

The AFDB, Climate Action and Climate Finance

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Sections:

- Commitment to support climate action
- Mobilizing climate finance
- Initiatives that support NDC implementation

**Commitment to support climate
action**

The Banks CCAP2 (2016 -2020)

- Mainstream climate change and green growth into Bank's High 5s operations – across all operational complexes;
- Deliver on the Bank's commitment to achieve 40% climate finance by 2020 - and 50/50 split between adaptation and mitigation;
- Increase Africa's access to global climate finance from 4% to 10% by 2020; and
- Assisting countries to implement their NDCs; catalyzing and financing NDC implementation to support climate-compatible development

Climate action and the H5's

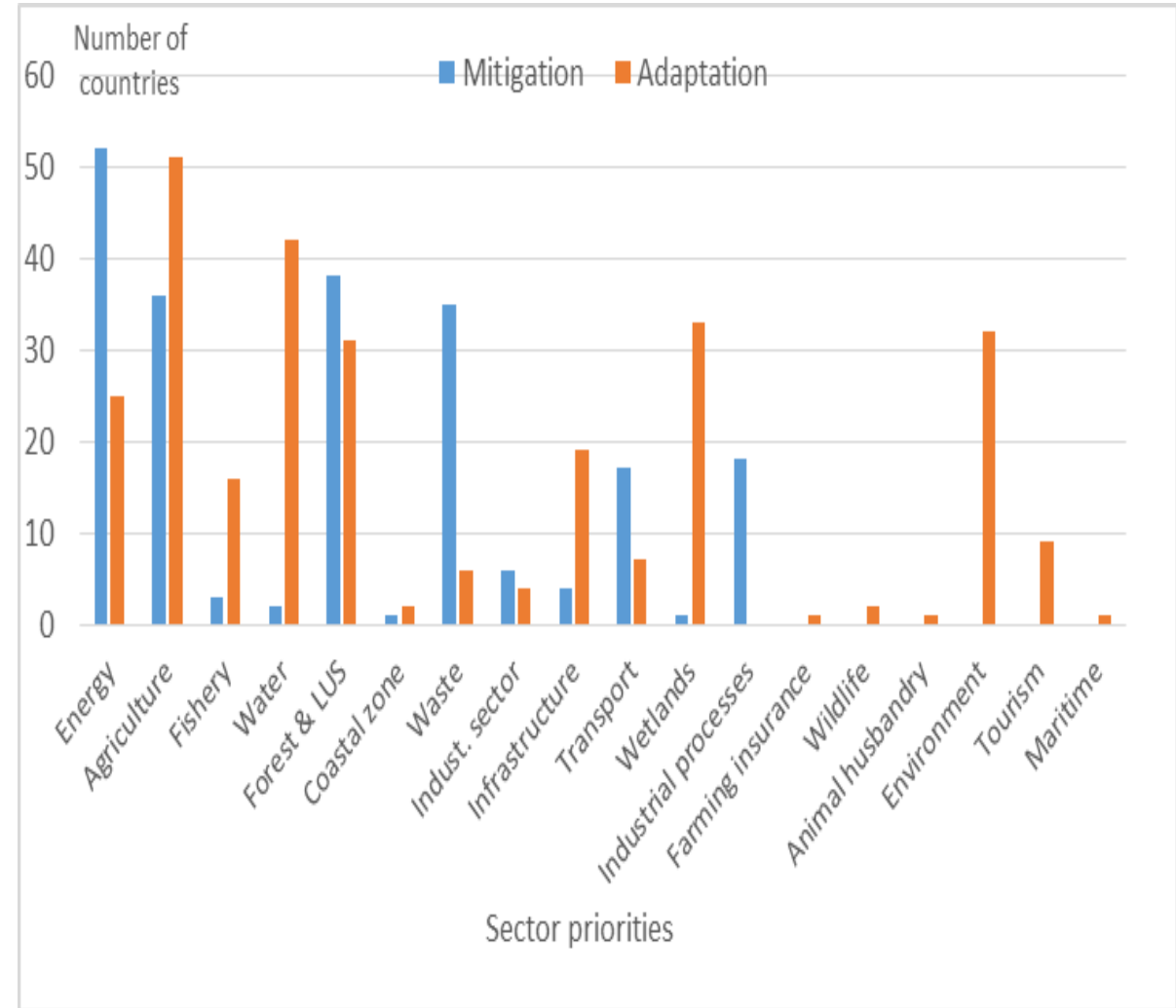
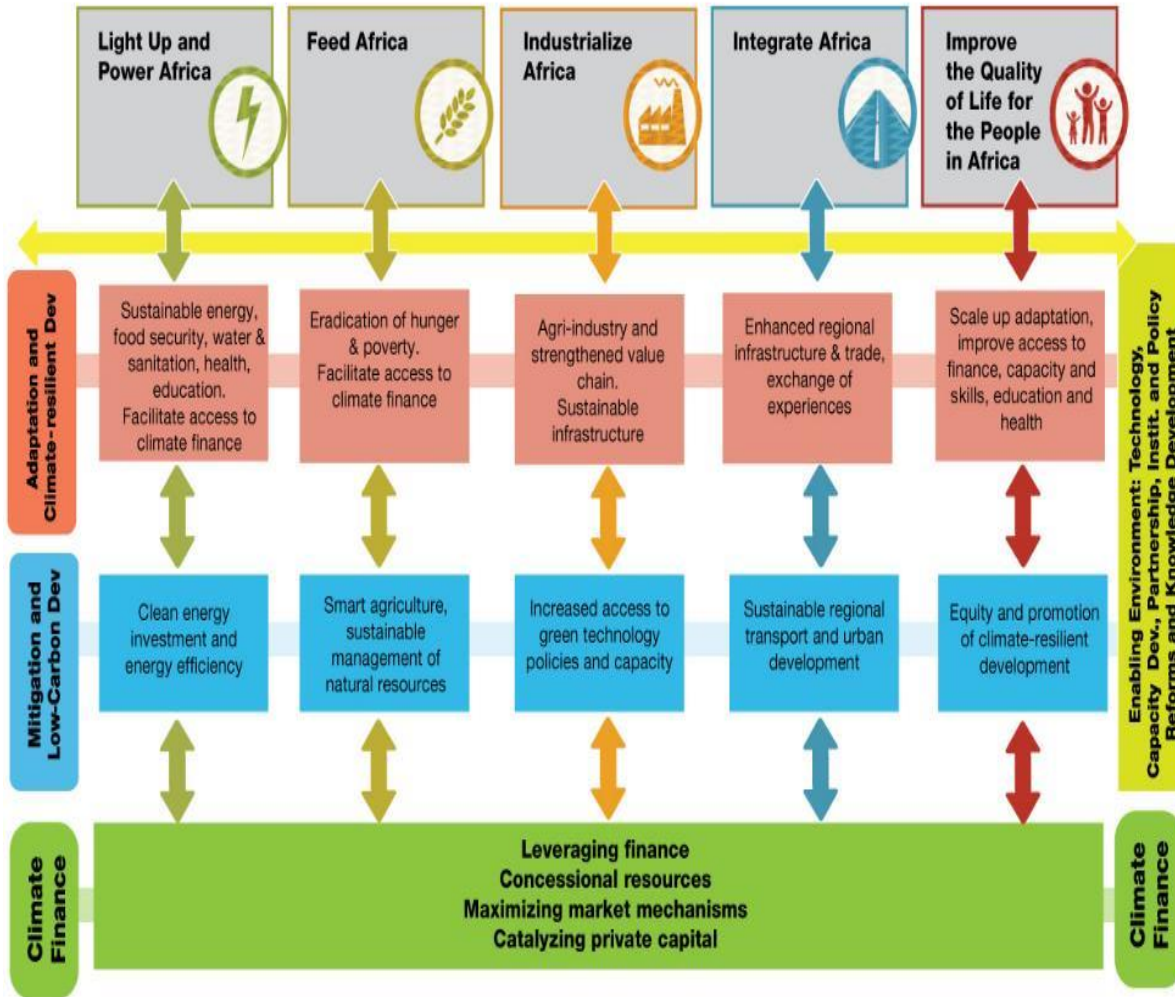
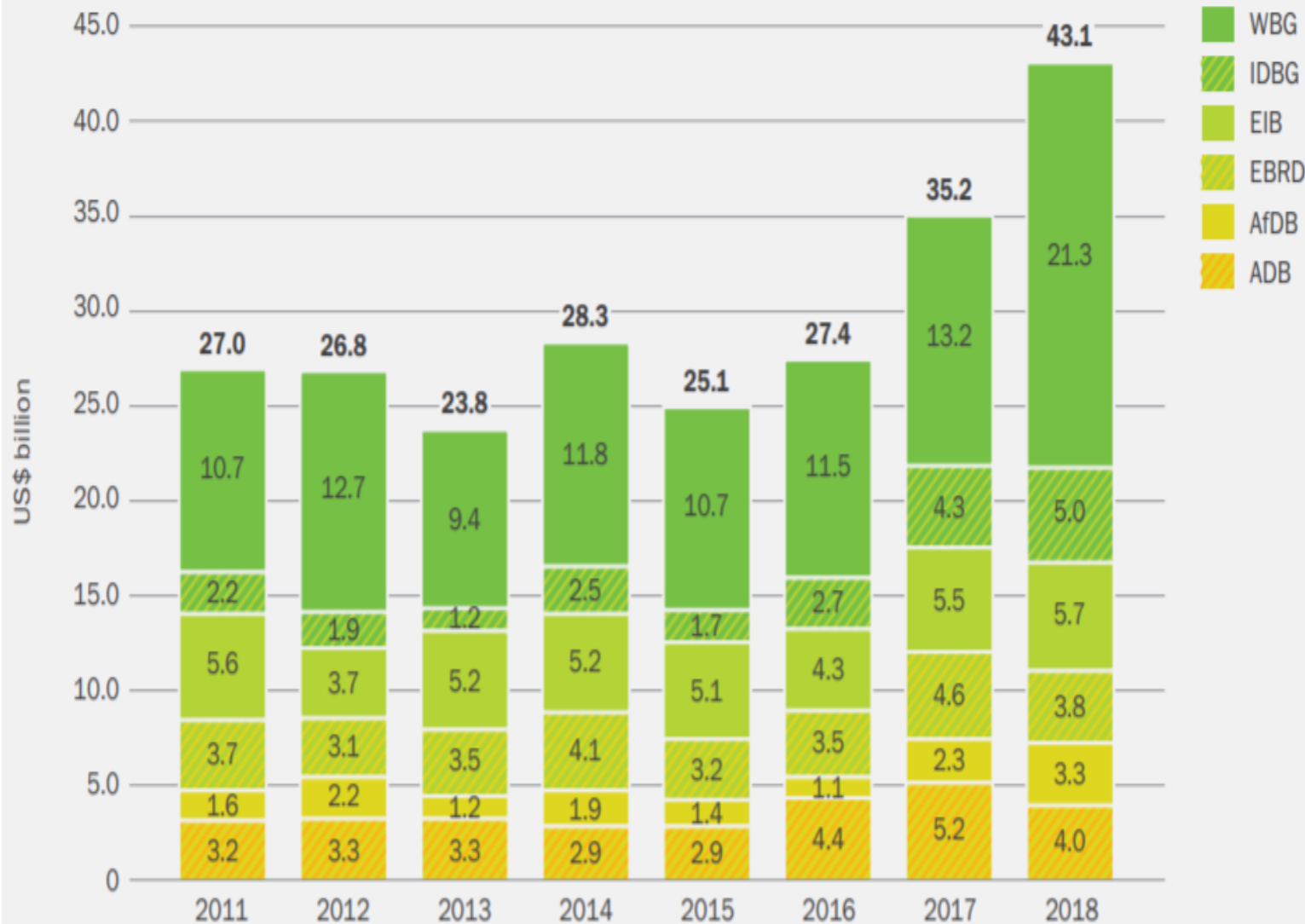
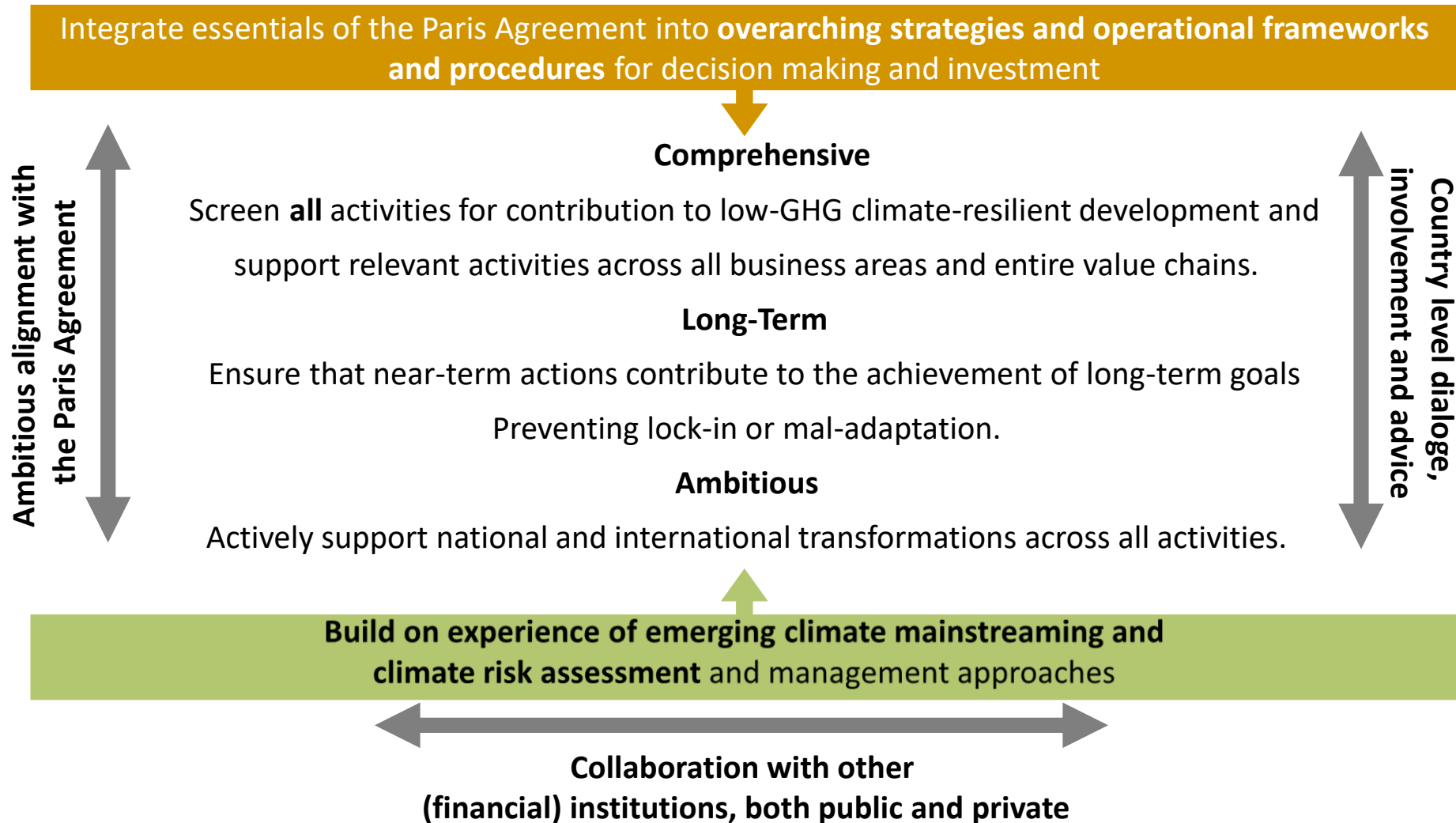


Figure 1. Total reported MDB climate finance commitments, 2011-18 (in US\$ billion)



Since 2011, when the six MDBs initiated joint reporting, they have committed nearly \$237 billion in climate finance for developing and emerging economies.

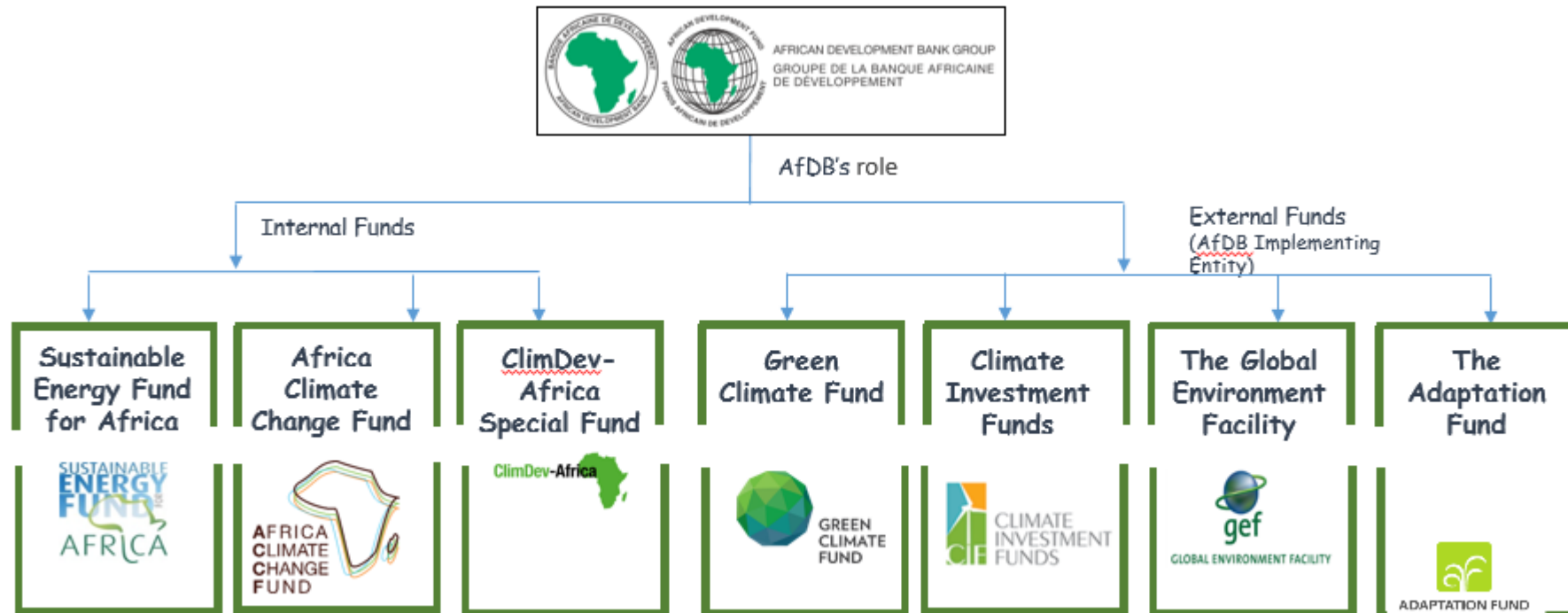
Fostering Low-Carbon and Climate-Resilient Transformation



Mobilizing climate finance

Climate Finance Instruments

Opportunities for **blending finance** - (grants, concessional/non-concessional debt, equity, etc.) which ultimately enhance project bankability in support of low-carbon climate resilient sustainable development.



Role of AfDB in scaling up climate finance

- Leadership, awareness-raising, demonstration - addressing risk perceptions
- Providing concessional finance
- Innovative financial instruments for engaging private sector
- Strengthening the enabling environment for investment –policy/regulatory framework; addressing market distortions
- Strengthening capacities, institutions, governance in RMCs



FPo8o AfDB Zambia Renewable Energy Financing Framework



- Country: Zambia
- AEI/E: African Development Bank (AfDB)
- Mitigation potential: -4.4 million tCO₂ eq
- ESS Category: B
- Total financing: USD 154 million
- GCF Contribution: USD 52.5 million (USD 50 million loan and USD 2.5 million grants)
- Co-financing: USD 101.5 million (USD 50 million AfDB loan, USD 12.5 million other loans, USD 37.5 million sponsor equity, and USD 1.5 million grants)
- Duration: 5 years implementation + 18 year loan repayment

GCF LIVE B.19

CONCENTRATED SOLAR POWER (CSP)

- 6/11 CTF Approval
- 5/12 AfDB Approval
- 12/13 Project Start
- 2016 Expected End

MOROCCO

OUARZAZATE CONCENTRATED SOLAR POWER

CTF \$100M, AfDB \$240M

Purpose: To generate 120-160 MW in its first phase by 2014 and 500 MW in total.

Key expected results: 0.24 million tons of CO₂ emissions avoided per year; shifted energy mix.

- 6/14 CTF Approval
- 12/14 AfDB Approval
- 8/15 Project Start

MOROCCO

NOOR II AND III CONCENTRATED SOLAR POWER PROJECT (MENA REGION IP)

CTF \$119M, AfDB \$140M

Purpose: To develop 2,000 MW of concentrated solar power.

Expected results: Annual CO₂ savings of 521,670, potential creation of 11,000 jobs, reduce global CSP cost curve by 3%.

MOROCCO

NOOR MIDDLET PHASE 1 CONCENTRATED SOLAR POWER PROJECT

CTF \$25M

Purpose: To increase innovative solar power generation in Morocco through an innovative hybrid Concentrated Solar Power (CSP) and Solar Photovoltaic (PV) solution.

Expected results: 1.2 million tons annual GHG emissions avoided; up to 800 MW installed capacity of renewable energy.

ETHIOPIA

100 MW RENEWABLE SUPPORT PROJECT: CSP

CTF \$50M, AfDB \$220M

Purpose: To introduce CSP to Sub-Saharan Africa

Expected results: 0.58 million tons CO₂ emissions avoided through CSP.

- 9/13 PPCR Approval
- 10/13 AfDB Approval
- 7/14 Project Start
- 2018 Expected End

ZAMBIA

STRENGTHENING CLIMATE RESILIENCE IN THE KAFUE SUB-BASIN

PPCR \$38M

Purpose: To strengthen 800,000 rural households to respond to climate change impacts and strengthen roads linking farmers to markets.

Key expected results: Increased resilient infrastructure and production systems in project area; increased Integrated Development Plans in districts with mainstreamed resilience.

The African Development Bank and the Climate Investment Funds support their first private sector-led geothermal power plant in Kenya

08/06/2018



The African Development Bank approved on June 6, 2018 a senior loan of US \$29.5 million and a concessional loan of US \$20 million from the Climate Investment Funds (CIF) Clean Technology Fund (CTF) to Quantum Power East Africa GT Menengai Ltd.

African Development Bank, Nordic Development Fund, Global Environment Facility and Calvert Impact Capital partner in US \$55-million investment into Off-Grid Energy Access Fund

04/01/2018



On December 15, the **African Development Bank's** Board approved a US \$30-million investment in the Facility for Energy Inclusion Off-Grid Energy Access Fund ("FEI OGEF"). This follows the approval of additional investments of US \$10 million from **Calvert Impact Capital** (CIC), US \$8.5 million from the **Global Environment Facility** (GEF) and €6 million from the **Nordic Development Fund** (NDF). In addition, the NDF will provide a €0.5-million grant for technical assistance to support deal structuring and capacity development.

Initiatives that Support NDC Implementation

The Africa Climate Change Fund (ACCF)



- Established in 2014 as a Bank-managed bilateral thematic fund with Germany (EUR 4.725m) and converted to a **multi-donor trust fund** in 2017 with the joining of Italy (EUR 4.7m) and Flanders (EUR 2m)
 - ACCF provides **small grants** to support RMCs in their **transition to climate resilient and low carbon development**.
 - **Beneficiaries** of ACCF grants include:
 - African governments
 - NGOs
 - Research institutions
 - Regional institutions
 - Funds
 - Bank departments
- Eligible activities include:**
- Consultants
 - Trainings, workshops, meetings
 - Communication, outreach, advocacy, translation
 - Studies, strategies, analytical work
 - Office equipment and transport
 - Administrative costs

The Africa NDC Hub

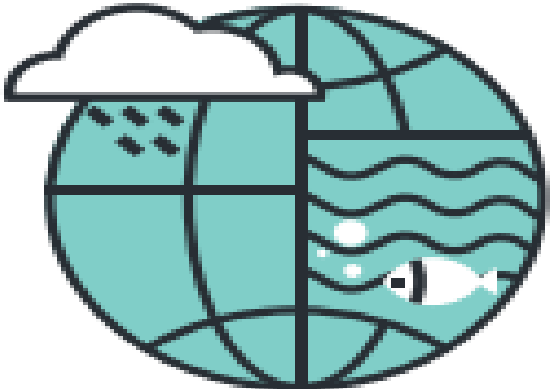


Empowered lives.
Resilient nations.

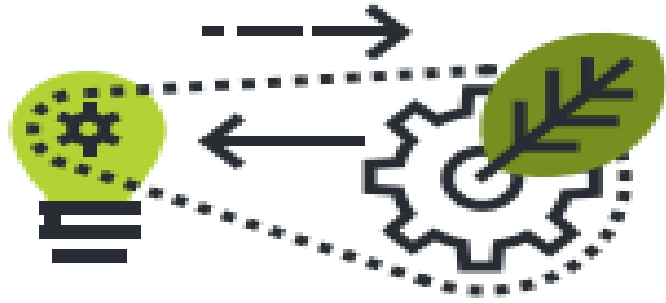


The Hub's support to NDC implementation is organized around.....

Three key pillars:



TO FOSTER LONG TERM CLIMATE ACTION



TO MOBILISE MEANS OF IMPLEMENTATION



TO PROMOTE COORDINATION, ADVOCACY AND PARTNERSHIPS

Focus areas:



ADAPTATION



PRIVATE SECTOR ENGAGEMENT

Next Steps

- Paris alignment
- USD 25 Billion climate finance target (2020 – 2025)
- Divestment from investment in coal

“Coal is the past, and renewable energy is the future. For us at the African Development Bank, we're getting out of coal," Adesina told delegates to the Climate Action Summit in Manhattan in September 2015”



Six Building Blocks for Alignment with the Paris Agreement

THANK YOU

Opportunities to engage Private Sector

- **Renewable energy** – falling prices make solar PV affordable; better repayment models; mobile money; blockchain technology
- **Battery storage** – increasing demand will see prices fall, like PV
- **Transport** – Mass Rapid Transit (MRT) increasingly in demand
- **Energy efficiency** – in buildings and industries
- **Waste management; Agriculture; Clean cooking**
- **Regulatory Environment** – incentives for the transfer of climate-smart technologies

Concessional finance can be mobilized for these activities with support from the Bank

Access to international funds financing climate interventions

Green Climate Fund (GCF), Global Environment Fund (GEF), Climate Investment Fund (CIF)

	GCF	GEF	CIF
Funding window	Mitigation, adaptation, cross-cutting interventions	Retains broad coverage of environmental issues, a large number of recipient countries, and a rich diversity of partners: <ul style="list-style-type: none"> • Climate Change • Biodiversity • Land degradation • Chemicals and waste • International Waters 	Support through several programs under two funds: <ul style="list-style-type: none"> • Clean Technology Fund • Strategic Climate Fund , incl. Pilot Program Climate Resilience , Scaling Up Renewable Energy, Forest Investment Program , Dedicated Private Sector Programs
Instrument	Grants, concessional loans, guarantees, equity	Debt, equity and risk mitigation products	Grants, concessional loans, risk mitigation, and equity that leverage financing from private sector, MDBs and other sources
Project size	<USD10mn; 10-50mn; 50-250mn; >250mn	funding cap for a typical project is set at USD15mn	na