

GREEN FINANCE

The African Development Bank and the CIF have joined forces to produce a study on the role of green banks and national climate change funds in mobilizing finance to support low-carbon, climate-resilient development in Africa.

The ground-breaking 2021 study, underpins the development of a multi-country sustainable finance initiative in Africa.

The goal of this project is to explore and understand the potential for Green Banks and National Climate Change Funds (NCCFs) to increase the capacity of African countries to access and mobilize climate finance to support their NDCs implementation and related national climate and development goals.

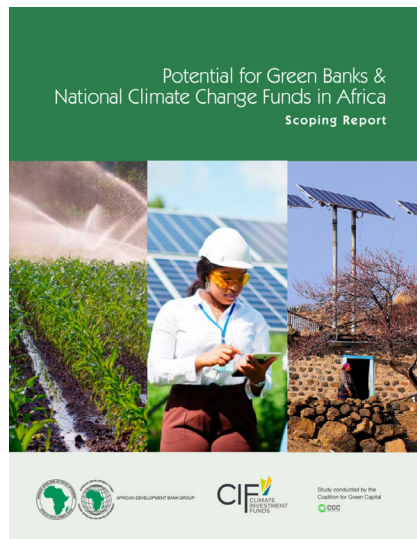
For countries to better access and mobilize private investment, the climate finance system must reorient toward national financial capacity that can channel capital to projects and markets where it is needed most. Nationally-based green banks are powerful tools to address market needs, and drive private investment. The Bank engaged six countries in the study – Ghana, Zambia, Uganda, Tunisia, Mozambique, and Benin to explore how expansion of the Green Bank model in Africa could build country-based green finance capacity. The study has shown great interest for the Green Bank's model and highlighted a broad opportunity to drive national climate and development goals through a combination of blended finance and adjacent project preparation technical support. The study identified three sectors of priority: Renewable Energy, Climate Smart Agriculture and Green Cities & Clean Transport.

The ongoing phase 2 of the study aims to engage further with African governments, identify potential host institutions, identify of country-specific roadmap and evaluate technical assistance needs.

The African Development Bank is aware of the important role that Green finance facilities can play for a sustainable development in Africa by raising important level of climate funding and engaging the private sector.

Experts discussed the implications of the research during a session hosted by the African Development Bank at COP26 in Glasgow. Kevin Kariuki, Vice President for Power, Energy, Climate & Green Growth at the Bank Group, agreed that the private sector had a vital role to play in increasing climate financing.

Panelists emphasized that, to help Africa takes advantage of green investment opportunities, we need to find innovative instruments. While some countries may develop fully functional green financial facilities, others may have a national climate change fund that gives grants to develop green project and build green investment technical capacity.



Anthony Nyong
Africa Director of the Global Center
on Adaptation

“A very detailed modeling assessment that shows the positive rates of returns on resilience investment, that’s what the private sector needs to have. By working with the national green banks, it will be easy for us to have access to the private sector. Let them see the benefits of investing in resilience and I’m very certain that we can make headway!”



Al Hamndou Dorsouma
Officer in Charge of Climate Change and
Green Growth,
African Development Bank

“Innovative green finance, such as the green banks and national climate change funds, could play a key role in Africa’s economic recovery from the COVID-19 pandemic, to build resilience and grow jobs.”