Waste Project Development for GCF Funding – Experience from South African and Morocco

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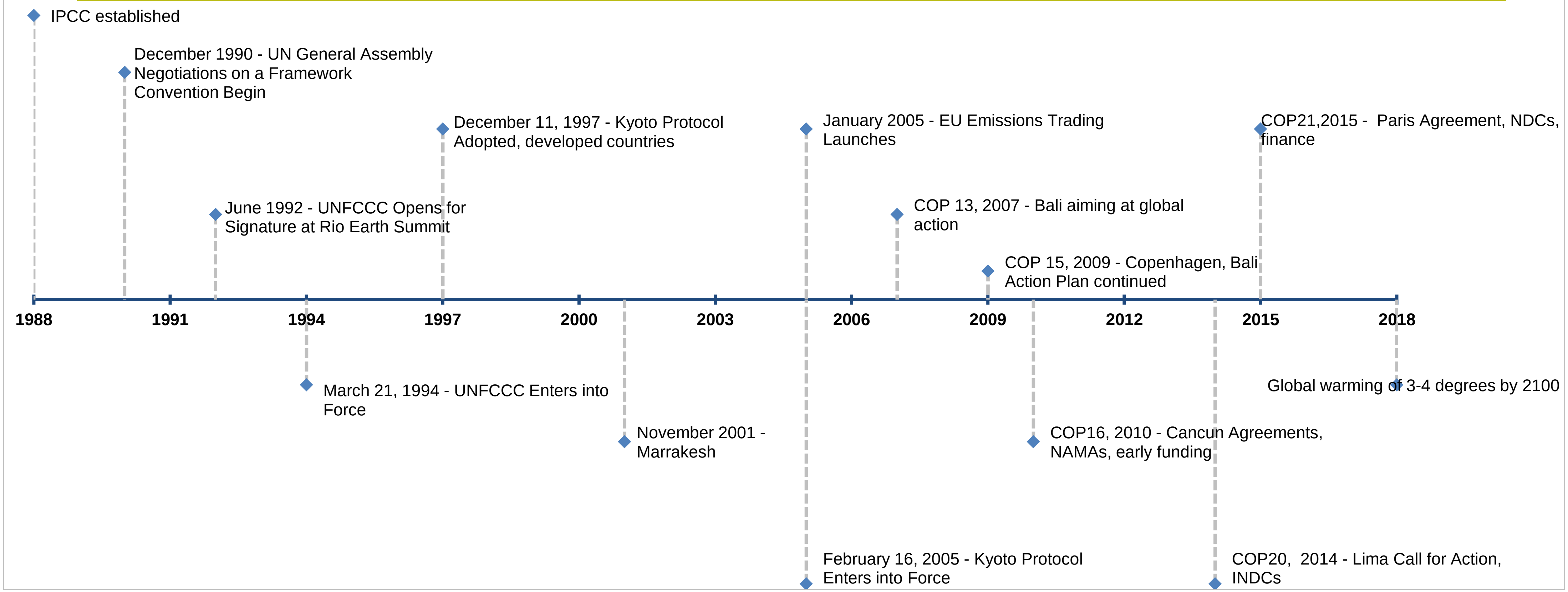
UNFCCC processes and mechanisms



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UNFCCC related financing mechanisms

- To finance a paradigm shift
- Since 2014, 2016 first full year of operation
- Contribution of 100 billion USD/ year sought, 10.3 billion pledged
- 44 contributors
- 43% mitigation, 28% cross-cutting, 29% adaptation
- 76 projects, 75% indirect access (international)
- 43% grants, 43% loans, 3% guarantees, 11% equity
- No waste sector project financed yet, NAMA facility – in China


Green Climate Fund
and the waste
sector

Green Climate Fund Result Areas

Mitigation: Reduced emissions from:

- ☐ Energy access and power generation
- ☐ Low emission transport
- ☐ Buildings, cities and industries and appliances
- ☐ Forestry and land use

Adaptation: Increased resilience of:

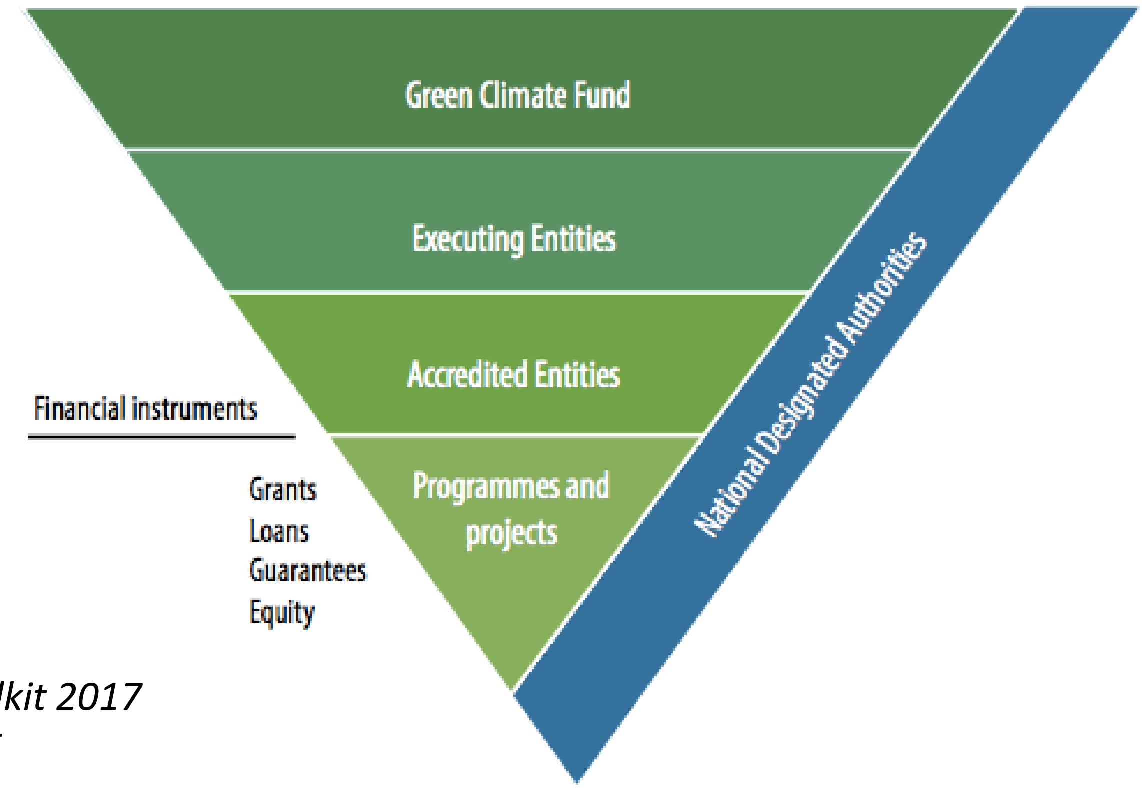
- ☐ Most vulnerable people and communities
- ☐ Health and well-being, and food and water security
- ☐ Infrastructure and built environment
- ☐ Ecosystem and ecosystem services

Buildings
Energy Efficiency
Renewables
Transport
Waste
Urban Planning

Green Climate Fund

Scale of Financing

- ☐ < $10 million micro
- ☐ $10 to 50 million small
- ☐ $50 to $250 million medium
- ☐ > $250 million large



Source: Green Climate Fund Proposal Toolkit 2017 Acclimatize, PwC, CDKN, reviewed by GCF

GCF Facilities

- Projects or programmes (bundling)
- Project Preparation Facility
- Readiness
- Private sector facility
- Simplified Approval Process


Project cycle

Project cycle (1)

- Accredited Entity or National Designated Agency submits a concept note (voluntary)
- AE submits a proposal (and no-objection letter)
- Technical Advisory Panel undertakes a technical assessment
- A funded activity agreement between AE and the GCF is signed
- Project is approved and funds are transferred to the AE
- Monitoring, evaluation and reporting commence

Project cycle (2)

- Concept note
  - Rejected
  - Endorsed
  - Not endorsed with comments
- Full proposal
  - Rejected
  - Approved
  - Approved with conditions

Time planning - optimistic

Submission Approval

Feedback and revision

Submission Approval

CONCEPT NOTE	Feedback and revision	FUNDING PROPOSAL DEVELOPMENT	Negotiation Agreement
3-4 months	*1-2 months*	*7 months*	

CONCEPT NOTE (*3-4 months*)

- Revision of the technical and financial concept in Beni Melall including options analysis
- Pre-feasibility report development – scaling up to Programme level
- Concept note development

FUNDING PROPOSAL DEVELOPMENT (*7 months*)

- Feasibility Study for Beni Melall and other participating municipalities
- Funding proposal

South Africa – Flagship Programme

South Africa – Flagship Programme

- Anchored in the NDC, National Climate Change Response Policy and National Waste Management Strategy

- Objective:
  - To develop strategies which outline possible suitable interventions in the waste system
  - To develop a scaled-up programme based on the projects selected by the 6-12 municipalities.

South Africa – Flagship Programme

Current status:

- ✓Programme across 30 Municipalities is developed at a concept note level
- ✓18 municipalities still to be identified
- ✓6 business plans for 6 Municipalities finalized
- ✓preparation of 6 new business plans is undergoing
- ✓Concept note submitted to GCF, feedback received

Morocco – MBTs

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Policy

- The waste NAMA proposes to shift to Mechanical and Biological Treatment (MBT), coupled with the co-incineration of Residual Derived Fuels (RDF) in cement kilns.
- Morocco's Nationally Determined Contribution (NDC), submitted on the 19th of September 2016, includes activities in the waste management sector (pre-processing of municipal waste in MBT and co-processing of the resulting alternative solid fuels in the cement manufacturing process)

Programme concept under investigation

- The programme is expected to achieve a sector-wide policy push towards waste treatment, diversion of biodegradables from landfill, valorisation through recycling, bio-stabilisation and co-incineration

- The feasibility of the programme is currently under investigation

GCF Investment Criteria

GCF investment criteria

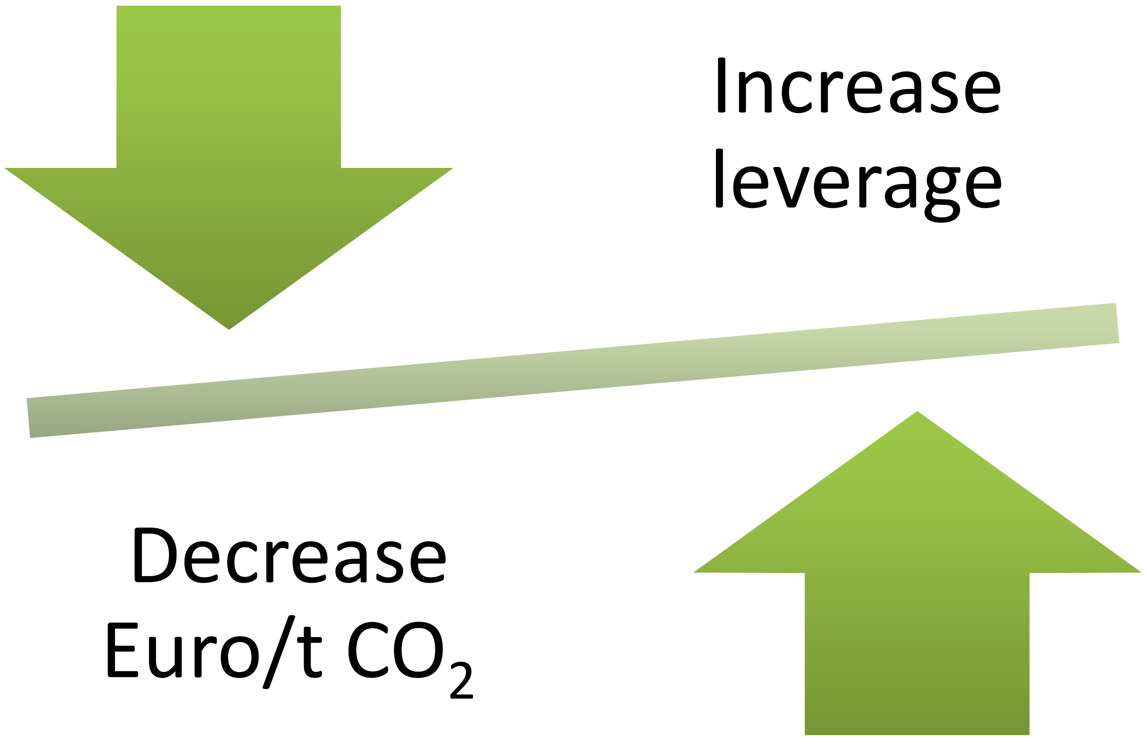
- Impact potential
  - GHG mitigation impact
- Paradigm shift potential
- Sustainable development potential
- Responding to the needs of the recipient
- Country Ownership
- Efficiency and effectiveness
  - Investment cost/lifetime GHG emission reductions
  - Leveraged co-financing

Other relevant GCF criteria

- Solid justification for grant financing
- Social risk and reputation risk
- Suitability of concept to other areas in the country (geography, climate, technical, environmental)
- SH consultation
- Monitoring
- O&M costs of the project
- Market demand (RDF, compost, recyclables, energy, etc.)
- Business cases


Lessons learned

Efficiency and Effectiveness



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Other similar double constraints

- Financial sustainability, business case
- Ownership, embedding in policy
- Innovation

- Solid justification for grant
- Shaping policy to achieve paradigm shift
- Risk aversion
- Patient finance

Peculiarities waste sector

- Hard to make a business case for many waste projects – especially if no policy level playing field
- Often need a programme to achieve scale
- This complicates stakeholder construction, the role of executing entity

Mitigation impact assessment

- MRV still not standardized
- 20 + methodologies available
- How to establish baselines (contracts, realities, plans, feasibility studies, legislation, baseline from NIR)

THANK YOU!

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