Mobilising finance for NDC Implementation

Regional Dialogue
Africa Climate week 19.11.2019

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1. Adaptation needs on the rise - Financing gap

Financing needs for adaptation:
- $280bn to 500 bn/yr by 2050 (UNEP Adaptation Gap, 2016)
## 2. AFD Climate Strategy 2017-2022

<table>
<thead>
<tr>
<th>Goals</th>
<th>Objectives</th>
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<tr>
<td>Consistency with the Paris agreement, support to low carbon and resilient development pathways</td>
<td>Make sure all operations are consistent with low carbon and resilient development</td>
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<td>Maximize climate impact and leverage</td>
<td>Support the development of low carbon and resilient long term strategies by countries</td>
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<td>An enhanced role within IFIs committed on Climate</td>
<td>Increase climate finance</td>
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<td>Contribute to the re-direction of financial flows</td>
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<td>Contribute to the definition of solutions and standards</td>
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- **100% Paris Agreement**
- **50% climate co-benefits**
3. Adaptation and the AFD Group

Adaptation in AFD mandate

- **Paris Agreement**: balanced support between mitigation and adaptation.
- Adaptation key climate concern for most of **African countries** and AFD has 50% of its activity in Africa.
- Poor consideration of climate risks can **jeopardize project financial/economic/development performance** and eventually reduce the repay capacity of our clients.

Numerous obstacles and challenges to be addressed / adaptation finance

- Lack of knowledge climate change impacts / high level of uncertainty
- Weak climate governance mechanisms
- Need to integrate climate objectives in sectorial public policies
- Knowledge about access to international climate finance funds
- Convincing business models attracting private sector engagement (+ tracking issue)

- **Strong increased engagement objectives** 1,5 Billion EUR of projects with adaptation co-benefits by 2020, with a particular attention to Africa
- **Development of new instruments, initiatives and programs to scale up action**
2018: target already achieved 34% of AFD climate action adaptation

In Africa, adaptation action is reaching 40% (751 M EUR)

- Management of flood risks
- Prevention and management of climate risks
- Efficient use of water resources
- Sustainable / climate smart agriculture
- Municipal and state adaptation plans
4. Scaling up action: exemple of instruments / programs

Objectives:
- Operationalize the Paris Agreement
- Focus on adaptation
- A driving force in speeding up climate investments (>500 M EUR)

Amount:
30 M€ financed by AFD

15 countries and Regional organisations:
Africa, LDCs and SIDS

Duration:
4 years (2017-2021)
11 MOU already signed

100 activities to be deployed until 2021

35 activities deployed or being defined
The AFD-GCF Program « Transforming Financial Systems for Climate (TFSC) »: the redirection of financial flows

- Recent program approved by the GCF (Oct 2018)
- Fully aligned with the priorities of our most recent corporate strategy (POS IV): 100% Paris Agreement, Africa, non-sovereign, partnerships
- Compliant with GCF’s expectations towards AFD: Africa, Adaptation, Leverage effect on the private sector.
- Paradigm shift through the shifting of financial flows towards local finance institutions and project developers with so far limited access to climate finance
Thank you for your attention