oriented, managerial/financial TA.	International and national consultants CCU Staff UJA Staff Ugandan consultants/academia Transport Stationaries	678400
A 1.2	2. Support program management and all stages of CDM project development through own and ST inputs as well as managing other consultancy services provided by the project	International and national consultants CCU Staff UJA Staff Ugandan consultants/academia Transport Stationaries	0
A 1.3	3. Create de facto CDM "School" through cap. dev. of Ugandan experts to be involved in drafting of PNs and PDDs and participating in ERPA negotiations and a potential for expanding activities to other EA countries as potential market	International and national consultants UJA Staff Ugandan consultants/academia Transport Stationaries	0

<p>A3.4</p>	<p>4. Funding of all steps of CDM project development (PIN, PDD, validation, support to ERPA negotiations and monitoring).</p>	<p>International and national consultants UIA Staff Ugandan consultants/academia Transport Stationaries</p>	<p>820000</p>
<p>A3.3</p>	<p>3. Establish funding mechanism for CDM project support (capacity issues, all stages of transaction + other capacity)</p>	<p>International and national consultants CCU Staff UIA Staff Stationaries Transport UIA Staff Stationaries</p>	<p>20000</p>

<p>A3.2</p>	<p>2. Update existing national grid emissions factor for the Ugandan national grid</p>	<p>International and national consultants Stationaries Transport UIA Staff</p>	<p>20000</p>
<p>A3.1</p>	<p>1. Screening Report on CDM potential in Uganda incl. list of project proponents with name, address, telephone number, resume of contacts made of at least 50+ potential CDM projects deemed financially viable and totalling not less than yearly total of 500,000 tons CO₂-e, or document that this is not possible using existing methodologies.(excl. Af, but incl. PoA)</p>	<p>International and national consultants CCU Staff Transport UIA Staff</p>	<p>0</p>
<p>R3</p>	<p>Result 3</p>	<p>Costs in Euros</p>	<p>Belgian Contribution</p>
<p>Activities to reach Result 3</p>	<p>Means</p>	<p></p>	<p></p>

<p>A2.6</p>	<p>6. Support participation by project staff, CCU staff and UIA staff in Carbon expo and/or other international carbon market exhibitions/conferences with a national stand for Uganda</p>	<p>International and national consultants CCU Staff UIA Staff Transport Stationaries</p>	<p>16000</p>
<p>A2.5</p>	<p>5. Uploading of latest Grid Emission Factor for the Ugandan National Power Grid</p>	<p>International and national consultants CCU Staff Stationaries</p>	<p>0</p>
<p>A2.4</p>	<p>4. Uploading of screening report on CDM potential in Uganda</p>	<p>International and national consultants CCU Staff UIA Staff Stationaries</p>	<p>0</p>

3.2 Implementation calendar

See chapter 4.3.2.

4.3 Chronogram

The International Technical Advisor will be present in Uganda according to the below schedule:

Year 1 and 2

J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D

Year 3 and 4

J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D

Year 1: 8 month

Year 2: 7 month

Year 3: 8 month

Year 4: 6 month

The absence of the ITA in the month of July, August and December will allow her/him to hold his vacations taking into account that the contracted consulting company includes remuneration of the ITA during vacations.

Budget Code	Result/activities	Year 1	Q4	Year 2	Year 3	Year 4
A 02 06	Activity 6: Support participation by project staff, CCL staff and ICA staff in Carbon expo and/or other international carbon market exhibitions/conferences with a national stand for Uganda.					
Result 3: The process for registration by the EB CDM of Ugandan CDM projects has been supported						
A 03 01	Activity 1: Screening Report on CDM potential in Uganda incl list of project hosts with name, address, telephone number, resume of contacts made of at least 50+ potential CDM projects deemed financially viable and totaling not less than yearly total of 500,000 tons CO ₂ e, or document that this is not possible using existing methodologies, (excl. AF, but incl. PoA)					
A 03 02	Activity 2: Update existing national grid emissions factor for the Ugandan national grid					
A 03 03	Activity 3: Establish funding mechanism for CDM project support (capacity issues, all stages of transaction + other capacity)					
A 03 04	Activity 4: Funding of all steps of CDM project development (PIN, PDD validation; support to ERPA negotiations and monitoring)					

Budget Code	Result/activities	Year 1	Q4	Year 2	Year 3	Year 4
Result 1: The capacity of the main stakeholders on CDM project formulation strengthened						
A 01 01	Activity 1: Support capacity building on all stages of the CDM project cycle in the CCL, UJA and at project hosts and Ugandan CDM consultants through contracting of business oriented, managerial/financial TA.					
A 01 02	Activity 2: Support programme management and all stages of CDM project development through own and ST inputs as well as managing other consultancy services provided by the project					
A 01 03	Activity 3: Create de facto CDM "School" through cap. dev. of Ugandan experts to be involved in drafting of PINs and PDDs and participating in ERPA negotiations and a potential for expanding activities to other EA countries as potential market.					
A 01 04	Activity 4: Include monitoring capacity development for existing and new CDM projects in Uganda to increase CER value and enhance subsidy basis for developed experts over beyond PDD writing and create confidence among buyers that monitoring will be according to requirements					
Result 2: Accessibility and quality of information on CDM possibilities and procedures in Uganda improved						
A 02 01	Activity 1: Establish Website on the Designated National Authority as a sub page of the website of the Ministry of Water and Environment with state-of-the-art front page and links.					
A 02 02	Activity 2: Describe and upload information on national institutional setup, procedures and eligibility criteria for issuing of Letters of No Objection and Letters of Approval to inform buyers and project developers hereof.					

6.4 FOR LONG-TERM EXPERTISE

An international consulting company capable of providing the required services under the present assignment will be contracted to supply one long term international technical advisor to be present in Uganda for a total of 29 months distributed over the 48 month life time of the project. The consulting company will also be contracted to supply consultant for short term input concerning i) establishment of a DNA website; ii) a national grid emissions factor for Uganda; iii) assisting the IFA in undertaking the screening of Uganda for potential CDM projects; iv) establish national procedures and eligibility criteria for obtaining LoAs and LONs.

The international consulting company should demonstrate yearlong successful experience in the field of sourcing carbon credits through CDM projects, with experience in establishing Programs of Activities as a further asset. The company should

- Have a minimum size of 10 post graduate permanent staff
- Have proven experience with identification, development of CDM documentation and successful registration of at least 10 CDM projects to be documented with UNFCCC reference number using methodologies of relevance for Uganda (excluding project on industrial gases like N₂O, SF₆ etc. and A/R projects)
- Have proven working CDM project sourcing experience from Sub-Saharan Africa or from LDCs resulting in at least one CDM project in that region submitted for validation and not being rejected by the validator.
- Have among its staff professionals with expertise in biomass projects, hydropower, solar (heat and power), cogeneration, methane avoidance. This requirement may be met by the company itself, by a consortium of companies or by a subcontractor identified in the tender.
- Have proven experience as a CDM consultant undertaking projects on development assistance to governments of the region or in LDCs.

The company will be selected based on the submitted company profile, references, CVs on proposed staff and proposed methodology.

6.4.1.1 Tender Document Carbon Market Specialist

8.4.1.1 Background and Objective

The Belgium Development Agency has recently endorsed its "Clean Development Mechanism: Capacity Development & Projects Support" project in Uganda, and is supporting the project with a EURO 2 Million grant for Technical Assistance to create an enabling environment to support Uganda's efforts to introduce mitigation (CDM) initiatives.

The project will provide capacity building to Ugandan stakeholder enabling Uganda identify and develop climate change mitigation projects eligible for registration as CDM projects by the Executive Board of the Clean Development Mechanism.

The project has two main directions of which the first one will enable the Ministry of Water and Environment to establish a web site providing all necessary information on national approval of CDM projects.

The second direction of the project will concentrate on identification and development until and including registration and monitoring of eligible CDM projects in Uganda through the following steps:

- screening of Uganda for potential CDM projects in all sectors of the economy summarized in a screening report to be uploaded on the coming website of the Ugandan DNA and including a list of potential CDM projects with at least 25+ projects with a total CDM potential of a minimum of 500,000 CERs per year.
- Provide support through an established funding mechanism to the drafting of PINs, PDDs, validation, registration and monitoring of projects selected from the screening. This activity will include contracting of Ugandan consultants qualified for receiving capacity building on drafting of CDM documentation.
- support to the negotiation of sales contracts for generated carbon credits

8.4.1.2 Scope of Work

The consulting company shall provide technical support (international CDM Specialist(s) as long-term consultant(s)) to the Ministry of Water and Environment. The scope of the consultancy will cover: identifying, assessing, and assisting in developing CDM projects, arrange for preparation of CDM documentation, incl. development of new methodologies, registering projects, project monitoring and implementation, and organizing capacity building activities in Uganda. The consultant(s) will work in close collaboration with the Climate Change Unit of the Ministry of Water and Environment and the Ugandan Investment Authority of the Ministry of Finance, in close collaboration and coordination with BTC Uganda, when appropriate.

The international CDM Specialist will undertake a screening of Uganda with a view to identify at least 25+ potential CDM projects with a total assumed generation of at least 2,500,000 CERs over the crediting period or document that this is not possible.

The international CDM Specialist will furthermore undertake or oversee as appropriate the implementation of other components of the project including the establishment of a website for the Designated National Authority for CDM of Uganda with upload of a number of documents to be prepared according to the project document (TFF).

The consultants shall also, according to the TFF, take contact with Belgian institutions having expertise in the field of Carbon credits and related investments (such as the Belgian Investments Company or the JI/CDM unit of the Ministry of Health & Environment) or university networks promoting research on climate mechanisms (KLIMOS;) in order to circulate and share information and promote possible collaboration.

8.4.1.3 Job Purpose:

Identify and help formulate mitigation projects in Uganda. The specialist will assess the existing carbon market, and provide technical and administrative support for carbon financing in Uganda. Specific tasks include:

- a carbon market assessment covering: (a) past and current transactions; (b) potential size of future transactions; (c) profile of major players in the market; (d) characterization of market by sectors (e.g., energy, transport, water, urban services (i.e., inter-modal transport, waste management); (e) identification of barriers, constraints, and opportunities; and, (f) recommendations on interventions to foster development of the market;
- Prepare an initial desktop screening report for candidate CDM projects and make recommendations, including the most suitable national CDM specialists;
- Review evaluations prepared by international and national CDM specialists;
- Provide assistance for the host country approval, validation, and registration process for projects as necessary;
- Provide technical inputs for drafting scope of work for international and national CDM consultants and other documents, MOU/Aide Memoires, and other documents;
- Carry out necessary capacity-building activities;
- Perform other related project tasks as assigned by BTC.

8.4.1.4 Education Requirements

University degree in: Environmental or Development Economics; Energy/Environmental Engineering; International Development (with climate change focus); or other relevant fields; preferably at post-graduate level or its equivalent.

8.4.1.5 Relevant Experience and Other Requirements

At least 10 years of relevant professional experience in international/business development, with a special focus on working to bring finance to CDM transactions in developing countries.

- Strong track record in managing or developing a portfolio of CDM projects and transactions under a Fund structure
- International hands-on work experience working in developing countries, particularly in Sub-Saharan Africa
- A proven results-focused transaction completion track record involving multiple parties stakeholders

- Advanced Project management skills and experience in managing a portfolio of complex CDM commercial transactions in a time-efficient manner
- A detailed understanding of the regulations, processes, procedures and institutions regulating the CDM, and practical experience in working with such institutions
- Understanding of the international and primary regional emissions trading markets and guidelines, in particular: (i) the International Climate Change legal regime established under the United Nations Framework Convention on Climate Change and its subsidiary agreements; (ii) the European Emissions Trading Scheme
- A thorough understanding of renewable energy, energy efficiency and methane utilization technologies and processes relevant to the CDM market
- A proven track record in performing risk analysis and investment due diligence for co-financing of CDM projects in Sub-Saharan Africa, particularly those in the renewable energy, energy efficiency and methane utilization sectors
- Experience with Programs of Activity is an asset.

8.4.1.6 Requirements and Implementation Arrangements

The assignment is based in Kampala, Uganda and will require travel to project sites. The international long-term consultant assignment is initially for 12 person-months at the start of the of the project with a further input of 17 person month over the following 3 years in periods of 1 to 4 month. The consultant will report day-to-day to BTC Uganda.

8.4.1.7 Selection procedure

BTC Brussels will recruit the consulting company by launching an international tender. The candidate will be selected on the basis of the detailed offer submitted as per the tender requirements.

8.4.1.8 Contract specification

The contract is managed by the BTC under Belgian law as a part of the contract with an international consulting firm providing carbon credit services.

8.4.2.1 Background and Objective

BTC Uganda has recently endorsed its "Clean Development Mechanism: Capacity Development & Projects Support" project, and supporting EURO 2 Million Technical Assistance to create an enabling environment to support Uganda's efforts to introduce mitigation (CDM) initiatives.

8.4.2.2 Scope of Work

The National CDM Expert is a middle level position to provide national support to the project team. His/her functions will include preparation of documents required for registration of CDM projects from Uganda and in capacity building of Ugandan project developers.

The National CDM Expert shall:

- (i) Participate in the identification of potential new CDM projects in Uganda suitable for BTC assistance and assist in assessment/ estimation of their CDM potential.
- (ii) Manage the process of registration and monitoring of the identified CDM projects through the following steps:
 - Study information on the CDM eligible projects identified together with the International Technical Advisor (ITA) and prepare a Desktop Screening Report (DSR) for review by the (ITA);
 - Based on the feedback from ITA prepare a CDM Assessment Report;
 - In cooperation with ITA support the project developer in developing the CDM project, support preparation of the Project Design Document (PDD), Project Idea Note (PIN) and any other documents necessary for host country clearance, assist in carrying out local stakeholder consultations.
 - After inputs from ITA, facilitate the processes of host country approval, validation by Designated Operational Entity (DOE) and registration.
- (iii) Assist the team in the organization of and participate in capacity-building workshops for project developers, project sponsors, and the government of Uganda. All technical documents prepared by the National CDM Expert shall be examined/ reviewed by the ITA.
- (iv) Support the ITA on knowledge management related to policy, market and technology on climate change mitigation in Uganda.

8.4.2.3 Requirements and Implementation Arrangements

The assignment will be based in Uganda and will require travel to project sites within the country. The assignment is initially for 48 person-months, starting in January 2010.

The National CDM Expert will report day-to-day to the ITA. In periods of up to 19 month out of the project duration of 48 month the National CDM Expert will be responsible for day-to-day management of the project in the absence of the ITA.

The National CDM Expert shall be a national of Uganda. He/she should possess a Master degree in Engineering/economics/environment, with total professional experience of at least 7 years of which a minimum of 3 years should be on CDM project development.

He/she shall have ample experience in CDM procedures. Participation in practical work such as preparing PDD and new CDM methodologies or participation in work on such documents, obtaining host country approval, validation, registration verification and CER issuance is an asset.

Among other requirements, the National CDM Expert shall have:

- (i) Understanding of energy sector of Uganda, CDM approval procedures of the Designated National Authorities (DNAs) and financial / regulatory set up;
- (ii) Updated knowledge of CDM modalities & procedures;
- (iii) Knowledge of project financing operations;
- (iv) Experience in dealing with government entities especially in Uganda;
- (v) Proficiency in oral and written communications in English, and operational knowledge of computer database and analytical systems.

8.4.2.4 Selection procedure

Unless the Consultancy Firm does not succeed in identifying an appropriate national expert, BTC Uganda will jointly with MWE launch a local recruitment process.

8.4.2.5 Contract specification

The contract is managed by the BTC under Belgian law as a part of the contract with an international consulting firm providing carbon credit services.

In order to assist the International technical adviser and the national technical advisor, the project will also hire a project officer. This officer will be recruited by BTC.

8.5 TOR for missions at the start of the project

No missions at the start of the project have been found necessary to take place.

