Financing Climate-Resilient and Low-Carbon Development in Africa

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Need-Based Finance Workshop
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Climate Change Effects in Africa
Climate Change Realities in Africa (1)

Africa is highly vulnerable to climate change: Of the 10 countries in the world considered most vulnerable to climate change, 7 are in Africa.
Cyclone Idai in Mozambique, Malawi and Zimbabwe (March 2019)

- More than 1,000 people dead
- About 3 million people affected
- Infrastructure worth more than USD 1 billion destroyed
- More than 1 million acres of crops destroyed
- More than 100,000 homes damaged
- Severe cases of cholera, malaria and diarrhea

Flooding in Abidjan, Cote D’Ivoire (June 2018)

- About 20 people dead (plus hundreds injured)
- Flood waters rose up to 2.5m high
- Properties worth millions of USD were destroyed
Opportunities for investing in low carbon and climate resilient development in Africa

The Paris Agreement and Nationally Determined Contributions (NDCs) come with great investment opportunities.

- Green investments opportunities could be up to US$ 23 trillion by 2030 in emerging markets, **about $3 trillion in Africa**
- Dedicated Global Climate Funds to address climate change
- Green bond issuances in 2018 reached **US$ 167 billion**, up from a mere US$ 13 billion in 2013; **Bank issuance $2.2 billion.**
BANK’S INTERVENTIONS ON CLIMATE CHANGE IN AFRICA
Climate Change Action Plan II (2016-2020)

Nationally Determined Contributions

Light-up & Power Africa
- Sustainable energy, food security, water & sanitation, health and education

Feed Africa
- Eradication of hunger & poverty

Industrialize Africa
- Agri-industry and strengthened value chain

Integrate Africa
- Enhanced regional infrastructure & trade

Improve the Quality of Life
- Scale up adaptation, improve access to finance, capacity, skills, education & health

Adaptation & climate resilient development

Mitigation and low carbon development
- Climate energy investment & energy efficiency
- Smart agriculture & management of natural resources
- Increased access to green technology policies & capacity
- Sustainable regional transport & urban development
- Equity & promotion of climate-resilient development

Climate finance
- Leverage financing; Concessional resources
- Maximizing market mechanisms, Catalyzing private capital

Enabling environment
Climate Finance at the AfDB
What is climate finance?

Climate Finance: refers to local, national or transnational financing—drawn from public, private and alternative sources of financing—that seeks to support mitigation and adaptation actions that will address climate change.

- Climate finance is needed for mitigation, because large-scale investments are required to significantly reduce emissions.
- Climate finance is equally important for adaptation, as significant financial resources are needed to adapt to the adverse effects and reduce the impacts of a changing climate.
AfDB Investment Platform

AfDB Statutory Resources

-非主权运营（私营部门）
-主权借贷（公共部门）

AfDB-managed Donor Resources (TFs, programs, etc.)

- AWF
- SEFA
- CIFs
- GCF
- GEF & AF

Additional External Resources

- 其他倡议：GCF, Africa50 Fund, FAPA, NEPAD-IPPF, ICA, AFP, ClimDev Africa, several bi-lateral funds, Co-financing platforms.
Climate Finance within the Bank’s total approvals

<table>
<thead>
<tr>
<th>Year</th>
<th>Climate Finance</th>
<th>Non-climate Finance</th>
<th>Total Approvals</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>1,639 USD million</td>
<td>6,369 USD million</td>
<td>8,008 USD million</td>
</tr>
<tr>
<td>2012</td>
<td>2,220 USD million</td>
<td>3,730 USD million</td>
<td>5,950 USD million</td>
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<tr>
<td>2013</td>
<td>1,205 USD million</td>
<td>4,941 USD million</td>
<td>6,146 USD million</td>
</tr>
<tr>
<td>2014</td>
<td>1,916 USD million</td>
<td>5,154 USD million</td>
<td>7,070 USD million</td>
</tr>
<tr>
<td>2015</td>
<td>1,359 USD million</td>
<td>7,376 USD million</td>
<td>8,735 USD million</td>
</tr>
<tr>
<td>2016</td>
<td>1,061 USD million</td>
<td>9,739 USD million</td>
<td>10,800 USD million</td>
</tr>
<tr>
<td>2017</td>
<td>2,347 USD million</td>
<td>6,333 USD million</td>
<td>8,680 USD million</td>
</tr>
<tr>
<td>2018</td>
<td>3,272 USD million</td>
<td>6,920 USD million</td>
<td>10,192 USD million</td>
</tr>
<tr>
<td>2019</td>
<td>3,582 USD million</td>
<td>6,652 USD million</td>
<td>10,234 USD million</td>
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</tbody>
</table>
Distribution of Climate finance from Total Approvals
High leverage: The AfDB has consistently mobilized a minimum of US $5 for each US $1 GEF funding.

With 50% of its GEF portfolio funded by the LDCF, AfDB ranks second leading agency for the LDCF.

The portfolio has seen much more diversification in GEF6, with stronger focus on non-grant financing and multi focal area projects.

Investments have been made in all GEF focal areas, including, more recently, developing innovative approaches in private sector financing.
AfDB-GEF Portfolio by Country
Established in 2008 as one of the largest fast-tracked climate financing instruments in the world, the $8.3 billion the CIF gives developing countries worldwide an urgently needed jump-start toward achieving low-carbon and climate-resilient development.

The African Development Bank is a CIF implementing partner with a growing portfolio in renewable energy, sustainable forestry, and resilience solutions across its four programmes:

So far, the Bank has mobilized a cumulative total of $875 million from the CIF, and leveraged a further estimated $10.7 billion in co-financing from public and private sources.
AfDB-CIF Portfolio

APPROVED PROJECTS
AfDB-approved projects by program

- **CTF $2.249 billion**
  - CIF $588 million, AfDB $1.661 billion

- **FIP $95.62 million**
  - CIF $67.85 million, AfDB $27.77 million

- **PPCR $136.5 million**
  - CIF $107.5 million, AfDB $29 million

- **SREP $297.3 million**
  - CIF $111.3 million, AfDB $186 million

AfDB-CIF approved projects:

- **$2.779 billion**
  - AfDB: $1.904 billion
  - CIF: $0.875 billion
AfDB-CIF Portfolio

Achieved AfDB/CIF Results on the Ground

<table>
<thead>
<tr>
<th>Achieved</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>710 MW</strong> installed capacity from renewables from 4 projects</td>
<td><strong>2,902 MW</strong> from 8 projects</td>
</tr>
<tr>
<td><strong>1451 GWh</strong> of annual clean energy generated in 2018</td>
<td><strong>2,094 GWh</strong> generated at full operational capacity</td>
</tr>
<tr>
<td><strong>346,864 ha</strong> of land covered under reforestation and sustainable forestry from 3 projects</td>
<td><strong>711,586 ha</strong> from 5 projects</td>
</tr>
<tr>
<td><strong>296,289</strong> people benefitting from improved livelihoods from 3 projects</td>
<td><strong>806,336</strong> people from 5 projects</td>
</tr>
<tr>
<td><strong>170 MW</strong> direct or indirect installed capacity from renewables from 1 project</td>
<td><strong>482 MW</strong> from 4 projects</td>
</tr>
<tr>
<td><strong>111</strong> national experts trained on renewables</td>
<td><strong>288,378</strong> people supported to cope with the effects of climate change and climate variability (52% female) from 5 projects</td>
</tr>
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<td><strong>267 Km</strong> of climate-resilient roads constructed or improved from 3 projects</td>
<td><strong>341 Km</strong> from 3 projects</td>
</tr>
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</table>
The Bank had 5 Funding Proposals approved by the GCF Board from 2018 - 2019, amounting to a total of US$ 189.6 million of concessional financial resources from the GCF. In 2019 only one project was approved with a value of US$20 million LoC in support of the Bank’s Ambitious target for Affirmative Finance Action for Women in Africa (AFAWA) The project has strong climate adaptation co-benefit for Ghana. All the projects and programmes underlying the funding proposals are part of the Bank’s lending operations. The total amount to be approved by the Bank Board for these projects and programmes is US$161.2 million – constituting the co-finance required by the Bank as a Multilateral Development Bank. In addition the Bank in 2019 also assisted Angola as GCF Readiness Delivery Partner to secure US$ 615,650 to help strengthening Angola’s national capacity for leading and coordinating the country’s national-level responses to climate change in general, and GCF-climate actions.
Africa Climate Change Fund (ACCF)

- Established in 2014 as an AfDB-managed bilateral thematic fund with initial contribution from Germany (EUR 4.725m)
- Converted to a **multi-donor trust fund** in March 2017 with contribution from Italy (EUR 4.7m) and Flanders (EUR 2m)
- Provides **small grants** to support RMCs in their **transition to climate resilient and low carbon development**, in line with their Nationally Developed Contributions (NDCs) and to enable the Bank to scale up its climate change activities.
- **Beneficiaries** of ACCF grants include:
  - African governments
  - NGOs
  - Research institutions
  - Regional institutions
  - Funds
  - Bank departments
The Bank has 6 country support activities in the ACCF portfolio, amounting a total of USD 2,545,677.

- **Cote d'Ivoire**: 1 full proposal to Adaptation Fund, 1 Concept Note for submission to the GCF, Assessment of an institution for GCF accreditation, 40 Stakeholders trained, 1 consultancy report on stakeholders capacity-building.

- **Cabo Verde**: 2 Assessment Reports of potential national entities to be accredited, 4 project concept notes (2 energy and 2 waste sector, Identification and assessment of an institution for GCF accreditation, 2 project proposals for submission to GCF, 2 training workshops focused on GCF program, Development of a website

- **Kenya**: 1 Fully fledged investment-ready proposal, 1 Full Proposal and 3 Concept notes (1 GCF, 2 Generic), 1 proposal, 3 Investment ready Concept Notes in Agriculture (1 GCF, 2 Generic), 1 full proposals and 3 relevant project concept notes in agro-forestry, Baseline study to inform the development of investment ready concept notes on agro-forestry

- **Mali**: 1 National Environment Financing Strategy Document, 2 Strategy Documents EVRCC; National Action Plan for the implementation of the SNFE, 5 key stakeholders trained, 1 Software installed, Portfolio of 5 projects

- **Swaziland**: 1 Full project proposal to GCF, 5 Project Concept Notes, Capacity building for project planners and managers/coordinators from executing entities, 1 website to support CC mainstreaming

- **Zanzibar**: Monitoring framework for the implementation of Zanzibar Climate Change Strategy, Financing plans for 3 Local Adaptation Plans (LAPAs) in 3 districts, 4 Project Concept notes developed in four key sectors, Training of 90 CC staff, A report of Development & establishment of a baseline and monitoring framework for CC interventions

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<table>
<thead>
<tr>
<th>Country</th>
<th>Project Details</th>
<th>Cost (USD)</th>
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</thead>
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<td>Cote d'Ivoire</td>
<td>1 full proposal to Adaptation Fund, 1 Concept Note for submission to the GCF, Assessment of an institution for GCF accreditation, 40 Stakeholders trained, 1 consultancy report on stakeholders capacity-building.</td>
<td>429,422</td>
</tr>
<tr>
<td>Cabo Verde</td>
<td>2 Assessment Reports of potential national entities to be accredited, 4 project concept notes (2 energy and 2 waste sector, Identification and assessment of an institution for GCF accreditation, 2 project proposals for submission to GCF, 2 training workshops focused on GCF program, Development of a website</td>
<td>495,037</td>
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<td>Kenya</td>
<td>1 Fully fledged investment-ready proposal, 1 Full Proposal and 3 Concept notes (1 GCF, 2 Generic), 1 proposal, 3 Investment ready Concept Notes in Agriculture (1 GCF, 2 Generic), 1 full proposals and 3 relevant project concept notes in agro-forestry, Baseline study to inform the development of investment ready concept notes on agro-forestry</td>
<td>550,603</td>
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<td>Mali</td>
<td>1 National Environment Financing Strategy Document, 2 Strategy Documents EVRCC; National Action Plan for the implementation of the SNFE, 5 key stakeholders trained, 1 Software installed, Portfolio of 5 projects</td>
<td>404,000</td>
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<td>Swaziland</td>
<td>1 Full project proposal to GCF, 5 Project Concept Notes, Capacity building for project planners and managers/coordinators from executing entities, 1 website to support CC mainstreaming</td>
<td>305,000</td>
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<tr>
<td>Zanzibar</td>
<td>Monitoring framework for the implementation of Zanzibar Climate Change Strategy, Financing plans for 3 Local Adaptation Plans (LAPAs) in 3 districts, 4 Project Concept notes developed in four key sectors, Training of 90 CC staff, A report of Development &amp; establishment of a baseline and monitoring framework for CC interventions</td>
<td>361,515</td>
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**AfDB – ACCF Portfolio**

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Agency for Environment and Sustainable Development

Côte D'Ivoire

Ministry of Environment and Sustainable Development

$ 495 037

Cabo Verde

National Directorate of Environment

$ 429 422

Kenya

National Environment Trust Fund

$ 550 603

Zanzibar

Government of Zanzibar

$ 361 515

Swaziland

Ministry of Tourism and Environmental Affairs

$ 305 000

Mali

Agency for Environment and Sustainable Development

$ 404 000
Thank You

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