

Introducing the Climate Investment Funds

Part of the African Development Bank's commitment to supporting Africa's move toward climate resilience and low carbon development is expanding access to international climate change financing. To that end, the AfDB is implementing the Climate Investment Funds (CIF), a pair of financing instruments worth USD 6.4 billion designed to channel scaled up financing to developing countries through multilateral development banks (MDB), including the AfDB.

Over the next few issues of *Climate Finance*, we will introduce you to the four programs financed by CIFs' Clean Technology Fund (CTF) and Strategic Climate Fund (SCF): CTF, the Pilot Program for Climate Resilience (PPCR), the Forest Investment Program (FIP) and the Scaling Up Renewable Energy Program in Low Income Countries (SREP). We begin with CTF.

The AfDB has been involved with CTF since its inception in 2008, and today, **the Bank is poised to channel more than USD 625 million in CTF financing** to Africa's energy, transport and other sectors that advance clean energy solutions in industrial, commercial and residential settings.

Blended with the Bank's own resources, **CTF is helping get several large-scale clean energy projects off the ground** to support Africa's development goals of energy security, industrial growth and diversification, and regional integration.

Hela Cheikhrouhou
ONEC Director

CTF: buying down costs of low carbon development

The Clean Technology Fund (CTF) was established to provide developing countries worldwide with positive incentives to scale up the demonstration, deployment and transfer of technologies with a high potential for long-term greenhouse gas emissions savings.

The aim is to blend funding for climate solutions with other MDB, national and private sector development resources, thereby leveraging substantial additional funds.

CTF offers **concessional financing** mainly in the form of concessional loans. Limited grant funding is possible for technical assistance and project preparation. Equity and subordinated debt are also available

for private projects where the capital base needs strengthening.

CTF strongly focuses on private sector engagement. Private capital, expertise and commercial discipline can make a big difference in implementing clean technology strategies. But perceived risks inhibit investors from financing clean technology projects in markets where the sector is not yet developed and there is no track record.

CTF offers **a mix of financial incentives, risk mitigation tools, technical assistance, and knowledge transfer** that can help make adaptation and mitigation investments more attractive to private investors.

CIF in the news

Africa to host 2011 CIF Partnership Forum

19 Nov 2010—AfDB supports USD 810 M CIF allocations to Africa

19 Nov 2010—Niger intensifies battle against desertification and drought

20 Sept 2010—AfDB approves Climate Investment Funds' implementation

CIF @ the Bank

CIF financing via AfDB: about USD 800 M (of total 2.6 B allocated to Africa)

Channeling 625 M in Clean Technology Fund (CTF) financing to Egypt, MENA, Morocco, Nigeria and South Africa

Channeling 180 M in Strategic Climate Fund (SCF) financing:

- Pilot Program for Climate Resilience (PPCR) in Mozambique, Niger and Zambia
- Forest Investment Program (FIP) in Burkina Faso, Democratic Republic of Congo and Ghana
- Scaling Up Renewable Energy Program in Low Income Countries (SREP) in Ethiopia, Kenya and Mali

Coordinated by ONEC.3 with operational support from ONEC, OPSM, OSAN and OITC

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Every dollar of CTF funding is expected to attract up to \$8 from other sources.

Financial leverage

Channelling CTF to Africa

Egypt

Egypt's CTF Investment Plan has been approved for USD 300 million to promote renewable energy (especially wind and solar) and urban transport. Particular focus will be on scaling up wind power development, with the AfDB implementing CTF financing for a 200 MW wind farm on the Gulf of Zeit.

MENA Region

The MENA Region CTF Investment Plan has been approved for USD 750 million and is expected to mobilize another USD 4.85 billion from other sources. It aims to accelerate global deployment of Concentrated Solar Power (CSP) by investing in the CSP expansion programs of five countries in the Middle East and North Africa (MENA): Algeria, Egypt, Jordan, Morocco and Tunisia.

The Bank will be channelling CTF financing for the 100 MW Kom Ombo complex in Egypt; the 500MW complex in Ouarzazate, Morocco; and other CSP projects in Tunisia.

Morocco

The CTF Investment Plan for Morocco, worth USD 150 million, was designed to support projects that focus on:

- Increased penetration of renewable energy into Morocco's electricity generating portfolio, with an emphasis on wind power
- Energy conservation measures, particularly industrial energy efficiency and urban transport

Nigeria

Nigeria's CTF Investment Plan was approved in November 2010 for USD 250 million, but is waiting for resources to become available from donor countries. It aims to promote private and public sector led renewable and energy efficiency projects, as well as mass-transit urban transport investments.

South Africa

South Africa's CTF allocation of USD 500 million will support several initiatives, including Eskom's projects for a 100 MW wind farm in the Western Cape and a 100 MW CSP plant (pilot) at Upington.

South Africa's CTF Investment Plan is also designed to promote renewable energy and energy efficiency through private sector investments.

Under the Renewable Energy Private Sector Program, support will be given to the generation of 100 MW of wind, 10 MW of solar and 150 MW of cogeneration power. Under the Energy Efficiency Private Sector Program, it is anticipated that investments leading to savings of around 100 Petajoules of annual primary energy will be supported (over 50 million tCO2 equivalent).

CTF by the numbers (USD)

CTF worldwide 4.4 billion

CTF in Africa 1.9 billion

CTF via AfDB 625 million

EGYPT

CTF total funding: 300 million

CTF via AfDB: 50 million

AfDB co-financing: 140 million

MENA Region (Egypt, Jordan, Morocco, Tunisia, Algeria)

CTF total funding: 750 million

CTF via AfDB: 250 million

AfDB co-financing: >250 million

MOROCCO

CTF total funding: 150 million

CTF via AfDB: 50 million

NIGERIA

CTF total funding: 250 million

CTF via AfDB: 100 million

SOUTH AFRICA

CTF total funding: 500 million

CTF via AfDB: 150 million

AfDB co-financing: >230 million

AfDB to host 2011 CIF Partnership Forum



The Bank will host the 2011 CIF Partnership Forum in Tunis, Tunisia from 14-18 March 2011. This annual gathering is for all stakeholders to engage in dialogue on the CIFs' strategic directions, results and impacts.

Sessions will cover private sector engagement, scientific updates and guidance on prioritizing actions, climate modeling, and the development of local manufacturing industries. Approximately 450 people are expected to attend, including high-level officials from government, MDBs and other institutions.

Next issue...

Sustainable Energy Fund for Africa (SEFA)

The AfDB and Denmark are teaming up to offer green energy SMEs equity investments and technical assistance.

Scaling Up Renewable Energy Program in Low Income Countries (SREP)

The AfDB is implementing CIFs' SREP in Ethiopia, Kenya, and Mali to increase energy access through renewables.