



Financing Climate Change

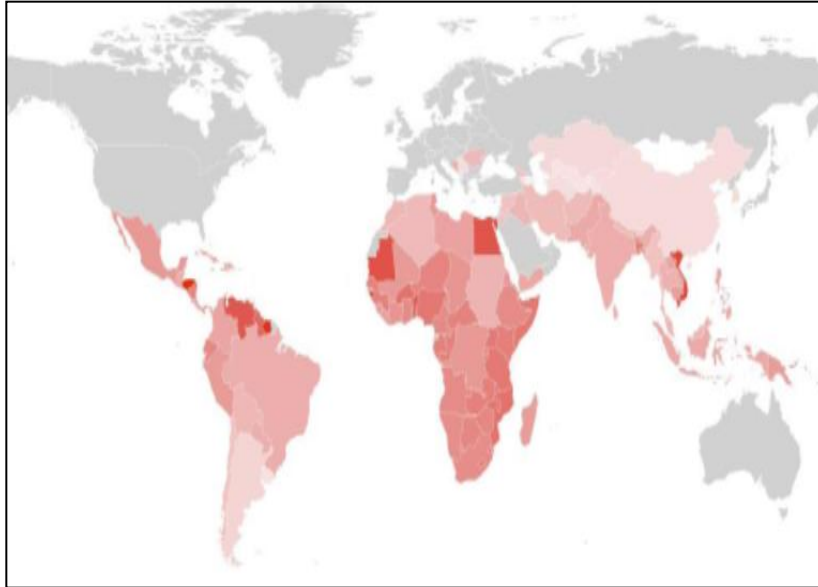
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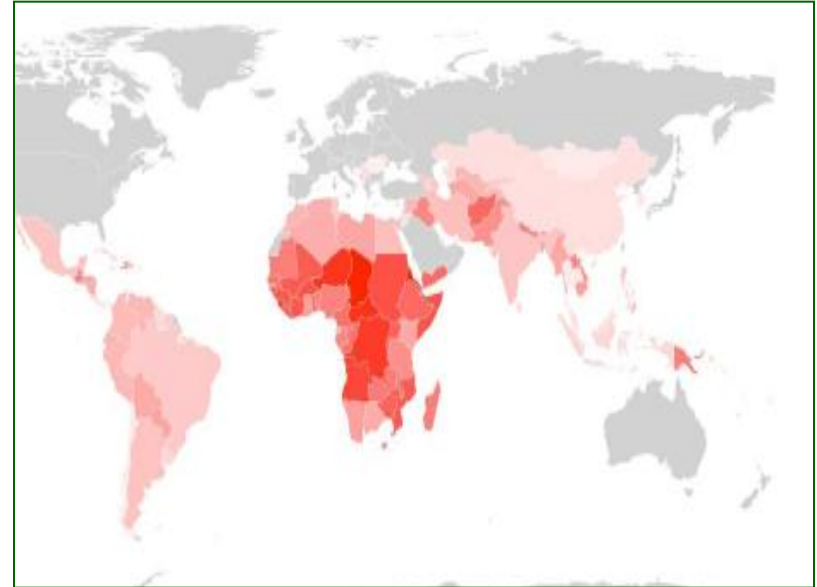
**1st UNFCCC Workshop on
Long Term Finance**

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Climate Change Challenges



Climate Impacts



Adaptive Capacity

Africa as a region will suffer high impacts but has low capacity to adapt to climate change

Source: Barr et al (2010), based upon indicators for literacy, female primary education, Gini coefficient, access to credit, dependency ratio and governance



Projected Adaptation Costs (% of GDP)

Region	NCAR estimates, wet scenario (%)	CSIRO estimates, dry scenario (%)
Sub-Saharan Africa	2.44	2.26
East Asia and Pacific	0.71	0.58
Europe and Central Asia	0.67	0.39
Latin America and Caribbean	0.72	0.56
Middle East and North Africa	0.33	0.34
South Asia	1.17	1.39

Adaptation will take a larger share of national income in SS-Africa

How Much is Needed?

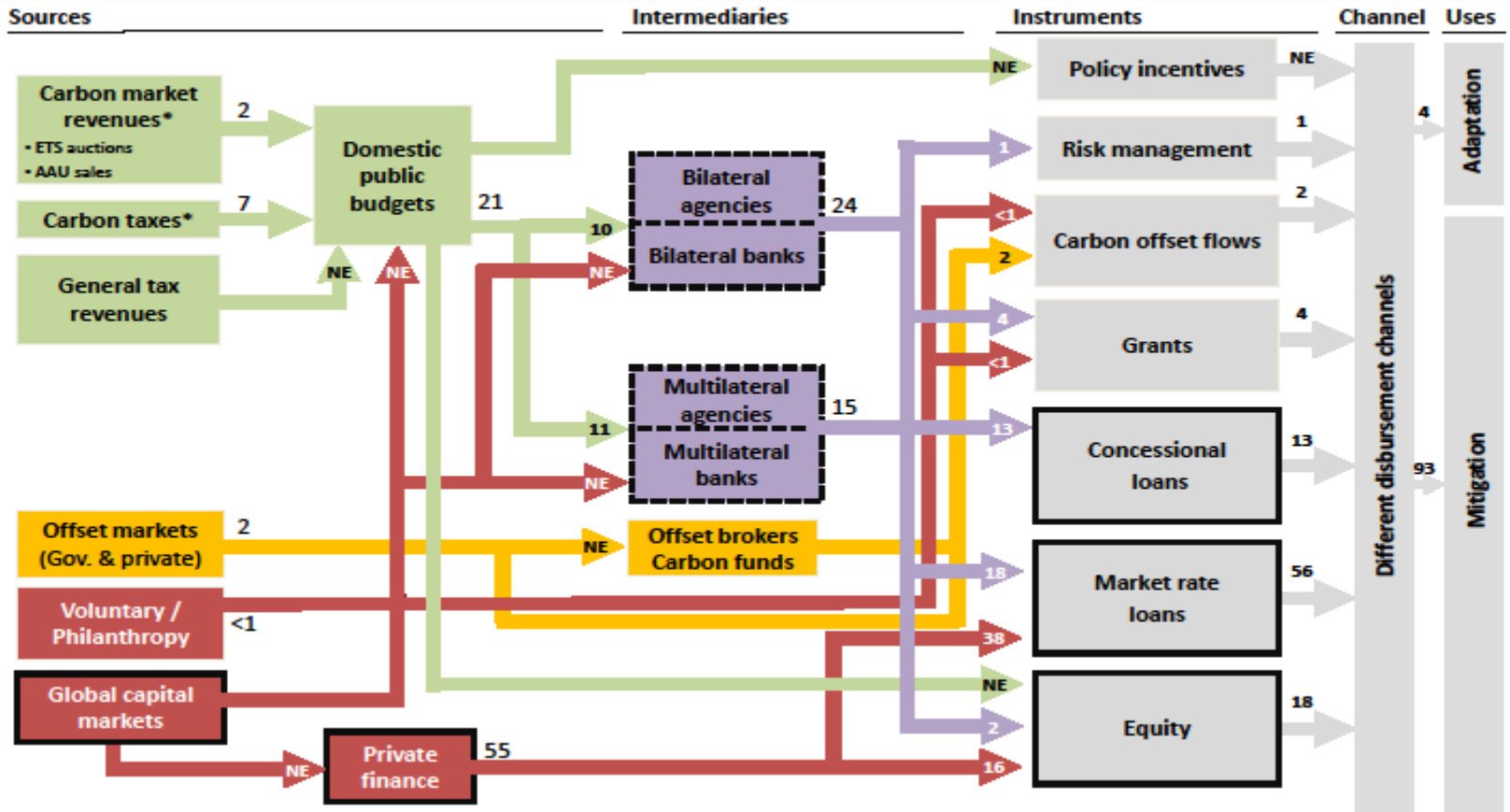
- ❑ Africa requires about US\$22-31 billion per year by 2015, and \$52-68 billion per year by 2030;
- ❑ Climate-proofing will add 40% to the costs of meeting the MDGs in Africa (about \$30 billion);
- ❑ These costs are low in comparison with the economic benefits of adaptation and mitigation;
- ❑ Mean benefits of \$17 billion in Africa in 2020 compared to mean costs of \$4.5 billion for adaptation....

....If we Act Now

Climate Finance Landscape

What are current flows?

■ Public money ■ Intermediated money Capital investment
■ Private money ■ Offset money Capital investment and incremental costs
 NE Not estimated ROUGH ESTIMATES



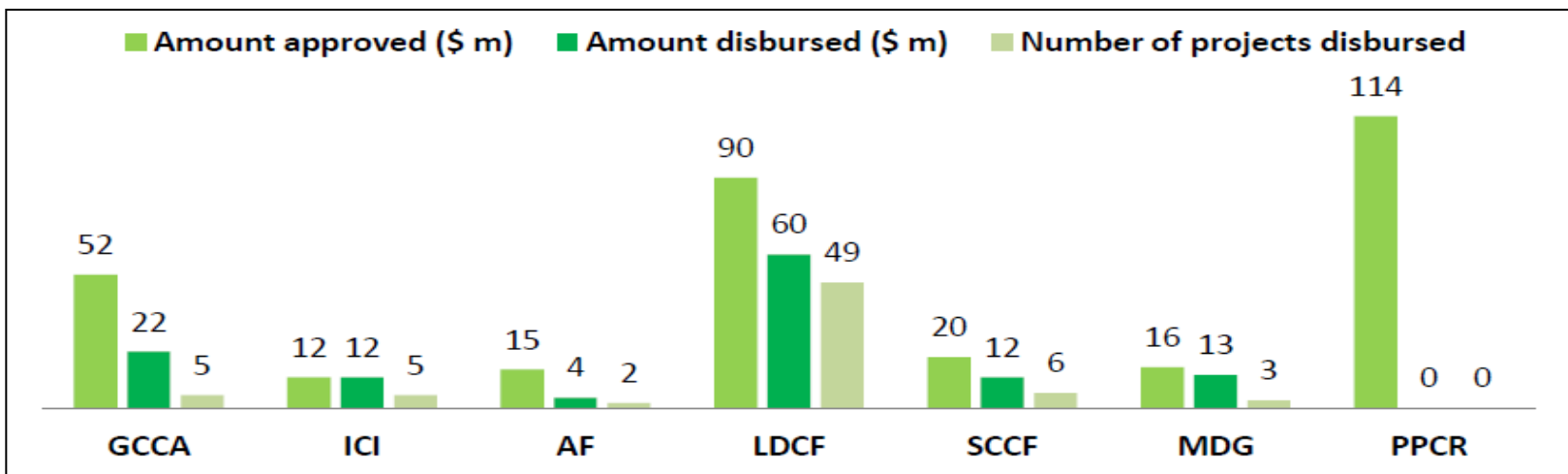
Notes: Figures presented are indicative estimates of annual flows for the latest year available, 2009/2010 (variable according to the data source).

Figures are expressed in USD billion and are rounded to produce whole numbers. Estimates spanning multiple years are adjusted to produce annual-equivalent estimates. Where ranges of estimates are available, the mid-point is presented.

*Estimated carbon pricing revenues indicated are not necessarily wholly hypothecated for climate finance.

Gaping Adaptation Needs

- Current climate change investment flows in the region are massively short of what will be required.
- Cumulative mitigation investment in the period 2003–2010 was less than US\$2 billion.
- Cumulative adaptation investment to date has been less than US\$500 million



Adaptation Finance in Africa:

(Source, Nakhoda et al, 2011)

Sources of African Emissions

Sub-Saharan Africa



World



	Electricity & Heat
	Manufacturing & Construction
	Transportation
	Other Fuel Combustion
	Fugitive Emissions
	Industrial Processes
	Agriculture
	Land-Use Change & Forestry
	Waste

Annex I



Percentage of total emissions from different sources, 2005.
Source: CAIT (2010)



Africa and the Carbon Market

- Private capital in the carbon markets has largely bypassed Africa to date.
- The administrative requirements of the CDM program have made it harder for Africa to benefit.
- Carbon market architecture should differentiate Africa from developing regions with less need for external financing.
- It is critical that emissions reductions from land use, land use change and forestry are included in any financing initiative.
- Better carbon price.



MDB Role

- MDBs help mobilize private savings for development purposes.
- We are able to fund – leverage – investments several times our shareholder capital because of our ability to borrow in private capital markets.
- MDBs understand the context of climate change as a development issue.
- We are already working together across regions to improve access to existing climate finance instruments.