



**Opportunities to co-finance Cross-Border
Projects related to Climate Change**

Project in South Asia

Under

Infrastructure Window of SAARC Development Fund

A

Thematic Project Concept Note

Thematic Concept Note Environment and Climate Change

1. Theme

Environment and Climate Change: Co-financing of cross border project in SAARC Member States related climate change in all SAARC Member States with focus on reduction in air pollutants thereby facilitating in reduction of air pollution. Key areas that may be covered include:

- a. Develop air quality projects to comply with World Health Organization air quality guidelines
- b. Projects related to air quality monitoring networks, assessment systems.
- c. Reduce emissions from major industrial and manufacturing sources
- d. Adopt and enforce advanced vehicles emissions standards
- e. Develop and adopt electric and hybrid vehicles
- f. Provide access to public transport and nonmotorized transport infrastructure in cities
- g. Increase investment in renewable energy and energy efficiency
- h. Improve access to clean cooking fuels and green technologies for residential heating
- i. Protect and restore ecosystems to avoid erosion, fires and dust storms
- j. Reduce emissions of ammonium and methane from agriculture
- k. Designate and expand green spaces in urban areas
- l. Enhance climate change activities of Governments and businesses to better tackle local and regional pollution

2. SAARC Member States likely to involved:

Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka.

3. Compliance to SAARC Development Fund Charter

- Considering that the theme involves and benefiting at least two SAARC Member States; it fulfills the basic eligibility criteria for financing stated under Article 5 of the SDF Charter.
- As per Clause # 10 of SDF approved Policy Guidelines for E&I Windows, SDF will participate in co-financing to minimize risk and to gain institutional experience of funding in the region

4. Background

Climate change is one of the major challenges and adds considerable stress to societies and to the environment arising from shifting weather patterns that threaten food production, to rising sea levels that increase the risk of catastrophic flooding, the impacts of climate change are global in scope and unprecedented in scale.

Climate change is change in the world's weather, as a result of human activity leading to increasing the level of Greenhouse Gases (GHG) in the atmosphere. As per United Nations Framework Convention on Climate Change (UNFCCC):

"Climate change" means a change of climate which is attributed directly or indirectly to human activity that alters the composition of the global atmosphere and which is in addition to natural climate variability observed over comparable time periods.

Climate change, largely due to industrialization, including clear-felling forests and certain farming methods, has driven up quantities of green house gases (GHG) in the atmosphere that continues to grow as populations, economies and standards of living grow. As per various studies:

- The concentration of GHGs in the earth's atmosphere is directly linked to the average global temperature on Earth;
- The concentration has been rising steadily, and mean global temperatures along with it, since the time of the Industrial Revolution;
- The most abundant GHG, carbon dioxide (CO₂), is the product of burning fossil fuels.

(Source: <http://www.un.org/en/sections/issues-depth/climate-change>)

Paris Convention/ Agreement: At the 21st Conference of the Parties (COP) in Paris, Parties to the UNFCCC, Paris agreement was formulated that aim is to: *strengthen the global response to the threat of climate change by keeping the global temperature rise this century well below 2 degrees Celsius above pre-industrial levels and to pursue efforts to limit the temperature increase even further to 1.5 degrees Celsius.*

In line with Paris Convention and United Nations Environment Program (UN Environment), there is requirement to protect the environment, reduce pollutants being discharged in the air and reduce GHG emissions.

Rationale

Air pollution is the world's single greatest environmental risk to health. Some 6.5 million people across the world die prematurely every year from exposure to outdoor and indoor air pollution and nine out of ten people breathe outdoor air polluted beyond acceptable World Health Organization guidelines levels.

The main sources of outdoor air pollution are fossil fuel emissions from coal burning for power and heat, transport, industrial furnaces, brick kilns, agriculture, domestic solid fuel heating, and the unregulated burning of waste materials such as plastics and batteries in open pits and incinerators.

Some of the key sources of air pollution include:

Power: Combustion of coal, oil, gas, bioenergy and waste; Industry: fuel combustion, process emissions

Transport: Exhaust, brake and tyre and road wear, fuel evaporation.

As per UN Environment report on air pollution, Indoor and outdoor air pollution costs USD 5 322 million (in year 2015). Stockholm Declaration (1972) and Rio Declaration (1992) focus on the human right to a safe and clean environment. Implementation of the Paris Agreement on climate change will be a major step forward in tackling air pollution.

Specific air pollution-related agreements, such as the Convention on Long-Range Transboundary Air Pollution, provide additional protocols to address transboundary issues, such as acid rain.

(Source: Towards a Pollution-Free Planet – United Nations Environment Report on Air Pollution; <https://www.unenvironment.org/resources/report/towards-pollution-free-planet-background-report>)

5. SAARC Action Plan on Climate Change

The Fourteenth SAARC Summit (New Delhi, 3-4 April 2007) expressed "deep concern" over the global climate change. As a follow up action, the New Delhi Declaration called for pursuing a climate resilient development in South Asia (Annexure 1).

During Sixteenth SAARC Summit in Thimphu Bhutan held on 8-29 April 2010, SAARC Member States raised concern on the unabated degradation of the environment and the adverse impacts

of climate change in the region and their shared interest in its conservation for the well-being of present and future generations and reiterated their commitment to promote sustainable management of environment and natural resources

6. **Financing Mechanism to address Climate Change:** As funds are needed to address climate change and achieve goals in line with Paris Convention, financing mechanism are (Source: <https://unfccc.int/topics#:11565fd6-dd29-4d61-8085-27dba428982f:e8803e9b-4324-4598-84c9-23a5b94d8219>):

Standing Committee on Finance: A Standing Committee on Finance has been established to assist the Member States or Conference of Parties for:

- improving coherence and coordination in the delivery of climate change financing,
- rationalization of the Financial Mechanism,
- mobilization of financial resources, and
- measurement, reporting and verification of support provided to developing country Parties

Green Climate Fund (GCF): GCF, established by countries party to the UN Framework Convention on Climate Change (UNFCCC) in 2010, is an operating entity of UNFCCC financial mechanism with headquarters in the South Korea. GCF aims to support low-emission and climate-resilient projects and programmes in developing countries including highly vulnerable societies to the effects of climate change.

World Bank is the Trustee of the fund to support projects, programmes, policies and other activities in developing country Parties

Global Environment Facility (GEF): GEF established on the eve of the 1992 Rio Earth Summit, Provides financial, technical and other supports. It also supports projects, programmes, policies and other activities in developing country Parties. It also administers *Least Developed Countries Fund* and *the Special Climate Change Fund*.

The GEF is a partnership of various agencies — including United Nations agencies, multilateral development banks, national entities and international NGOs to address the environmental issues. The GEF has a large network of civil society organizations, works closely with the private sector around the world.

GEF supports multi-stakeholder alliances to preserve threatened ecosystems on land, oceans, build greener cities, boost food security and promote clean energy for a more prosperous, climate-resilient world

Adaptation Fund: The Adaptation Fund (AF) was established in 2001 to finance concrete adaptation projects and programmes in developing countries that are particularly vulnerable to

the adverse effects of climate change. The Adaptation Fund is supervised and managed by the Adaptation Fund Board composed of 16 members and 16 alternates.

United Nations Environment Fund (UNEF): UNEF, established in 1973 by the United Nations General Assembly to fund projects in Member States that among others include financing for projects in Green Energy, projects that lead to reduction in GHG, reduce air, water and other types of pollutions.

7. Themes to be supported by SDF on air pollution, subject to internal approvals

In line with UN Environment Report, SDF will support co-financing of above projects subject to internal approvals.

8. Benefit to SAARC Member States

- Reduction in toxic particles, sulphur dioxide and nitrogen dioxide
- Promote clean air and facilitate reduction in air pollution

9. SAARC Development Goals in line with Sustainable Development Goals

SAARC Development Goals are in harmony with UN Sustainable Development Goals. Development of Cross Border Regional Infrastructure in SAARC region will ultimately achieve the larger mandate of Livelihood, Health, Education and Environment Sustainable Development Goals

10. Contact

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Annexure 1

SAARC ACTION PLAN ON CLIMATE CHANGE

(Adopted by the SAARC Ministerial Meeting on Climate Change)

Dhaka, 3 July 2008

A. Introduction

The Fourteenth SAARC Summit (New Delhi, 3-4 April 2007) expressed "deep concern" over the global climate change. As a follow up action, the New Delhi Declaration called for pursuing a climate resilient development in South Asia. As a way forward and a first step, Bangladesh proposed to organize an expert meeting.

At the Twenty-ninth session of the SAARC Council of Ministers (New Delhi, 7-8 December 2007), the issue of climate change, particularly the increasing vulnerability of the region due to environmental degradation and climate change were discussed. The ministers felt that given all vulnerabilities, inadequate means and limited capacities, we need to ensure rapid social and economic development in our region to make SAARC climate change resilient. They welcomed the offer of Bangladesh to hold a SAARC Ministerial Meeting on Climate Change to be preceded by an Expert Group Meeting on Climate Change.

After detailed discussion, the Expert Group Meeting recommended a draft SAARC Action Plan on Climate Change as follows:

B. Objectives of the SAARC Action Plan on Climate Change

The action plan would seek to achieve the following objectives:

- To identify and create opportunities for activities achievable through regional cooperation and south-south support in terms of technology and knowledge transfer.
- To provide impetus for regional level action plan on climate change through national level activities.
- To support the global negotiation process of the UNFCCC such as the Bali Action Plan, through a common understanding or elaboration of the various negotiating issues to effectively reflect the concerns of SAARC Member States.

C. Thematic Areas of the Regional Action Plan on Climate Change

Specific areas of action in the regional action plan for climate change for SAARC region are to be identified according to the priorities outlined and actions envisaged in the

national action plan of the SAARC Member States. However, with a view to facilitate the process of formulating Action Plan, consistent with the national action plans of SAARC Member States, possible thematic areas are, below:

Thematic area one: Adaptation to Climate Change

- Adaptation to climate change impacts and risks in vulnerable communities, locations and ecosystems,
- Adaptation in sectors (e.g. water, agriculture, fisheries , health and biodiversity)
- Adaptation to extreme climate events (e.g. flood, cyclone, glacial lake outburst, droughts and heat and cold waves)
- Adaptation to climate change impact (e.g. sea level rise, salinity intrusion, glacial melt and coastal and soil erosion,)
- Adaptation suited to urban settlements, coastal structures and mountain terrain.

Thematic area two: Policies and Actions for Climate Change Mitigation

- Sharing of best practices on nationally appropriate mitigation actions (e.g. energy, waste management and transport)
- Capacity building for developing CDM projects including DNA and stakeholders.
- Sharing of best practices on sustainable forest management based on experiences.

Thematic Area Three: Policies and Actions for Technology Transfer

- Technology needs assessment including R&D and capacity development
- Assessing barriers to technology development for adaptation and mitigation options.

Thematic Area Four: Finance and Investment

- Methods for assessing financing needs to deal with climate change in the short, medium and long term,
- Climate change projects should be given priority and be financed as per SAARC norms.
- Determine the quantum of additional funding required to implement the action
- Plans as identified under various thematic areas.

Thematic Area Five: Education and Awareness – New Delhi Work Program

- Development of a tool kit on mass awareness raising on climate change
- Incorporating climate change awareness in educational curricula
- Involvement of the mass media on climate change issues with adequate information

Thematic area Six: Management of impacts and risks due to climate Change

- Climate risk modeling and capacity building in the region on impact assessment of climate change.

- Sharing of information and capacity building in the management of climate change impacts and risks through cooperation among SAARC member states in early forecasting, warning and adaptation measures,
- Cooperation amongst the SAARC member states in exchange of information on climate and climate change impacts (e.g. sea level rise, glacial melts, droughts, floods, etc.).
- Cooperation and sharing of good practices in disaster management.

Thematic area Seven: Capacity building for international negotiations

- Capacity building of Member States in the international negotiation process.

D. Priority Action Plan

- Capacity building for CDM Projects
- Exchange of information on disaster preparedness and extreme events
- Exchange of meteorological data.
- To consider capacity building and exchange of information on climate change impacts (e.g. Sea level rise, glacial melting, biodiversity and forestry).
- Mutual consultation in international negotiation process.

Media briefing as and when required.

E. Duration – Time Line

The Action Plan is proposed for an initial period of three years (2009-2011) .

F. Implementation Responsibility

The primary responsibility for implementing the Action Plan on Climate Change rests with the national governments. With regard to regional cooperation, a mechanism should be agreed upon to effectively use the existing institutional arrangements of SAARC by giving clear directions and guidance. As for national level implementation, each government has to undertake its regulatory measures, technological interventions, stake holder's participation and institutional arrangements.

G. Reporting and Reviewing

The review of the action plan should be periodically undertaken by the appropriate institutional mechanism in SAARC at the technical level. Their national reports on the implementation will be submitted to the SAARC Secretariat for subsequent consideration by the Ministers.
