Climate Funds – AfDB Mobilizing Concessional Finance for NDC Implementation

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Presentation Outline

Preamble

- Climate Action at the African Development Bank
- The Africa NDC Hub at AfDB

Climate Funds

- Existing climate funds at the AfDB
  - The Climate Investment Funds (CIF)
  - The Global Environment Facility (GEF)
  - The Africa Climate Change Fund (ACCF)
- Which climate fund for what type of project
Climate Action at AfDB

- **Light Up and Power Africa**: Sustainable energy, food security, water & sanitation, health, education. Facilitate access to climate finance.
- **Feed Africa**: Eradication of hunger & poverty. Facilitate access to climate finance.
- **Industrialize Africa**: Agri-industry and strengthened value chain. Sustainable infrastructure.
- **Integrate Africa**: Enhanced regional infrastructure & trade, exchange of experiences.
- **Improve the Quality of Life for the People in Africa**: Scale up adaptation, improve access to finance, capacity and health.

**Mitigation and Low-Carbon Dev**: Clean energy investment and energy efficiency. Smart agriculture, sustainable management of natural resources.

**Adaptation and Climate Resilient Dev**: Increased access to green technology policies and capacity. Sustainable regional transport and urban development.

**Climate Finance**: Leveraging finance, Concessional resources, Maximizing market mechanisms, Catalyzing private capital.
Enhancing Cooperative Action through the Africa NDC Hub

**Africa NDC Hub is:**
- Platform solely focused on NDC implementation in Africa
- Collaborative effort through partnerships to mobilize means of implementation for Africa
- Platform to share good practices and lessons learnt
Climate Finance at the African Development Bank

The Climate Finance Team coordinates and leads the implementation of different Facilities that provide multiple instruments (grants, concessional debt, equity, etc.) which ultimately enhance project bankability, build resilience to climate change and support transition to green growth in Africa.

- Sustainable Energy Fund for Africa
- Africa Climate Change Fund
- CDSF
- Green Climate Fund
- Climate Investment Funds
- The Global Environment Facility
- The Adaptation Fund

AfDB’s role

- Bank’s Own Trust Fund
- [Structuring is ongoing]
- External Funds
  (AfDB Implementing Entity)

[Terms of Cooperation (AMA) not yet finalized]
The Climate Investment Funds
The Climate Investment Funds (CIF)

The CIFs are a USD 8.3 billion pair of funds to help developing countries pilot low-emissions and climate-resilient development.

- **Clean Technology Fund (CTF)**
- **Strategic Climate Fund (SCF)**
  - **Scaling-up Renewable Energy Program (SREP)**
  - **Pilot Program for Climate Resilience (PPCR)**
  - **Forest Investment Program (FIP)**

Trustee

Financial Procedures Agreement

Other MDBs
The Climate Investment Funds (CIF)

As of December 2016, the Bank has approved a total of 39 projects for which it committed a total USD 725 million in CIF resources. These were blended with Bank’s own resources in the amount of USD 1.4 billion.

- AfDB became an Implementing Agency in 2010 following signature of Financial Procedures Agreements with the CIF Trustee.

- Currently, all programs under the CIF are facing an impending cash shortfall as donors are prioritizing their climate finance commitments to the Green Climate Fund.

- As a result of the shortfall, no new projects will enter the CIF pipelines meaning that in the context of the CIF, the Bank focuses on: (i) delivering existing projects in the pipeline, (ii) ensuring effective implementation of projects in the portfolio, (iii) monitoring cash shortfall effective dates across the four programs, and (iv) supporting CIF pilot-countries keen to finalize their investment plans.
The Global Environment Facility
1. **Reduce vulnerability** to the adverse impacts of climate change – e.g. reduced risks to economic losses through implementation of adaptation measures

2. **Increase adaptive capacity** to respond to the impacts of climate change – e.g. within relevant development sectors and natural resources; diversified and strengthened livelihoods and sources of income

3. **Promote** transfer and adoption of **adaptation technologies** – as defined under the Climate Convention
AfDB as GEF Implementing Agency

- Since 2007
- Portfolio of $305 million with a $1.8 billion co-financing for 36 projects
- Access to GEFTF (STAR Allocation), LDCF, SCCF and others (IW, SFM, ...)
- Big potential of project origination with ADF and ADB window
- Dedicated team for GEF origination and implementation follow-up
- Project aligned with National priorities (CSP and RISP)

**GEF approval process:**

1. National Portfolio Formulation Exercise
2. Project Identification Form (PIF)
3. GEF Council Approval
4. Full-Size Proposal
5. GEF CEO Endorsement
6. Implementation

**AfDB approval process:**

- PCN
- Country Team
- OpsCom
- PAR
- Country Team
- OpsCom
- Board Approval
- Implementation
In the past three years, the Bank has multiplied access to GEF resources for RMC for projects in:

- **Renewable energy & efficiency**
- **Resilient agriculture**
- **Sustainable Water Management**
- **Sustainable Transport**
- **Waste management**
The Africa Climate Change Fund
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 African countries 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
**ACCF Review and Approval Process**

**STEP 1**
**Origination:** call for proposals open to all eligible beneficiaries

**STEP 2**
**Selection:** pre-screening and shortlisting by Secretariat against agreed criteria

**STEP 3**
**Appraisal:** Reviewing and refining the technical and fiduciary aspects of proposal (Secretariat and proponent with input from relevant departments)

**STEP 4**
**Peer Review:** by internal Bank experts

**STEP 5**
**Approval:** ACCF Technical Committee: grants <USD500,000; Oversight Committee: 500,000< Grants< USD1 million; Board: grants> USD 1 million

**STEP 6**
**Grant agreement and effectiveness:** legal signed agreement between the Bank and the executing entity
Conclusion:

- NDC targets of most African countries are largely conditional commitments, unless long term concessional finance is availed, these countries will not meet key their Paris Agreement commitments – continued Advocacy is paramount.

- Create Enabling Environments – Private sector finance will flow if policy, regulatory, technology, skills barriers are mitigated.

- Simplify processes to access global climate finance.

- Mobilize domestic resources to leverage external finance.
Thank you for your attention