Climate Finance Instruments at the African Development Bank
For sustainable economic development and climate resilience in Africa, external climate finance is key to fast-tracking implementation of Nationally Determined Contributions (NDCs) and United Nations Sustainable Development Goals (SDGs). These funds enable Regional Member Countries to:

- Bolster domestic resources to de-risk first-of-its-kind innovations, such as renewables, climate resilience mechanisms, and forest management solutions;
- Leverage additional finance from public and private sources;
- Lower barriers for the private sector and other investors.

“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 of the African Development Bank Group
The **African Development Bank**, Africa’s premier development bank, is exploring opportunities to deliver climate action at scale through funding and inclusive sustainable development to achieve the goals of the Paris Agreement.

The Bank committed to allocate **40% of its project approvals** as climate finance by **2020**. The Bank has made significant progress on this commitment, moving from 9% in 2016 to 32% in 2018.
The African Development Bank supports its regional member states through a set of climate finance funds and initiatives to deliver projects and programmes aligned with their NDCs priorities.

Through its departments of Climate Change and Green Growth, Renewable Energy, Water Development and Sanitation, Agriculture and Agro-Industry, and Infrastructure and Urban Development, the Bank mobilizes wide-ranging public and private climate resources for projects in forests, climate resilience, renewables, sustainable cities and energy efficiency.

**EXTERNAL FUNDS**

- **Adaptation Fund (AF)**
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- **Climate Investment Funds (CIF)**
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- **Global Environment Facility (GEF)**
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- **Green Climate Fund (GCF)**
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INTERNAL FUNDS

Africa Climate Change Fund (ACCF)  

African Climate Technology Center (ACTC)  

African Water Facility (AWF)  

Agriculture Fast Track  

ClimDev Special Fund (CDSF)  

Rural Water Supply and Sanitation Fund (RWSSI)  

Sustainable Energy Fund for Africa (SEFA)  

Urban Municipal Development Fund (UMDF)
Africa Climate Change Fund (ACCF)

THE FUND

- A multi-donor fund managed by the Bank with contributions to date from Germany, Italy and Flanders, the ACCF supports African countries to scale up their access to climate finance and to enable a transition towards low-carbon, climate resilient development in line with their NDCs.

PORTFOLIO

- Eight projects under implementation for a total of USD 3.3 million which are advancing climate finance readiness in six African countries - as well as two multi-national projects.
- A pipeline of projects worth over USD 7 million to be approved in 2019 following the last call for proposals which will advance access to climate finance and pilot innovative adaptation approaches across the continent.
HOW TO ACCESS THE FUND

- ACCF provides small grants (USD 250,000 – 1 million) for eligible activities to African governments, Non-governmental Organizations (NGOs), research institutions, regional institutions and Bank departments;

- Funds are allocated through competitive calls for proposals. The ACCF does not consider unsolicited funding requests.

- The Bank is actively engaging with potential donors to mobilise new contributions to support the next call for proposals.

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Adaptation Fund (AF)

THE FUND

The Bank is an accredited entity to the Adaptation Fund to help increase African countries’ capacity to adapt to the negative impacts of climate change and decrease their level of vulnerability to these effects.

PORTFOLIO

In 2018, the first two projects were reviewed for full proposal development and submission in early January 2019: the Uganda-Strengthening Climate Change Adaptation of Small Towns and Peri-Urban Communities within Medium River Catchments estimated at about USD 2.25 million and Enhancing Adaptive Capacity and Livelihood Diversification for the Rural Poor of Northern Malawi estimated at USD 4.66 million.
HOW TO ACCESS THE FUND

The Adaptation Fund finances projects and programmes which seek to implement concrete adaptation interventions to the effects of climate change. To apply for project and programme funding, countries must submit proposals through an accredited institution which can be National Implementing Entities (NIEs), regional Implementing Entities (RIEs) or multilateral Implementing Entities (MIEs). The project proposals submitted by the accredited entities to the Adaptation Fund must be aligned with national priorities for consideration by the Adaptation Fund Board.

Although the Bank is accredited to the Adaptation Fund, it is not currently able to access resources from the Fund since there are still ongoing exchanges regarding the Fund’s project grant agreement template to be agreed by both parties.

CONTACT

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ACTC is a project financed by the GEF to support sub-Saharan African countries in scaling-up deployment of low-carbon and climate resilient technologies for climate change Mitigation and Adaptation. This is delivered by:

- Enhancing Networking and Knowledge dissemination with respect to climate technology transfer and financing;
- Enabling the scaling-up of technology transfer through policy, institutional and organizational reforms of the country and regional enabling environments; and
- Integrating climate change technologies into investment programmes and projects.

Since its inception in mid-2014, the ACTC has implemented Project Activities in 12 Sub-Saharan African countries, and at the regional level.
HOW TO ACCESS THE FUND

The ACTC provides advisory services in short time through the use of framework contractors or external service providers, responding to the requests of national institutions.

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**African Water Facility (AWF)**

**THE FUND**

- The AWF is an initiative of the African Ministers’ Council on Water (AMCOW) hosted by the African Development Bank, established in 2004 to help African countries achieve the objectives of the Africa Water Vision 2025.

**PORTFOLIO**

- AWF has funded 115 national and regional projects in 52 countries, including in Africa’s most vulnerable states. It has mobilized more than EUR 1.4 billion as a result of its project preparation activities, which constitute 70% of its portfolio.

- On average, each EUR 1 contributed by the AWF has attracted EUR 32 in additional follow-up investments.
HOW TO ACCESS THE FUND

The AWF offers grants from EUR 50,000 to EUR 5 million to support projects aligned with its mission and strategy. Its three strategic priority activities are:

1) preparing investment projects to mobilize investment funds for projects supported by AWF;
2) providing small catalytic investments, or seed-funding, that will allow projects that adopt innovation and/or mobilise private sector to be implemented;
3) undertaking marketing and investment promotion activities to expand the number of investment opportunities and projects financed in the water sector.

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Agriculture Fast Track (ATF)

THE FUND

The AFT Fund (AFTF) is a multi-donor trust fund managed by the African Development Bank with funding support from USAID, DANIDA and SIDA. The goal of the AFT is to unlock financing for agriculture infrastructure projects by defraying the initial preparation costs that investment sponsors are unable to shoulder alone.

PORTFOLIO

Since the inception of the AFT in 2013, about 53 Agriculture and Agribusinesses SMEs have been supported in ten Regional Member Countries. AFT operates in ten countries: Benin, Burkina Faso, Côte d’Ivoire, Ethiopia, Ghana, Nigeria, Malawi, Mozambique, Senegal, and Tanzania.
HOW TO ACCESS THE FUND

The AFT provides grant funding for the initial project development costs of a broad range of agriculture infrastructure projects spanning the entire value chain – from production to market. These can emanate from the private or public sector and from local or international businesses. The types of projects envisioned range from rural feeder roads to agro-processing and marketing facilities to out-grower schemes. The emphasis will be on projects that contribute to food security and support to smallholders.

AFTF is open to supporting Agriculture and Agribusiness SME investments in the ten African states members of the New Alliance for Food Security and Nutrition in Africa.

CONTACT

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Established in 2008, the USD 8.3 billion CIF provides financial support to middle-income and low-income countries in low carbon technologies and climate resilient development. The CIF provides new and additional financing to complement existing bilateral and multilateral financing mechanisms in order to demonstrate and deploy transformational actions to mitigate and adapt to climate change.

The African Development Bank supported the development of 39 Investment Plans in 27 countries with a view to kick-start transformation in renewables, sustainable transport, sustainable forestry, smart-agriculture and climate resilience. The Bank currently manages a portfolio of 25 investment projects and 26 preparation grants for a total amount of USD 831 million. These projects were co-financed by the Bank in the tune of USD 1.8 billion and leveraged and additional USD 10.3 billion from other sources.
The CIF is comprised by the:
- Clean Technology Fund (CTF);
- Forest Investment Program (FIP);
- Pilot-Program on Climate Resilience (PPCR);
and
- Scaling-up Renewable Energy Program in Low Income Countries (SREP).

In addition to ad hoc Private Sector Set-aside Competitions and the Dedicated Private Sector Programs, countries are invited to submit an Investment Plan for individual programs requesting financial support to achieve transformation.

**CONTACT**

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

- Generation, wide scale dissemination and use of reliable and high quality climate information for development in Africa;
- Enhancing the capacity of policy makers and policy support institutions to generate quality analysis and evidence on climate change and its implications for Africa, for use in development planning;
- To implement pilot adaptation practices that demonstrate the value of mainstreaming climate information in development planning, and create awareness to inform decision making.

The Fund’s portfolio now consists of 28 country and regional projects that improve the infrastructure and network capacity for climate and severe weather observation and forecasting in Africa.
WHO IS ELIGIBLE?

- African countries or dedicated institutions, organizations, or agencies undertaking activities in the territory of these countries.
- Non-Governmental Organizations, Community Service and Community Based Organizations; to be eligible, these organizations should demonstrate their credibility and track record in the CDSF areas on intervention.

HOW TO ACCESS THE FUND

- Download the CDSF operations and procedures manual at climdev-africa.org
- Submit a complete project concept note according to Annex III of CDSF Operations and Procedures manual to cdsf@afdb.org.

The fund provides support for project development to address the weak capacity of many of its potential beneficiaries.

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Green Climate Fund (GCF)

**THE FUND**

The GCF was established in 2010 as an operating entity of the financial mechanism of the United Nations Framework Convention on Climate Change (UNFCCC). It became operational in 2015. The main objective of the GCF is to promote a paradigm shift towards low-emission and climate-resilient development pathways in developing countries. The Bank is an Accredited Entities of the GCF through which the Fund disburses its finances to recipient countries. Funding decision are guided by six investment criteria reflecting the key GCF features.

**PORTFOLIO**

The Bank had 4 Funding Proposals approved by the GCF Board in 2018. Amounting to a total of USD 169.6 million of concessional financial resources from the GCF.
There are two different forms of direct access both of which the GCF may allow:

- ‘standard direct access’: project implementation is undertaken by a national rather than international body (a ‘national implementing entity’. In this model, funding decisions, i.e. which projects/programmes receive how much money using which financial instruments, is made at the global level.

- ‘enhanced direct access’, for which such funding decisions are also devolved to the national levels through, for instance, the provision of resources to National Climate Fund (NCFs) who can then make individual funding decisions. Both Model are required to undergo the two-way process: concept note + funding proposal.

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Global Environment Facility (GEF)

THE FUND

The GEF is a multi-donor trust fund which finances actions to address critical threats to the global environment. It provides grants and some concessional funding to cover the “incremental” or additional costs associated with transforming a project with national benefits into one with global environmental benefits.

PORTFOLIO

The Bank’s GEF portfolio now 38 projects in 33 countries, with a total of USD 313 million in grant co-financing from GEF to implement Bank operations valued at USD 2.3 billion mobilized from its own resources and other external partners.
HOW TO ACCESS THE FUND

Developing countries and countries with economies in transition which have ratified the major Multilateral Environmental Agreements that the GEF serves can access the funding. NGOs, research institutions and others can be project partners or can apply for small grants. The GEF administers several funds, including the GEF Trust Fund (TF), the Least Developed Countries Fund (LDCF) and the Special Climate Change Fund (SCCF). The GEF TF funds activities within five Focal Areas: biodiversity, climate change mitigation, chemicals and waste, land degradation, international waters. The LDCF and SCCF finance climate adaptation activities.

Projects must: be consistent with national priorities and programs; be relevant to one or more GEF focal areas, its operational strategy and the environment; and be endorsed by the country GEF Focal Point. Limited resources are available per country or by focal area.

CONTACT

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**THE INITIATIVE**

RWSSI is an Africa-wide initiative hosted by the African Development Bank. RWSSI is a focused regional response to Africa’s rural water supply and sanitation crisis. The Initiative is funded through contributions from the Bank, bilateral and multilateral agencies, African governments and communities and the RWSSI Trust Fund. The overall objective is to accelerate access to drinking water supply and sanitation in rural Africa in order to attain the SDGs and the African Water Vision targets.

**PORTFOLIO**

Since the inception of RWSSI in 2003, the Bank has invested EUR 1.7 billion in financing 67 RWSS programs in 35 countries.
HOW TO ACCESS THE FUND

RWSSI Trust Fund supports rural water and sanitation projects and programs with funding for investment operations, strengthening sector processes and systems, as well as through advocacy and knowledge building.

Eligible activities for RWSSI-TF resources are water supply infrastructure specifically for off-track and fragile states, sanitation, development of rural water and sanitation policies, program and project preparation as well as capacity building and training.

CONTACT

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Sustainable Energy Fund for Africa (SEFA)

THE FUND

The Bank-hosted multi-donor fund with funding contributions to date from Denmark, United States of America, United Kingdom and Italy promotes renewable energy and energy efficiency through private sector driven small- to medium-sized projects necessary to stimulate the continent’s transition to more inclusive and green growth.

PORTFOLIO

51 projects under implementation for a total of USD 75 million across the entire programme (Project Preparation, Equity Investments and Enabling Environment) and has about USD 10 million net project resources available to meet pipeline requirements for the next 18 months.
HOW TO ACCESS THE FUND

Financing options available through SEFA include project preparation grants, equity investments and enabling environment grants:

- **Project Preparation Support Grants** to Private enterprises or public sector agencies with the goal of becoming either an independent power producer (IPP) or entering into a public–private partnership (PPP).

- **Enabling Environment Grants** to Public institutions such as Regional Member Countries, governments, sector agencies, parastatals and regional entities (economic blocks, power pools, power utility and regulator associations).

CONTACT

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Urban Municipal Development Fund (UMDF)

THE FUND

Launched in April 2019, the UMDF is a multi-donor trust fund with contributions from Nordic Development Fund, Walloon Export and Foreign Investment Agency (AWEX) and State Secretariat for Economic Affairs (SECO). The Fund is designed to support African cities and municipalities to improve their resilience and better manage urban growth through planning, governance and quality of basic services. The UMDF seeks to enhance technical assistance, capacity building in the field of urban planning, project preparation and governance to strengthen the viability and competitiveness of African cities to reach sustainable economic and social development.

PORTFOLIO

Following its first Oversight Committee Meeting held in April 2019, the UMDF will seek to carry out its first projects in 2019 through 5 city diagnostics studies across the continent and a pre-feasibility study for an urban regeneration project in Eastern Africa (amounting to 2 million USD of commitments for 2019).
HOW TO ACCESS THE FUND

The UMDF targets its support to Municipalities through technical assistance grants. Eligible activities can include:

- capacity development for the preparation, management and implementation of bankable projects; Updates to master plans which take into account pressing issues such as safety, inclusivity, resiliency, sustainability, climate adaptation and urban mobility;

- the review of municipal governance structures and the broader regulatory environment to facilitate access to market financing; and

- appropriate tools to manage and deliver municipal services, to collect data on a regular basis and to draw up land use policies among others.

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