



Overview of financial sources for mitigation actions, including support for NAMAs

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Outline

- Global climate finance architecture
- AfDB and climate finance

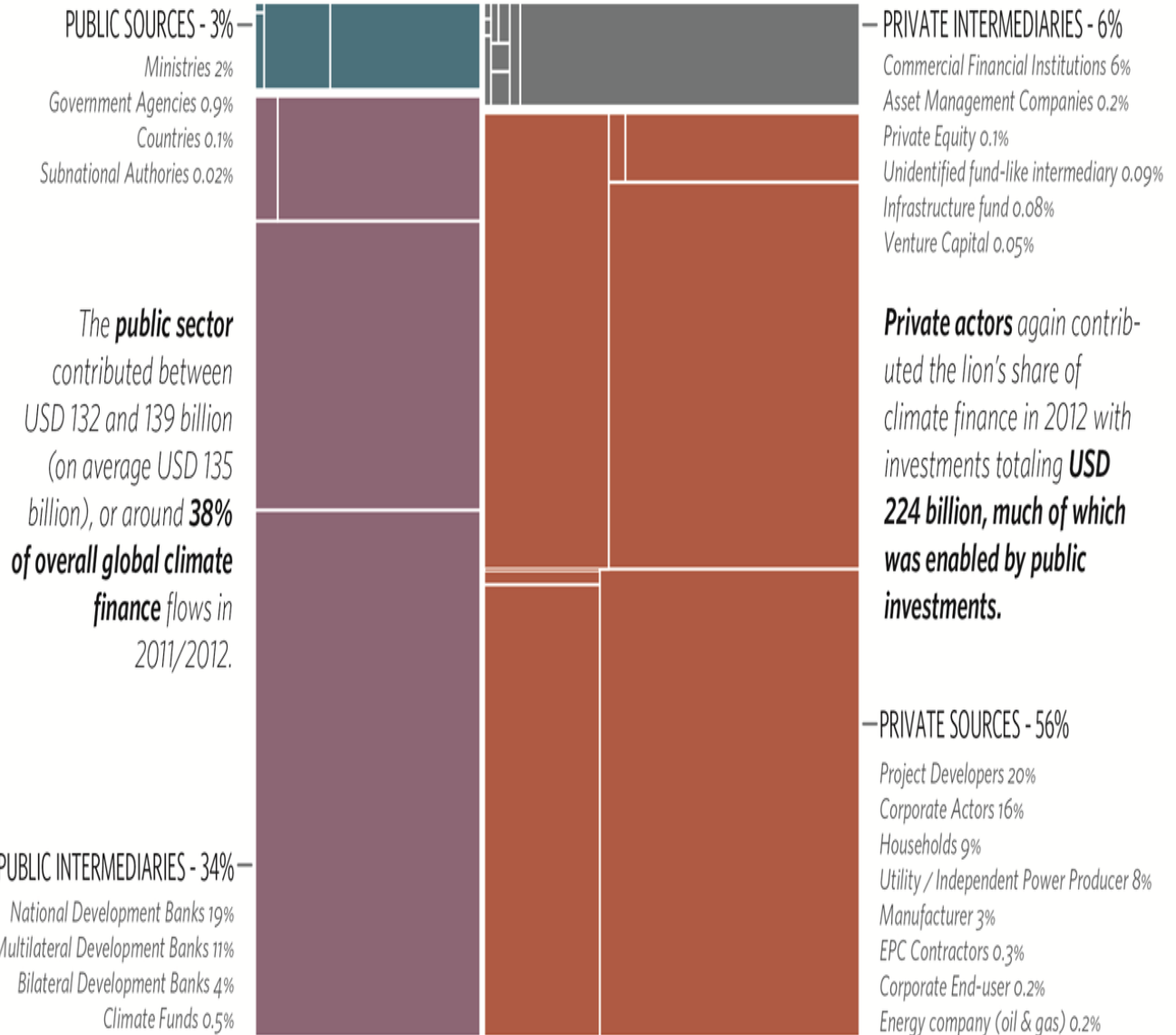


SOURCES OF CLIMATE FINANCE



USD 359 BN

94%
towards
mitigation



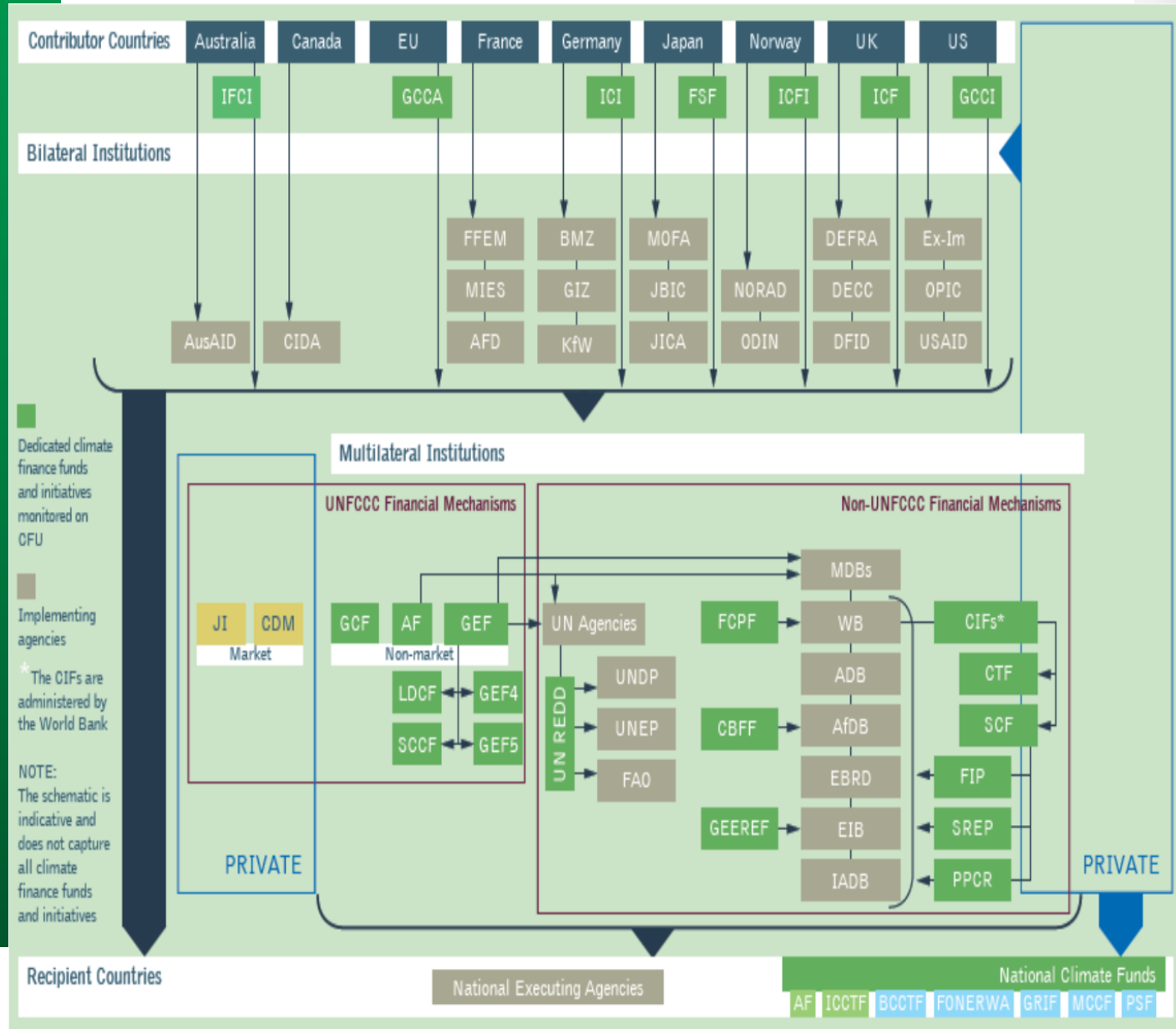
The **public sector** contributed between USD 132 and 139 billion (on average USD 135 billion), or around **38% of overall global climate finance flows** in 2011/2012.

Private actors again contributed the lion's share of climate finance in 2012 with investments totaling **USD 224 billion, much of which was enabled by public investments.**



Global climate finance architecture

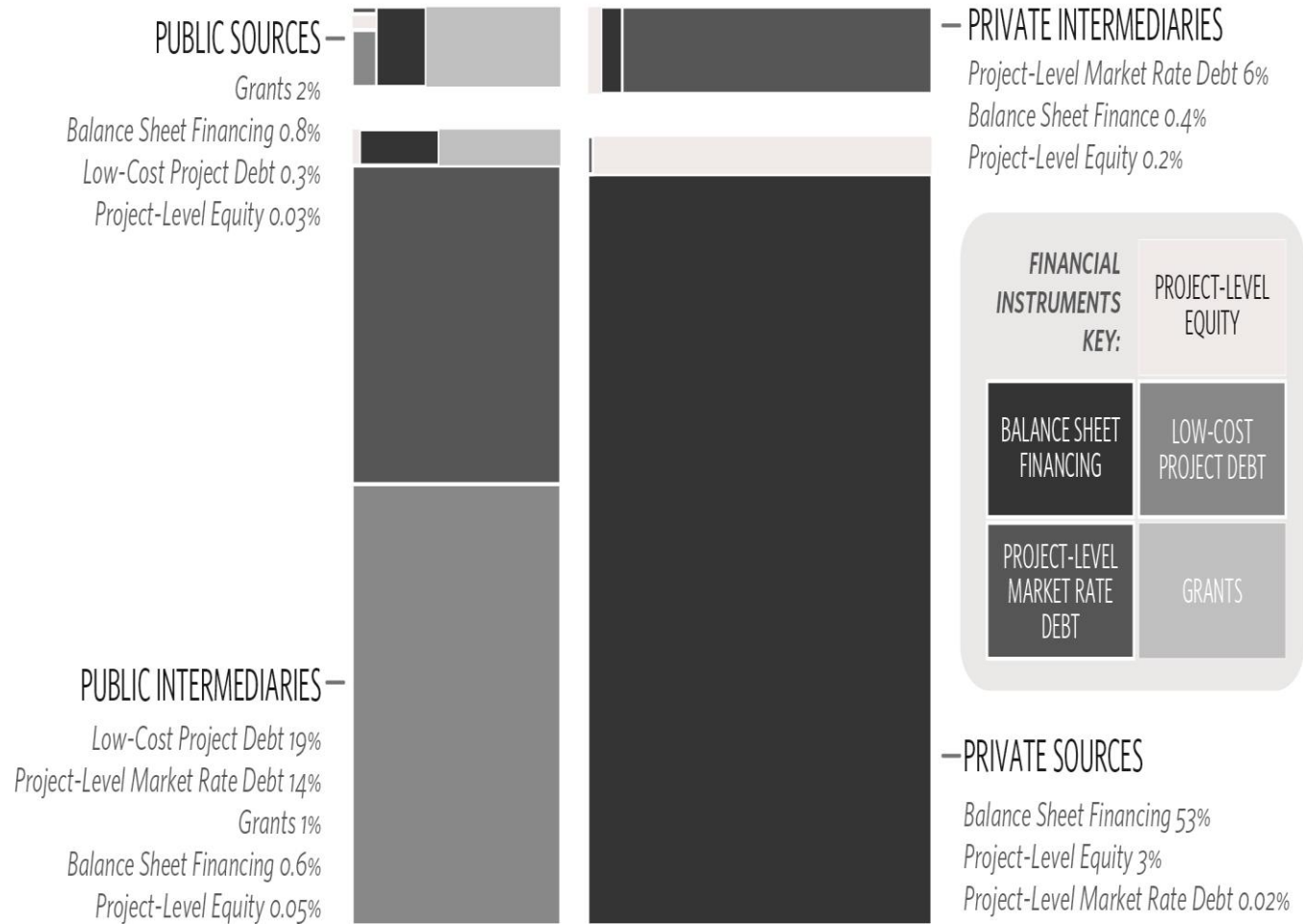
Public resources – 40 -60 billion north south flows (CPI, 2012); 40 billion (CFU, 2013)





(Public resources – provide incentives, low-cost loans, risk coverage mechanisms, direct project investment, and technical support)

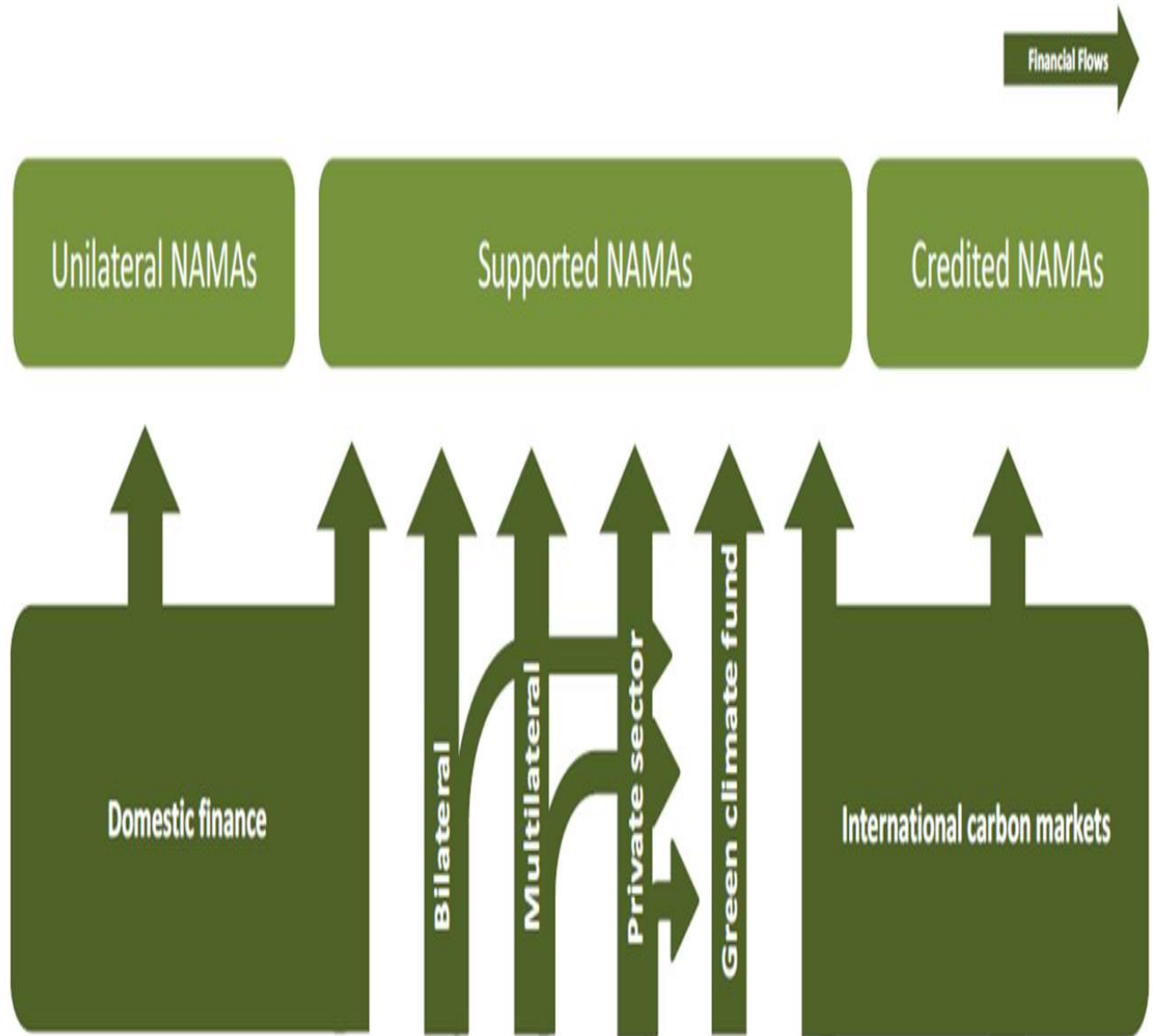
CLIMATE FINANCE INSTRUMENTS



FINANCIAL INSTRUMENTS KEY:	
BALANCE SHEET FINANCING	PROJECT-LEVEL EQUITY
PROJECT-LEVEL MARKET RATE DEBT	LOW-COST PROJECT DEBT
GRANTS	

Financing streams for NAMAs

(Source: IISD, 2013)





Financing NAMAs: the instruments

The main instruments that can support NAMA from conceptualization to implementation are typically:

- Grants, loans, equity instruments, guarantees etc...

Basic principles/enabling conditions for financing NAMA:

- Adaptation to the specific circumstances of the host country to overcome financial barriers is key
- Instruments need to be sustainable, working beyond first steps of project implementation
- Affordability of financial instruments is crucial
- Price signals are not enough...
- Availability of potential investors and private sector investors
- Managing risks and attracting private sector investments



Different types of support for each phase of the NAMA process

Grant / Technical Assistance

PHASE 1
Identification and Prioritization of the NAMA

Grant / Technical Assistance
Component of Loan

PHASE 2
Design and Development of the NAMA

Concessional Loan / Private Sector Investment

PHASE 3
Implementation of the NAMA

Key phase to develop the appropriate mechanisms that will trigger private investments



Examples of mechanisms and initiatives supporting NAMA in Africa

Technical Assistance

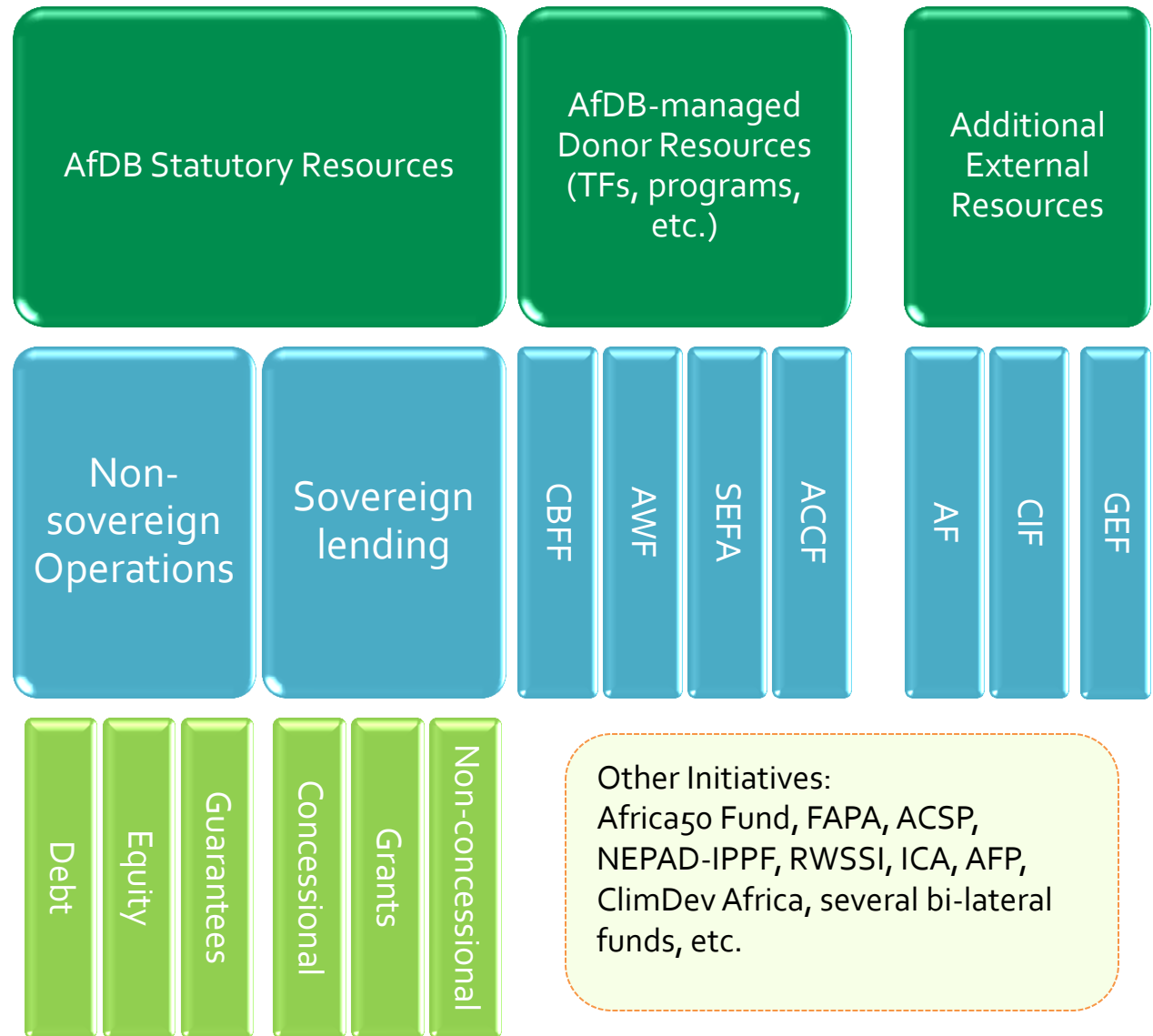
- UNDP/EU Low Emission Capacity Building Programme (DRC, Egypt, Ghana, Kenya, Tanzania, Zambia, Morocco, Uganda)
- World Bank Partnership for Market Readiness (27 countries)
 - (GIZ, KfW, ECN)

Funding for project design implementation

- NAMA Facility
- (Multilateral - GEF – evolving NAMA modalities?)

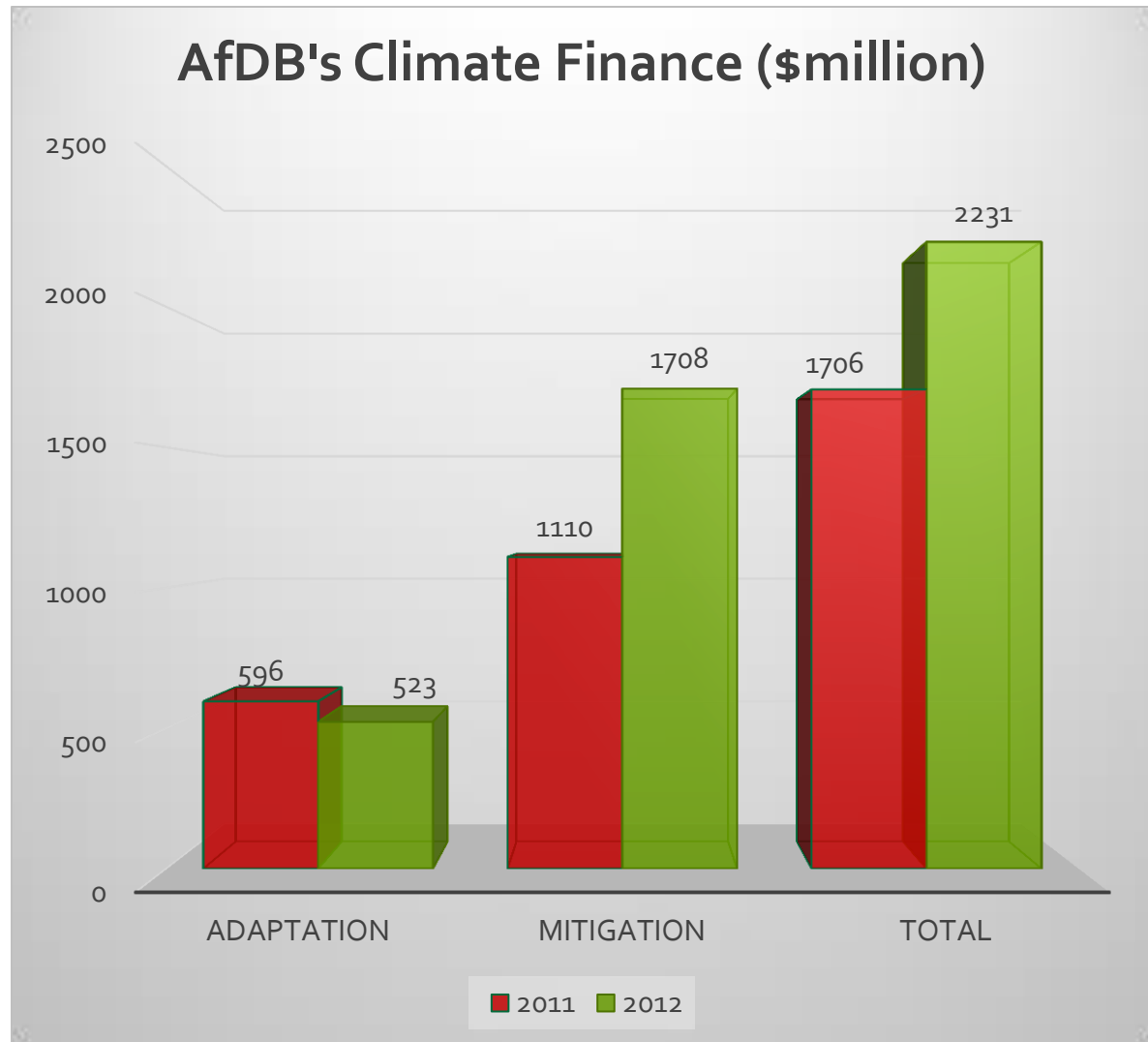


AfDB Climate Finance: "Instrument Panel"





AfDB's experience with Climate Finance

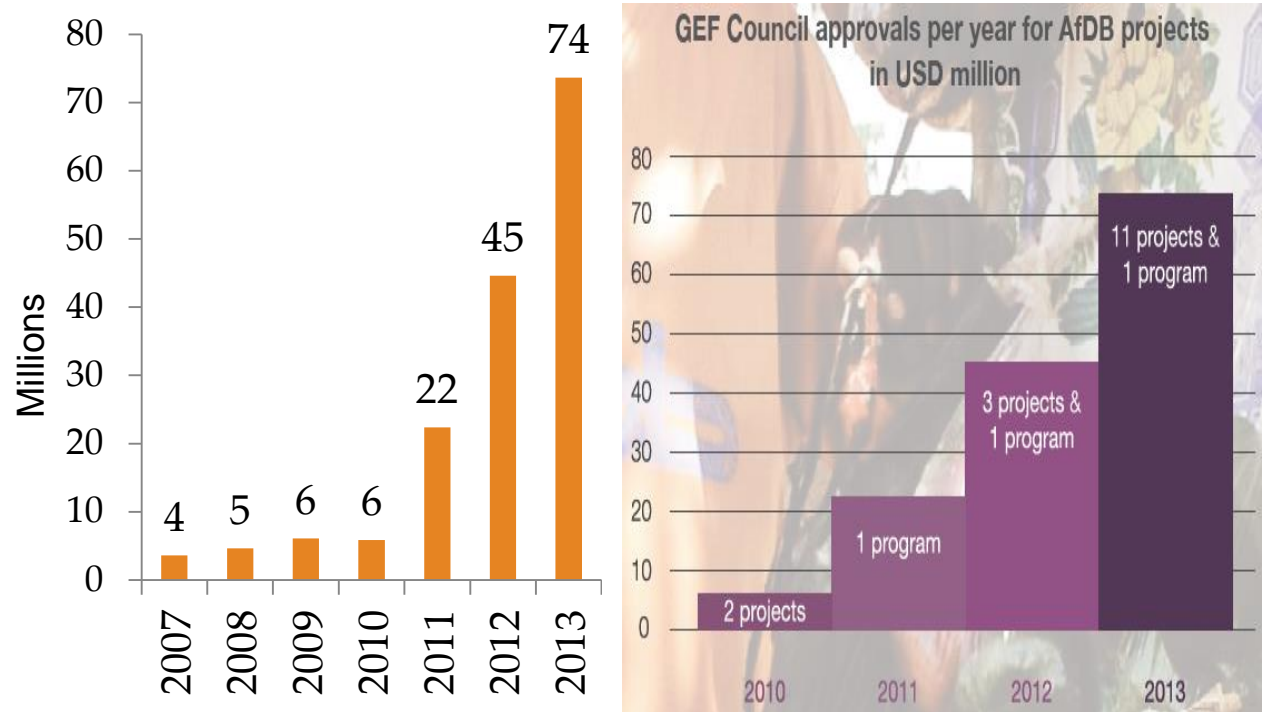




CIF in Africa Overview (AfDB Channeling \$ 1 Billion)

Climate Investment Funds \$7.6 billion			
CLEAN TECHNOLOGY FUND (CTF)		STRATEGIC CLIMATE FUND (SCF)	
<ul style="list-style-type: none"> CTF worldwide: \$5.2 billion CTF in Africa: \$1.9 billion AfDB channeling: \$757 million 		<ul style="list-style-type: none"> SCF worldwide: \$2.4 billion SCF in Africa: \$615 million AfDB channeling: \$250 million 	
Demonstrate, deploy and transfer of low-carbon technologies for low GHG emissions development		Targeted programs to pilot new approaches to initiate transformation with potential for scaling up climate resilience	
Renewables, energy efficiency, urban transport, commercialization of sustainable energy finance	PILOT PROGRAM FOR CLIMATE RESILIENCE (PPCR) \$1.3 BILLION	FOREST INVESTMENT PROGRAM (FIP) \$639 MILLION	SCALING-UP RENEWABLE ENERGY PROGRAM (SREP) \$505 MILLION
	Mainstream resilience in development planning	Reduce emissions from deforestation and forest degradation	Create economic opportunity, increase energy access through renewables
Egypt, Morocco, Nigeria, South Africa and MENA Region (Algeria, Egypt, Jordan, Morocco and Tunisia)	Mozambique, Niger and Zambia	DR Congo, Burkina Faso and Ghana	Ethiopia, Mali, Kenya, Tanzania and Liberia

AfDB GEF Approvals



- Mobilized an equivalent of \$ 160 million distributed across 23 projects and programs.
- Leveraged over 1.1 billion in co-financing from Bank investments, recipient countries governments and the private sector.



Mitigation projects financed by GEF resources

GEF ID	Project	GEF amount	Country	GEF council approval date
4071	TT-Pilot (GEF-4): Construction of 1000 Ton per day Municipal Solid Wastes Composting Unit in Akouedo Abidjan	2,625,000	Cote Ivoire	Nov-09
4904	Pilot African Climate Technology Finance Center and Network	9,090,000	Regional	Jun-12
4929	AfDB-PPP Public- Private Partnership Program – Africa Renewable Energy Fund	4,500,000	Regional	Jun-12
4929	AfDB-PPP Public- Private Partnership Program – WINDIGA Project Burkina	9,000,000	Burkina Faso	Jun-12
4929	AfDB-PPP Public- Private Partnership Program – Khalladi Project Morocco	6,500,000	Morocco	Jun-12

For more information on a specific project, please visit the GEF website and search by AfDB and GEF ID.
www.thegef.org/gef/gef_projects_funding



Sustainable Energy Fund for Africa (SEFA)

DANIDA \$55m
USAID \$20m

Multi-donor Trust Fund designed to promote **private sector investments in small to medium size** Renewable Energy and Energy Efficiency projects.

Could consider support to:

- 'policy NAMAs', such as, the creation of a feed-in-tariff system and other fiscal instruments to promote private investments renewable energy across different technologies
- technical assistance and capacity building to relevant ministries or agencies to design new policies and institutional frameworks, e.g., National RE and/or EE Strategy and Policy
- Sustainable Energy for All (SE4All) Readiness work such as Country Action Plans and Investment Prospectuses



Africa
Climate
Change
Fund (ACCF)
BMZ EUR 4.725 m

Provides supports to the transition to low carbon and climate resilient development.

The ACCF could support NAMAs by:

- Helping RMCs design “policy NAMAS” and low carbon investment plans ;
- Co-financing low carbon projects and programmes in the context of NAMA implementation;
- Providing technical assistance and capacity building to RMCs to design new policies and institutional frameworks for low carbon development in various sectors (energy, transportation, forestry, etc.)



Financing NAMAs: Potential roles for MDBs

- Trigger and facilitate first steps by providing loans and concessional funding to prepare and develop NAMAs together with host country
- Help eliminate barriers (technical, regulatory, financial)
- Create implicit credit enhancement effect on account of participation by Banks (AAA credit rating)
- Facilitate the access and implementation of climate funds
- Catalyze private investments in NAMAs
- Help build institutional capacities for enhanced NAMA coordination by host countries and help develop national and sectorial plans
- Provide valuable knowledge, regional experience and replicable best practices



AFDB experience with NAMA

Since 2011:

- Raising awareness and capacity building (e.g MRV for NAMAs in March 2014)
- Support to conceptualization of NAMAs (Ethiopia, Gambia, Uganda)
- Support to NAMA implementation?



Thank You!
Merci!