SPEARHEADING CHANGE

THE AfDB ROLE IN FINANCING A CLIMATE-SMART AFRICA

COP22
Marrakech - November 7-18, 2016
Climate Change is the most important development challenge of our time. The African Development Bank will work with other partners to intensify financing to combat climate change for the benefit of African countries.

Akinwumi Adesina
President African Development Bank Group
Africa can lead the world on climate resilience and low carbon emissions if the necessary policies are put in place now.

President Lungu of Zambia
at AfDB 2016 Annual Meetings

For Africa, climate finance has become essential for jump-starting effective development by:

- **Strengthening national finance** to support out-of-reach innovations;
- **Leveraging new money** from public and private sources;
- **Lowering barriers** to engage private sector and other investors;
- **Bringing together stakeholders** from community to global levels;
- **Supporting new and innovative technologies**, such as renewables, climate resilience mechanisms, and forest management solutions.
- **Supporting countries’ commitments for climate action** under the Paris Agreement and UN Sustainable Development Goals.

1.4 billion US$

of climate finance

mobilized by AfDB

in 2015

At the AfDB, Africa's premier development partner, we are transforming our business to help Africa’s countries get on the fast track to achieve green, inclusive and sustainable development and deliver on their goals for climate action.

In 2016, we are:

- Working with countries through **nine climate funds**, mechanisms and policy advocacy initiatives to ensure well-targeted delivery of climate finance.
- Mobilizing **wide-ranging public and private climate resources** for projects in forests, climate resilience, renewables, and energy efficiency.
- Taking the lead in developing **innovative financial instruments and climate finance tracking systems**.
- Proactively designing and implementing low-carbon and climate-resilient projects to benefit from the US$ 500 million **green bond** issued by the Bank’s treasury department.
- Concurrently, transforming our **institutional infrastructure** to channel climate finance quickly and efficiently to the communities that need it most.
- Under the implementation of the **2016-2020 Climate Change Action Plan** (phase II), prioritize mobilization of resources towards the Bank’s commitment to scale up climate finance to US$ 5bn per year by 2020.
- Helping countries meet their **Nationally Determined Contributions** under the Paris Agreement and **Sustainable Development Goal** commitments.
- Joining the continental leaders and development to support the development of the **Africa Adaptation Initiative (AAI)** and the implementation of the **Africa Renewable Energy Initiative (AREI)** in line with the Bank’s **New Deal on Energy for Africa**.

5 billion US$

a year by 2020

1 billion US$

Mitigation

400 million US$

Adaptation
FUNDS MANAGED BY AfDB ENERGY, ENVIRONMENT AND CLIMATE CHANGE DEPARTMENT (ONEC)

- **Climate Investment Funds**: Premier global instrument for low-carbon, climate-resilient development.
- **GEF (Global Environment Facility)**: Champion of the global commons, global UN treaty instrument.
- **Green Climate Fund**: UN fund to help developing countries achieve adaptation and mitigation.
- **Africa Climate Change Fund**: Unique mechanism for private investment in small/medium scale renewables, energy efficiency.
- **Fund for African readiness for climate-resilient, low-carbon development**.

FUNDS MANAGED BY AfDB WATER AND SANITATION (OWAS) AND AGRICULTURE AND AGRO-INDUSTRY (OSAN) DEPARTMENTS

- **African Water Facility**: Fund for innovative water projects in Africa.
- **Multi-donor Trust Fund**: Multi-donor Trust Fund to support rural water supply and sanitation programs.
- **Multi-donor fund to support agriculture infrastructure projects**.
- **ClimDev-Africa**: Multi-donor fund for information for climate-resilient development.
The Adoption of the Paris Agreement shows that the world understands that with climate change there are no winners and no losers. Either we all win together, or we all lose together. And at COP21 we all committed to win together.

Akinwumi Adesina
President of the African Development Bank Group

PATHWAYS TO ACCESSING THE FUNDS

ACCF: Africa Climate Change Fund
ACTC: Africa Climate Technology Centre
AWF: Africa Water Facility
CIF: Climate Investment Funds
CDSF: ClimDev Special Fund
CTF: Clean Technology Fund (CIF)
FIP: Forest Investment Program (CIF)
GEF: Global Environment Facility
GCF: Green Climate Fund
LDCF: Least Developed Countries Fund (GEF)
PPCR: Pilot Program For Climate Resilience (CIF)
SEFA: Sustainable Energy Fund for Africa
SCCF: Special Climate Change Fund (GEF)
SREP: Scaling-up Renewable Energy Program (CIF)
Premier $8.3 billion global public climate finance instrument with Multilateral Development Banks to support developing countries in renewables, sustainable transport, climate resilience, forests, agriculture. Uniquely broad-based and inclusive governance structure. Programmatically linked to government development policy. Uniquely designed to simultaneously deliver strong development and climate outcomes.

A third of CIF’s $8.3 billion goes to Africa. With CIF support, AfDB currently finances 39 investment plans in 27 countries and 1 region to transform their economies through renewables, sustainable transport, climate resilience and sustainable forest solutions. Currently, AfDB has approved 17 projects for $2.1 billion (AfDB $1.4 billion, CIF $.7 billion).

The CIF includes 4 programmes:

- Clean Technology Fund (CTF)
- Forest Investment Program (FIP)
- Pilot Program Climate Resilience (PPCR)
- Scaling Up Renewable Energy Program (SREP)

**PUBLICATIONS**

**ENVIRONMENT AND CLIMATE CHANGE DIVISION MANAGER AND CIF COORDINATOR**

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GLOBAL ENVIRONMENT FACILITY (GEF)

PURPOSE

Champion of the global commons Supporting biodiversity, climate change, international waters, chemicals and waste, land degradation, sustainable management of forests. Serves as the premier UN environment Convention secretariat. Covers "incremental" costs to transform projects from national to global significance.

PORTFOLIO

AfDB-GEF currently funds 34 projects financed with $303 million in GEF grant financing and $2.7 billion co-financing in areas ranging from: climate resilient agriculture to sustainable water management, transport, and renewable energy and energy efficiency.

AfDB GEF Portfolio 2007-2015 (US$ million)

Co-financing leverage 2016

US$ 303 MILLION

× 9

US$ 2.7 BILLION CO-FINANCING

Country projects

Adaptation
Mitigation
Biodiversity
International water

GEF COORDINATOR
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PUBLICATIONS
PURPOSE

The UN’s premier climate fund to channel new, additional, adequate and predictable climate finance to developing countries and catalyse public and private climate finance. As an operating entity of the financial mechanism of the UN Framework Convention on Climate Change, the Fund will contribute to achieving the Convention’s goals, particularly for societies that are highly vulnerable to climate change, including least developed countries, small island developing states, and African States.

As of October 2016, the Green Climate Fund has raised USD 10.3 billion equivalent in pledges from 43 state governments. Half of the investments will be targeted for mitigation and half for adaptation, within which 50% will be dedicated to the most vulnerable countries most of which are in Africa.

GCF KEY FEATURES

- More than $10 billion initially raised
- Commitment to a 50/50 balance between mitigation and adaptation
- At least 50% adaptation funding for the most vulnerable countries, including African States
- Country-driven approach with engagement through country institutions and stakeholders
- Ability to engage with both public and private sector
- Direct private sector engagement through the Private Sector Facility
- Risk-bearing capacity to support innovation and leverage financing
- Variety of financial instruments available
- Governance by consensus between 24 board members, with an equal number of members from developing and developed country Parties.

AfDB’s ENGAGEMENT WITH THE GCF

Given the alignment of the Fund’s objectives with the AfDB’s Ten-Year Strategy, the AfDB’s five priorities, and the AfDB Climate Change Action Plans, the Bank sought GCF accreditation in order to become a GCF Multilateral Implementing Entity.

The Bank received accreditation by the GCF in March 2016, further enabling it to scale-up financing necessary to address the impacts of climate change.

A set of AfDB projects is currently under consideration by the GCF with approval expected in early 2017.

GCF PROJECTS ARE EXPECTED TO DEMONSTRATE:

- The linkage between climate actions and how they enable economic development to proceed in a sustainable manner
- How the project/programme incorporates potential innovation
- How benefits will be sustained once GCF financing ends
- Monitoring and evaluation, including how lessons can be disseminated to inform and possibly promote replication in other regions/countries
- How benefits for women and girls will be delivered
- How fiduciary weaknesses in project countries will be addressed
- Country ownership and effective stakeholder engagement
- Additionality of the funding.

PUBLICATIONS

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GCF OPERATIONS COORDINATOR

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http://www.greenclimate.fund
Unlocking private-sector potential to promote energy access and inclusive and green growth

**SUSTAINABLE ENERGY FUND FOR AFRICA (SEFA)**

**PURPOSE**

Unique mechanism supporting private investments in small- and medium-scale renewables and energy efficiency projects to unlock Africa’s green energy potential. Launched in 2012, SEFA is an $95 million Bank-managed multi-donor trust fund (DANIDA, DFID, Italy and USAID) supporting private sector-led economic growth in Africa through efficient use of untapped clean energy resources. Operates under three financing windows: project preparation, equity investments, and enabling environment support. Aligned with SE4All to support preparatory, sector planning and capacity-building activities, including High-Impact Opportunities (HIO) for Green Mini-Grids.

**PORTFOLIO PRIORITIES**

- Project implementation
- Project Development
- Resource Mobilization
- Enabling Environment Support
- Gender and Energy Access

**SEFA PORTFOLIO**

33 PROJECTS

19 COUNTRIES + 5 multinational projects

3 COMPONENTS = $54.12 MILLION

Project Preparation

Equity Investments

Enabling Environment

$1.7 BILLION in investments leveraged

486 MW of installed capacity

SEFA is at the core of the Bank’s corporate priorities of green and inclusive growth enshrined in its 2013-2022 Strategy, by unlocking private investment that expand access to clean energy and stimulate job creation.

**PUBLICATIONS**

SEFA is the core of the Bank’s corporate priorities of green and inclusive growth enshrined in its 2013-2022 Strategy, by unlocking private investment that expand access to clean energy and stimulate job creation.

**SEFA COORDINATOR**

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**Alex Rugamba**

AfDB Director, Energy, Environment and Climate Change Department
Aimed at helping African countries become resilient to climate change and transition to low carbon growth, the ACCF was established in 2014 with EUR 4.7 million from Germany. The ACCF helps countries strengthen their institutional and policy development capacity and ability to attract climate finance from the Green Climate Fund and other sources.

Eight projects have been approved in 6 countries (Mali, Swaziland, Cape Verde, Cote d'Ivoire, Kenya and Tanzania (Zanzibar)) in addition to two multi-national project for a total approved amount of $3.3 million. There are additional projects in the ACCF’s pipeline currently undergoing appraisal.

At the end of 2015 the Italian government made a commitment of EUR 4.7 million to the ACCF, which initiated its conversion to a multi-donor fund. It expects to launch a new call for proposals in early 2017.
African Climate Technology Centre (ACTC)

The African Climate Technology Center is a project executed by the AfDB and financed by the Global Environment Facility (GEF) to support sub-Saharan African (SSA) countries in scaling-up deployment of low-carbon and climate resilient technologies for climate change mitigation and adaptation.

The Centre focuses on the water sector for adaptation and on the energy sector for mitigation. For the energy part, the ACTC promotes the implementation of the Sustainable Energy for All Initiative (SE4All).

The project activities embrace three main areas:

- Supporting knowledge creation and dissemination, and enhancing stakeholders networking, on climate technology transfer and financing;
- Fostering the scaling-up of technology transfer through policy, institutional and organizational reforms of the country and regional enabling environments; and
- The ACTC provides advisory services in short time through the use of framework contractors or external service providers. The project promotes scientific research and development to enhance the adoption of climate friendly technologies in Africa.

Since its inception in mid-2014, the ACTC has implemented Project Activities in 12 SSA countries, and at the regional level.

www.african-ctc.net

SE4All AFRICA HUB

The SE4All Africa Hub has the mission to facilitate the implementation of SE4All Initiative in Africa.

The SE4All Africa Hub was launched at the AfDB's Annual Meetings in Marrakesh in 2013, being the first regional Hub to be established. It is a partnership between the African Development Bank, the NEPAD Planning and Coordinating Agency, the African Union Commission, The United Nations Development Programme and the Regional Economic Communities on a rotating basis.

The Africa Hub promotes African ownership, inclusiveness and a comprehensive approach to the Initiative’s implementation. Its main activities include:

- Policy elaboration and guidelines;
- Technical assistance to African countries; and
- Networking, Communication and knowledge management.

The Africa Hub works in partnerships with many stakeholders involved at the global and regional level in support of the Initiative”.

www.se4all-africa.org

Green Mini-Grids Market Development Programme

The SE4All Africa Hub, in collaboration with SEFA and DFID, launched a Green Mini Grids Market Development Programme (GMG-MDP) to support the development of the sector through a series of actions:

- Market Intelligence—aimed at providing mini-grid stakeholders with better information on potential mini grid markets throughout the continent;
- Business Development Services — provides web-based and personalized technical assistance to GMG developers;
- Policy Support—targets public sector players and the creation of an enabling environment for private sector investments into mini-grids;
- Quality Assurance — aims to ensure that any mini-grids developed will be to a standard sufficient to build a positive reputation for the technologies and business models;
- Access to Finance - provides financing and financing support tools to GMG developers.

greenminigrid.se4all-africa.org/
The AWF is an initiative of the African Ministers’ Council on Water (AMCOW) hosted by the AfDB, established in 2004 as a Special Water Fund to help African countries achieve the objectives of the Africa Water Vision 2025. The AWF offers grants from €50,000 to €5 million to support projects aligned with its mission and strategy to a wide range of institutions and organizations operating in Africa. Its three strategic priority activities are 1) preparing investment projects to mobilize investment funds for projects supported by AWF; 2) enhancing water governance to create an environment conducive for effective and sustainable investments; 3) promoting water knowledge for the preparation of viable projects and informed governance leading to effective and sustainable investments.

Since 2006, AWF has funded 104 national and regional projects in 52 countries, including in Africa’s most vulnerable states. It has mobilized more than €1.4 billion as a result of its project preparation activities, which constitute 70 percent of its portfolio. On average, each €1 contributed by the AWF has attracted €34 in additional follow-up investments. The AWF is entirely funded by Algeria, Australia, Austria, the Bill and Melinda Gates Foundation, Burkina Faso, Canada, Denmark, the European Commission, France, the Nordic Development Fund, Norway, Senegal, Spain, Sweden, the United Kingdom, and the African Development Bank. The AWF is governed by a Governing Council representing its 16 donors, UN-Water Africa, the AU via NEPAD, AMCOW and the AfDB.

RWSSI was launched by the AfDB in 2003 as a focused regional response to the rural water supply and sanitation subsector in order to help African governments meet the targets of the African Water Vision 2025 and now the Sustainable Development Goals (SDGs). In 2005, it launched the RWSSI Trust Fund (TF) which is built on a three-pronged approach: investment in rural water and sanitation interventions, strengthening of sector processes and systems, and advocacy and knowledge building.

Since then, the Bank has gone on to approve 53 projects in 35 countries in rural water supply and sanitation. In collaboration with partners, RWSSI has achieved the following results to date:

- 134 million people have gained access to clean water
- 90 million people now have access to improved sanitation

Despite considerable efforts to provide clean water to rural communities by AfDB and other development actors in past decades, about 300 million people in rural Africa still lack access to drinking water. Not only is water central to the new five strategic priority areas of the AfDB (High 5s), stakeholders are currently developing the 2016-2025 RWSSI Strategy to enable continuous scaling up of activities while using transformative and innovative delivery approaches.

To date, the following countries have contributed to the RWSSI TF: Burkina Faso, Canada, Denmark, France, Italy, The Netherlands and Switzerland.
AGRICULTURE AND AGRO-INDUSTRY DEPARTMENT

AGRICULTURE FAST TRACK (AFT)

Grant making facility to support the preparation of agriculture infrastructure investments in Africa. The AFT is intended to support the costs of project preparation activities for financially sound, environmentally sustainable, and socially beneficial food security investments.

The AFT provides grant funds to cover investment preparation costs such as business plan development, market research, financial modelling, feasibility studies, and environmental and social impact studies. The goal of the AFT is to unlock financing agriculture infrastructure projects by defraying the initial preparation costs that investment sponsors are unable to shoulder alone.

AGRICULTURE FAST TRACK (AFT)

The AFT Fund (AFTF) is a multi-donor trust fund managed by the AfDB with funding support from USAID, DANIDA and SIDA.

The AFTF was launched in 2013 in six pilot countries - Burkina Faso, Ethiopia, Ghana, Ivory Coast, Mozambique and Tanzania - that are members of the New Alliance Cooperation Framework and in which 12 grants valued at $5.5 Million have been approved.

CLIM-DEV - AFRICA SPECIAL FUND (CDSF)

Multi-donor trust fund established to support African countries, institutions and to communities build resilience to the impacts of climate change. It has three main areas of focus:

- Generation, wide dissemination and use of reliable and high quality climate information for development in Africa;
- Capacity enhancement of policy makers and policy support institutions through the generation of quality analysis and evidence on climate change and its implications for Africa, for use in development planning and actions; and
- Implementation of pilot adaptation practices that demonstrate the value of mainstreaming climate information in development planning and practices, for subsequent awareness raising and advocacy to inform decision-making.

CDSF Resource package to date is €33 million

Eligible institutions can access the CDSF funds directly to support resilience building activities. While adhering to the rigorous fiduciary standards of the AfDB on financial management and procurement oversight, the fund is also cognizant of the weak capacity of many of its potential beneficiaries.

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AFRICAN RENEWABLE ENERGY INITIATIVE (AREI)

Initiative launched at the 21st Conference of the Parties (COP21) to the UN Framework Convention on Climate Change (UNFCCC), which aims to achieve at least 10 GW of new and additional renewable energy generation capacity by 2020, and mobilize the African potential to generate at least 300 GW by 2030.

The AREI is firmly anchored in the context of sustainable development and climate change. It shows how low to zero carbon development strategies can be achieved in African countries through climate finance and means of implementation according to the principles of the UNFCCC. It recognizes the critical importance of rapid expansion of energy access for enhanced well-being, economic development and the fulfilment of all Sustainable Development Goals.

GREEN GROWTH PARTNERSHIP

The AfDB has joined the Inclusive Green Growth Partnership, a new collaboration between the Global Green Growth Institute (GGGI), multilateral development banks and United Nations agencies to address policy barriers and promote social inclusion at the country level to accelerate financing for green growth projects.

The Partnership was launched during the COP21.

GREEN GROWTH INITIATIVE

Consistent with the Bank’s ten year strategy 2013-2022, inter-departmental team developed the Bank’s Green Growth Framework, undertook staff training and awareness events and is rolling-out dialogue and analytical work at country level.

GREEN GROWTH Coordinator
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www.arei.org
Partnership-driven effort with the aspirational goal of achieving universal access to energy in Africa by 2025.

To drive and achieve this goal, the AfDB is working with governments, the private sector, and bilateral and multilateral energy sector initiatives to develop a Transformative Partnership on Energy for Africa — a platform for public-private partnerships for innovative financing in Africa’s energy sector.

The New Deal on Energy for Africa helps to unify all of the other efforts that are currently driving towards achieving the goals of universal access in Africa.

It focuses on five key principles:

- raising aspirations to solve Africa’s energy challenges;
- establishing a Transformative Partnership on Energy for Africa;
- mobilizing domestic and international capital for innovative financing in Africa’s energy sector;
- supporting African governments in strengthening energy policy, regulation and sector governance;
- increasing the AfDB’s investments in energy and climate financing.

It has four targets:

- To increase on-grid generation by adding 160 GW of new capacity by 2025, nearly doubling what we have today.
- To increase on-grid transmission and grid connections that will create 130 million new connections by 2025, 160 per cent more than today.
- To increase off-grid generation to add 75 million connections by 2025, nearly 20 times what we have today.
- To increase access to clean cooking energy for around 130 million households.

Africa has enormous energy potential, especially for renewable energy: almost unlimited solar potential (10 TW), abundant hydro resources (350 GW), wind (110 GW) and geothermal energy sources (15 GW). The new deal plans to unlock this potential.

Akinwumi Adesina
President of the African Development Bank Group
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