CIMATE FINANCING FROM A LOCAL GOVERNMENT PERSPECTIVE

NONTSUNDU NDONGA
DEPUTY MUNICIPAL MANAGER: CITY DEVELOPMENT
UMHLATHUZE AT A GLANCE

- East coast of South Africa
- 170km North of Durban
- 450 000 people
- 123 325 Ha
- Hot, humid, Sub tropical climate; Ave Temps : S - 30 °C; W - 24 °C
- Pilot Municipality for the Integrated Urban Development Framework
UMHLATHUZE AS A GATEWAY TO WORLD MARKETS

1. South 32 Aluminium Smelter
2. Rio Tinto Dune Mining
3. Richards Bay Coal Terminal: Largest in the Southern Hemisphere, positioned in SAs Premier deep water Port
UMHLATHUZE AS A BIODIVERSITY HOTSPOT

1. uMhlathuze Estuary supporting 50% of SA’s Mangrove Forest
2. Thula Thula Nature Reserve
3. Nile Crocodile at Nseleni River
IMPACTS OF CLIMATE CHANGE ON VARIOUS SECTORS

• Drought spells have resulted in diminished water security for Industry and Port Development as well as for human consumption;

• Intense coastal storms has resulted in alarming levels of erosion and a receding coastline;

• Flooding and Disaster Management Implications for Settlements within Peri urban and rural areas especially that are generally unplanned;

• Increased maintenance for municipal Infrastructure (Roads, Stormwater, Electricity, sewer);

• Biodiversity Loss;

• Food security and Sustainable Livelihoods (Fishing, Subsistence Agriculture, Harvesting and Livestock).
Coping with extreme weather events are at the core of the Municipality's challenges.

Mzingazi Lake

Empangeni CBD

Alkantstrand Beach

uMzingwenya Informal Settlement
The Municipality has a climate change strategy that was adopted in 2010. This was a proactive undertaking, informed by a vulnerability assessment that profiled the various climate change risks for the municipality. The strategy has since been adopted as a sector plan of the IDP. Implementation relies on day to day operations across the organization.
Climate Change actions are cross cutting and therefore needs to be mainstreamed in operational units & institutionalized.

Coordinator

- City Development
  - Spatial and Environmental Planning
- Community Services
  - Waste Management
  - Air Quality
  - Health / Clinics
  - Environment and Recreational Services
- Infrastructure and Technical Services
  - Parks, Biodiversity and Horticulture
  - Disaster Management
  - Transport, Roads, Stormwater and Coastal Management
  - Water and Sanitation
  - Energy Management
uMhalthuze Budget Overview for 2018/2019:

<table>
<thead>
<tr>
<th>Description</th>
<th>2018/19 Medium Term Revenue &amp; Expenditure Framework</th>
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<tbody>
<tr>
<td></td>
<td>Budget Year 2018/19</td>
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<tr>
<td>Total Operating Revenue</td>
<td>3,035,560</td>
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<tr>
<td>Total Operating Expenditure</td>
<td>2,997,183</td>
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<tr>
<td>Surplus/ (Deficit) for the year</td>
<td>38,377</td>
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<tr>
<td>Total Capital Expenditure</td>
<td>517,311</td>
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<tr>
<td>TOTAL OPERATING &amp; CAPITAL BUDGET</td>
<td>3,514,493</td>
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Less than 1% (R5 000 000) of total capital budget is spent on environmental management related projects/initiatives

- R517 000 000 = $43 400
- R3 514 000 = $295 217
The City of uMhlabhuzw has taken bold strides in responding to climate change risks that were compromising industrial operations, infrastructure and human life. The following catalytic project interventions were initiated as a result of climate threats encountered in the last 3-5 years:

**Adaptation**
1. Coastal Defence at Alkantstrand Beach
2. Planning climate resilient Waterfront
3. Desalination Plant
4. Waste Water Re-use

**Mitigation – Diversification from electricity to gas**
1. Gas to Power Development

*In context: Richards Bay (consumes as much electricity as 3 of the Country’s largest cities: Joburg, Cape Town and Durban collectively hence impetus to reduce Green House gas Emissions.*
GEOBAGS AT ALKANTSTRAND BEACH

• Geofabric Bags - considered a soft engineering defence against coastal erosion along the beaches north of the Richards Bay Port;
• Installed under emergency circumstances at the risk of losing the lifeguard building and infrastructure along coastal public property;
• Requires on-going maintenance and has always been considered as temporary mitigation;
• The success of the geobags relies on sand pumping from the Port.

- R 10 Million
- R 14 Million Phase 2
- R 2 M p/a for maintenance
Richards Bay desalination plant officially up and running

SA’s first portable seawater purification plant is now fully operational in Richards Bay

May 11, 2017

The desalination plant comprises 10 portable containers near Aikantstrand

DESalINATION PLANT

The 10 Mega Liter Plant was funded by the DWS on Council owned land.

Constructed as a package plant, can be relocated to relieve other drought stricken areas.

Cost of construction in excess of R350m
Richards Bay to get 2,000MW from gas power project

05 OCTOBER 2016 - 10:22  by LINDA ENSOR

GAS TO POWER PLANT

- The Mayor has been instrumental in securing 2000 MW gas to power development in Richards Bay;
- The project is aligned with the National resource plan of the Department of Energy.
- Council resolved on land that must be set aside for such purposes;
- The LNG will be piped from a gas import facility which government is also planning
- The gas to power plant will feed into the local grid
- Currently at a planning/ EIA stage.
CHALLENGES WITH FUNDING CLIMATE RESILIENT PROJECTS

• Expectations for local government to fund climate responses as Climate impacts are experienced at a local level. This is often impossible. *Note the capital outlay required for of some of the catalytic project interventions at uMhlathuze.*

• **uMhlathuze has competing financial needs**, i.e. water, sanitation, energy provision, housing etc.

• Against the backdrop of addressing socio economic inequalities and poverty, Municipalities are expected to do more with less by:
  1. re-evaluating resources (human and financial capital);
  2. identify alternate funding sources for environmental management and sustainability programmes in general; and
  3. Grants are most popular means of funding climate change adaptation and mitigation programmes.
CHALLENGES WITH ACCESSING FUNDING

- Developing credible business plans requires specific skills, time and human resources which are lacking.

- Bankability of a project: The business case risks are often not considered for projects implemented at a municipal level;

- Human resources required to initiate grant applications and project manage once funding becomes available is often underestimated.

- Explicit funding criteria of funding agencies must be understood and captured in business plans and they often differ from funder to funder.

- Project preparation phase is often underestimated and climate change projects by their nature need a proper due diligence process. PPPs are generally considered for projects exceeding municipality’s affordability
  - The process is protracted and takes longer to execute than projects initiated from municipal budgets
5 years from inception to implementation is too long in the context of delivery at local government level.
OUR RESPONSES TO ADAPTING & BUILDING CLIMATE RESILIENCE...
CATALYTIC CLIMATE PROJECTS

An aerial view of the Richards Bay Waterfront

RICHARDS BAY WATERFRONT

Existing Steel Bridge

A climate friendly aesthetically pleasing, functional design
The Municipality has strategic partners to assist with the implementation of climate programmes.

**ICLEI**
- Membership provides global outreach/ networking; funding green projects as well as training and networking with local governments
- The municipality as a selected secondary/intermediary City and is participating in low emissions development programmes

**International Water Stewardship Program**
- Commissioned by the German Federal Ministry for Economic Cooperation and Development through the GIZ
- In SA, Partnered with the World Wildlife Fund and National Business Initiative
- The uMhlathuze Water Stewardship Partnership: Address sustainability issues affecting water security within important catchments. Projects include: Alien invasive clearing, Waste Management, Awareness, Water losses etc.
• The expectations at a local level is to respond with implementing projects at a rapid pace, which defines and gives impetus to the service delivery mandate.

• Such expectations however require somewhat of a paradigm shift if municipalities are to access climate finance, which generally need to honour the requirements prescribed by the various funding mechanisms.

• Furthermore, climate resilient projects would need to be proactively planned for, instead of reacting once a climate related disaster has occurred.
THANK YOU

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