



# Financing Climate Change: Africa's Access to Convention Funds

## COP-18 High-Level Side Event Concept Note

**Date:** 3rd December 2012    **Time:** 15h30 – 17h00 or 17h30    **Venue:** EU Pavilion, QNCC

### I. BACKGROUND

Financing climate change is a major concern for Africa in its quest for sustainable development and in transitioning to a green economy. A recent study by the AfDB estimated adaptation costs in Africa in the range of US\$ 20-30 billion per annum over the next 10 to 20 years. In addition, the costs of putting Africa on a low-carbon growth path could reach \$9–12 billion per year by 2015. The funding that is currently delivered to the continent is far from meeting these needs.

Efforts from the international community and African countries to improve access to climate finance in Africa have yielded significant results in recent years. However, the current flows remain insufficient to meet Africa's actual needs. To date, Africa has not received financial resources for climate finance from its multilateral and bilateral development partners that are in anyway commensurate with likely future needs. It is estimated that Africa received only \$435 million of multilateral climate finance in 2009/10, a mere 4% of the total of such flows.

Climate flows from bilateral development partners have traditionally been more important in Africa. Dedicated climate funds are increasingly placing more emphasis on supporting African countries. Such Funds have approved about \$2.9 billion of climate finance to Africa. While this is low in absolute terms, they tend to be more supportive of Africa, particularly for adaptation.

The current split between funding for mitigation and adaptation (95%:5%) contrasts with the estimates of costs. This is particularly problematic in Africa where adaptation needs are already manifesting and where local or national capacity to adapt is limited.

Overall, African countries, particularly the least developed ones, face certain challenges at each stage of climate finance delivery. These have to be considered and dealt with in any new mechanism, particularly those under the Convention, in order to enhance the effectiveness, equity and accessibility to funding by African countries.

An important issue that needs to be addressed is the reason for Africa's low rate of participation in these global funds. While bilateral funds may have their special geographical targets, the funds under the UNFCCC target all developing countries, including those in Africa. It is therefore important that frank conversations take place on the opportunities and constraints to Africa's access to climate funds under the UNFCCC.

The African Development Bank is organizing a side event at COP18 to bring together important players in the global climate finance community to discuss the prospects and challenges to Africa's access to climate finances. It is hoped that the pertinent discussions at this side event will lead to concrete steps being taken to address these challenges in the existing funds, while contributing to a more accessible Green Climate Fund.

## **II. CHALLENGES AND OPPORTUNITIES**

### **Challenges**

Although the gross flow of money is important, the arrangements for implementing any projects and programs can also determine its legitimacy and effectiveness. In this context, the current paradigm of climate finance has often failed to match Africa's needs. Some of these funds have exceedingly cumbersome access procedures, with unnecessary complexity and bureaucratic bottlenecks that delay implementation of national development plans.

Many of the continent's unique features have not been taken into consideration in the design of existing global funds, including the need to provide greater financing for adaptation. It is therefore important that the resources pledged under the Copenhagen Accord and Cancun Agreements that will be managed under the Green Climate Fund (GCF) adequately respond to the continent's needs and increase its access to climate finance.

Africa has limited capacity in many areas such as policy analysis, climate change knowledge and project formulation, which undermines the continent's readiness to access climate finance resources, and leads to limited absorptive capacity to receive and manage funds at scale. There is a strong need to build capacity of African countries to access and manage climate finance.

The following are the more Africa-specific challenges related to the distribution of and access to climate finance:

1. The focus on project finance which increases transaction costs associated with existing projects that involve a large number of arbitrators.
2. Low national capacities and institutional frameworks that are unable to meet the fiduciary standards required for direct access.
3. Many climate change funds, like other Overseas Development Assistance (ODA) resources are often tied to extraneous factors like governance, human rights, transparency, etc. which hinder the ability of national entities to access these funds.

## **Opportunities**

There are opportunities to increase the availability of sufficient funding to develop capacity to address climate change within the larger context of sustainable development, social cohesion and the reduction of vulnerabilities in Africa. In this respect, synergies between climate change and development priorities are becoming very important.

1. The on-going efforts at developing the GCF presents a chance for the international community to review and evaluate previous funds, as well as identify gaps and barriers.
2. Financing climate change adaptation and mitigation efforts can simultaneously address poverty reduction and sustainable development concerns in Africa. Countries are therefore, looking forward to seeing a GCF design that provides for effective mobilization and management of financial resources, that can be easily accessible and within a short time span.
3. Agreeing on a clear concept for Long Term Finance on the international level, which was lacking for Fast Start Finance, would support common understanding and expectations of LTF.
4. The African Development Bank over the last few years has seen increased availability of funds as well as capacity building programs through the Climate Investment Funds, Global Environment Facility, Trust Funds and Energy Bonds. The African Development Bank has assisted its regional member countries to access these funds and there is an abundance of lessons learned that could be of value moving forward.

## **III. OBJECTIVES AND OUTPUT OF EVENT**

### **Objectives**

Informed by the on-going UNFCCC negotiations and the current efforts to develop and operationalize the Green Climate Fund, the High level Event intends to achieve the following objectives:

- Discuss and shed light on issues related to financing climate change in Africa, with focus on the financial mechanism of the Convention, and opportunities and challenges for attaining a meaningful outcome for GCF at COP 18.
- Enable a dialogue across relevant organizations working on finance and development and provide a space for a practice-based and policy-relevant discussion on regional experiences by the Bank and partners from regional and multilateral organizations.
- Identify the options for improving accessibility by African countries to future climate financing instruments including the Green Climate Fund and the Africa Green Facility including capacity needs to access and manage funds.
- Take stock of the current global debate on climate finance and development effectiveness, with the view to how it also fits into the green growth discourse.

Highlight the African Development Bank's experiences with climate finance and development to date, and reflect on global and regional views on the on-going debate on the GCF and the link to the Bank's efforts to develop an Africa Green Facility.

### **Expected Outcomes**

It is expected that the side event will deliver the following outcomes:

1. Increased awareness, knowledge and insight on climate finance issues in Africa and how to improve Africa's access to climate finance. This will strengthen Africa's position in international climate change negotiations, with a view to ensuring adequate reflection of the continent's concerns and priorities in a post-2012 international climate change regime.
2. Enhanced awareness and understanding of the current and future finance mechanism and related institutional and policy initiatives and their impacts on Africa and its development agenda.
3. Increased understanding on challenges and opportunities associated with financing climate change in Africa and its role on achieving sustainable development and economic transformation in the continent.
4. Updated and better-informed decision makers and practitioners in Africa on the various issues surrounding climate finance development and implementation.

### **IV. TARGET AUDIENCE**

The High Level Event will ensure the engagement of relevant regional and global partners. As such, it is expected to bring together high-level decision makers from African member states and their Regional Economic Communities, official representatives/delegates and negotiators from African countries, International researchers, scientists, and science and technology specialists with a particular focus on Africa, the practitioner community (private sector, CSOs, media and independent writers), and representatives from global and regional multilateral institutions working directly on the climate finance agenda.

### **V. KEY QUESTIONS**

Key questions that the high level event may address would include:

1. What is the status of the level of funding available for the various climate finance mechanisms under the UNFCCC?
2. What have been the experiences of African countries in accessing and managing climate change finance under the convention?

3. How is the UNFCCC addressing these challenges and constraints? How are the AfDB and other multilateral organizations acting as Implementing Entities addressing these challenges?
4. How can projects and programmes in Africa be planned and structured so that they can access international climate finance and other sources of finance?
5. What lessons can be drawn with regard to direct access, and which of these are relevant for the design of direct access under the Green Climate Fund (GCF)?
6. How can African countries better position themselves and be ready to access the GCF?
7. What might be the role of the other Convention Funds (GEF, Adaptation Fund) in the future once the GCF is fully operational?
8. How can the African Development Bank further enhance Africa's access to these Convention Funds?
9. How will the proposed Africa Green Facility fit into and complement the existing climate finance architecture?

## VI. PANELISTS ROLES AND RESPONSIBILITIES

ROLE	NAME	POSITION
<b>MODERATOR</b>	To be Determined	
<b>KICK-OFF PRESENTATION</b>	Anthony Nyong	Manager, Compliance and Safeguards Division, AfDB
<b>CHAIR</b>	Rhoda Tumusiime	AU Commissioner for Rural Economy and Agriculture
<b>PANELIST</b>	Naoko Ishii	GEF CEO
<b>PANELIST</b>	Donald Kaberuka	President of African Development Bank
<b>PANELIST</b>	Luis Alberto Santos Michetti	Chair of the Adaptation Fund Board
<b>PANELIST</b>	Zaheer Fakir	Co-Chair of the Green Climate Fund Board
<b>PANELIST</b>	Carlos Lopes	Executive Secretary, UNECA.
<b>PANELIST</b>	Terezya Huvisa	Chair of AMCEN African Minister
<b>PANELIST</b>	To be nominated	Senior Representative of European Union

### MODERATOR

Provide a general overview of the reasons prompting this discussion; introduce the panelists and the Kick-off presenter, explaining their positions and why their experience is pertinent for this discussion. The moderator will moderate both the panel discussions and the general Question and Answer session.

## **CHAIR**

Will coordinate the session on the report launch, and will also formally close the side event.

## **KICK-OFF PRESENTER**

Will provide an overview of the key issues to set the scene for Panel discussion.

## **PANELISTS**

All panelists will present their views and respond to questions from the moderator on the issues based on their professional experience and come to concrete recommendations.

## **VII. Proposed Agenda**

<b>15:30 – 15:35:</b>	<b>Welcome and Introductory remarks by the Moderator</b>
<b>15:35 – 15:50:</b>	<b>Kick-off presentation on <i>“Climate Change Finance, challenges and opportunities for Africa”</i></b>
<b>15:50 – 16:00:</b>	<b>Report Launch by AfDB President: <i>“Operationalizing the Green Climate Fund: Enhancing Africa’s Access”</i>.</b>
<b>16:00 – 16:40:</b>	<b>Panel Discussion</b>
<b>16:40 – 16:55:</b>	<b>General Question and Answer Session</b>
<b>16:55 – 17:00:</b>	<b>Closing Remarks by the Chair</b>
<b>17:00 – 17:30</b>	<b>Press Conference</b>