

AFRICAN DEVELOPMENT BANK GROUP



“Towards A Green Fund for Africa”

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Speech by

**Dr. Donald Kaberuka
President
African Development Bank Group**

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Mr. Chairman

Your Excellencies

Jens Stoltenberg, Prime Minister of Norway

Meles Zenawi, Prime Minister of the Federal Democratic Republic of Ethiopia,

Eminent Personalities, Leaders of African Institutions

Distinguished Guests,

Ladies & Gentlemen

I am pleased and honored to join you all at this Forum to deliberate on issues of Governance, Leadership and Climate Change. Since the turn of the decade, as many observers of Africa's economy have spelt out, the economic performance of many countries in Africa has built a new momentum.

The successive turbulences over the last three years in the global economy has interrupted, but not stopped, that momentum. As a recent McKinsey report points out, this is a continent which has not only built resilience – through two decades of reform – but is also taking a new direction. While there are still pockets of governance and leadership deficits, this momentum itself is proof of the progress made.

There are many risks and uncertainties– some known, others unknown, some man made, others external and others idiosyncratic. But there is one that is certain – the impact of climate change – the subject of our Forum.

Development and the quest for it cannot be separated from action to deal with climate change. They are two sides of the same coin. As we provide modern and more reliable forms of energy – we reduce the dependence by millions of Africans on wood fuel and thereby save our forests.

I am told by experts that if we are able to protect at least 1% of the Congo Forest, this would preserve about 230 million tons of carbon, which is equal to a third of United Kingdom's annual greenhouse gas emissions.

If we are able to access funding for better water resource management, our agriculture will become less dependent on increasingly erratic rains and volatile climate patterns.

The narrative of a continent rich in energy potential, but energy poor is familiar. Three quarters of Africa's population have no access to electricity while 92% of rural inhabitants rely on biomass.

It is increasingly clear that a deal in Cancun COP 16 is getting remote unless political will can be galvanized- and a financing package is agreed upon. The context of a difficult economic situation in many key stakeholder countries poses a challenge to reaching a climate change agreement later this year.

From the perspective of a continent suffering from the effects of climate change already exemplified by the simultaneous spectacle of millions at risk in the drought stricken Sahel belt and at the same time massive inundations in the same region, time to act is now.

The priority is the urgency of reaching a comprehensive climate agreement, which COP 15 in Copenhagen was not able to deliver. But there is one area in which COP 15 made progress- the commitment to new and additional finance to support mitigation and adaptation.

I am honored, alongside Prime Minister Meles Zenawi who chairs our panel, and Mr. Trevor Manuel, Minister of National Planning in South Africa, to serve in an Advisory Group set up by UN Secretary General Ban Ki Moon. This Group is tasked with proposing how the longer term resources to 2020, as pledged in the Copenhagen Accord can be mobilized.

The Group will be submitting its proposals to Mr. Ban Ki Moon, having completed its work only yesterday. We have pointed out that raising additional US\$ 100 billion is possible, even if challenging.

Many of the proposals while technically sound require political will. It will now be up to the leaders in different parts of the world, particularly the rich countries, to demonstrate leadership on this issue.

The African Development Bank, in the spirit of the directive by African leaders in COP 15, is putting in place a mechanism; the Africa Green Fund (AGF), to leverage and deploy any portion of these funds dedicated to Africa.

I want to commend here, the countries that have already indicated their intention to disburse their fast track funding. Let me reiterate that we at the Bank are well placed to deploy and leverage these funds, as appropriate. In general, for each dollar of concessional financing by the Bank, we have been able to leverage five dollars- an indication of the Bank's potential to rapidly scale up its activities.

The Bank has ensured the integration of climate change issues, supporting both adaptation and mitigation, in all our programs and operations. These range from infrastructure, water resources management to agriculture. Such programs include;

- i) Hydropower development as well as solar, wind and geothermal energy development in various parts of the continent
- ii) The Congo Basin Forest Fund, which is managed by the Bank; and
- iii) The Lake Chad sustainability program.

Today, I will join my two colleagues in the AUC and ECA to launch the Climate Information for Development in Africa (*Clim-Dev*) Programme.

The African Development Bank has, in order to kick start the program, provided 30 million US dollars to strengthen four African Regional Climate Centers. This will enhance their ability to provide timely and relevant meteorological data and hence support the integration of climate issues into planning processes.

Let me return briefly to the proposed Africa Green Fund. We are submitting to our Governing organs the full fledged, well thought out proposal for the Africa Green Fund to be managed at the African Development Bank.

In requesting the African Development Bank to manage Africa's climate change resources, African leaders were very aware of existing mechanisms. However, they were of the view that the Africa Green Fund, working alongside and complementing other channels, fully anchored in the UNFCCC process, was the best way to address Africa's priorities while providing enhanced access to African countries and eligible entities. We fully agree that each time an instrument of this nature is set up, it must bring in additionality and lower transaction costs. The AGF will.

For reasons of design and sequencing, African countries were not major beneficiaries of the financing instruments under the Kyoto Protocol such as the CDM, in large part because those facilities were mainly designed to deal with issues of mitigation. Not surprisingly, adaptation was the poor cousin. In contrast, the Green Fund will provide support to adaptation and mitigation activities in a balanced manner that enhances access and fully anchored in the UNFCCC process.

Through the Green Fund, African countries will have reasonable ownership and empowerment in decision making regarding priorities and utilization of the AGF resources. We would like to hear from you on how best to do so, to ensure such ownership, complementarity and lowering systemic transaction costs.

In concluding, let me thank many of you who have attended the stakeholder consultations organized here and in Tunis in preparation for the establishment of the Africa Green Fund. I wish to thank you also for your overwhelming support and endorsement.

Mr. Chairman, Your Excellencies, Ladies and Gentlemen

Far too often in the past, Africa's problems and solutions have been defined elsewhere. We have a duty this time round, as our negotiators did

in COP 15, to do so ourselves. Let us begin with the Africa Green Fund, and let me call upon Africa's friends to join us in this noble cause.

This Conference has put the focus, rightly so, on Governance and Leadership. This is the key. We must move forward, everyday in reinforcing our institutions, in deepening Africa's voice. But we must also, continue the quest for better governance globally. I cannot imagine a greater demonstration of global leadership at this stage than taking the necessary steps to counter climate change and saving our planet.

Thank you.