Acknowledgement

This Climate Change and Green Growth Policy of the African Development Bank Group (AfDB) is the product of collaborative work on the part of staff from the African Development Bank's sector complexes and departments as well as Regional Hubs. A diverse group of experts has contributed to its development, and we would like to recognize and appreciate their efforts. Under the supervision and overall guidance of Dr. Kevin Kariuki, Vice President, Energy, Power, Energy, Climate Change and Green Growth and Dr. Al Hamndou Dorsouma, OIC Director, Climate Change and Green Growth, with significant support from the Strategy and Operational Policies Department led by Ms Victoria Chisala, Acting Director. The development of the Policy was led by Dr. Balgis Osman-Elashe, Chief Climate Change and Green Growth Officer, with strong support from Mr. Gareth Phillips, Manager PECG1; and from the Taskforce members: Ms. Edith Adera, Mr. Laouali Garba, Mr. Cecil Narrey, Ms. Josephine Ndiao, Mr. Tapera Muzira, Mr. Guy Hart, Ms. Stephanie Simon, Ms. Hassanatu Bangalette Mansaray, Ms. Margaret Kamau, Ms. Davinah Milinge, Mr. Diego Fernandez De Velasco, Mr. Kinoshita Naoshige, Mr. Anthony Karembru, Ms Sonia Borini, Mr. Emile Kemayou, Mr. Gerald Esambe Njuine, Mr. Sebutsoe Nkoanya, Mr. Cornelius Sebutsoe Nkoanya, Ms. Vanessa Usie, Ms. Emeline Ifeyinwa Miriam, Ms. Camille Quenard, Ms. Diana Elhassan, Mr. Constant Adeniyi, Mr. Shimelis Fekadu, Mr. Leandro Azevedo and Namawu Alolo Alhassan, Mr. Aroha Soumare, Ms. Charlotte Eyong and from Mr Yasser Ahmed and Mr Abdourahmane Diaw.

Appreciation goes to the Bank's Senior Management for steering the process of developing through the leadership and strategic guidance of Dr. Akinwumi Ayodeji Adesina, President of the African Development Bank Group; and guidance from Ms. Swazi Tshabalala, Bajabulile, Senior Vice President; Mr. Solomon Quaynor, Vice President, Private Sector, Infrastructure and Industrialization; Ms. Beth Dunford, Vice President, Agriculture, Human and Social Development; Ms. Yacine Fall, Acting Vice-President, Regional Development, Integration and Business Delivery; Prof. Kevin Chika Urama, Acting Vice President & Chief Economist; Ms. Nnenna Nwabufo, Director General, East Africa Regional Hub; Mr. Serge M N’guessan, Director General, Central Africa Regional Hub; Ms. Marie-Laure Akin-Olugbade, Director General, West Africa Regional Hub; Mr. Mohamed El Azizi, Director General, North Africa Regional Hub; Ms. Leila Mokaddem, Director General, Southern Africa Regional Hub; Directors: Prof. Anthony Nyong, Mr. Amadou Oumarou, Mr. Wale Shonibare, Mr. Paul-Henry Batchi Baldeh, Dr. Daniel Schroth; and Mr. Yero Baldeh, Joselyne Ahogny, Mr. Martin Fregene, Mr. Stefan Nalletamby, Ms Maria Mulindi, Ms Martha Phiri, Mr. Emmanuel Pinto Moreira, Mr. Desire J Vencatchellum, and Mr. Osward Chanda.

Climate and Green Growth Strategic Framework: Projecting Africa’s Voice – Policy
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Published: October 2021

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# CLIMATE AND GREEN GROWTH STRATEGIC FRAMEWORK

## PROJECTING AFRICA’S VOICE

### POLICY

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ABBREVIATIONS AND ACRONYMS

AAAP Africa Adaptation Acceleration Program
ABM Adaptation Benefits Mechanism
ADB African Development Bank
AFAC African Financial Alliance on Climate Change
AfCFTA African Continental Free Trade Area
AfDB African Development Bank Group
CCAP Climate Change Action Plan
CRMA Climate Risk Management and Adaptation Strategy
GCA Global Centre on Adaptation
gdp Gross Domestic Product
GHG Global Greenhouse Gas
ICT Information and Communications Technology
ILO International Labour Organisation
IMF International Monetary Fund
IPCC Intergovernmental Panel on Climate Change
IUCN International Union for Conservation of Nature
LDC Least Developed Country
LTS Long-Term Strategy
LULUCF Land-Use, Land-Use Change, and Forestry
MDB Multilateral Development Bank
MERL Monitoring, Evaluation, Reporting, and Learning
MSME Micro, Small, and Medium Enterprise
NAP National Adaptation Plan
NBSAP National Biodiversity Strategy Action Plans
NDC Nationally Determined Contributions
PECG Climate Change and Green Growth Department
RMC Regional Member Country
SDG Sustainable Development Goals
STEM Science, Technology, Engineering, and Mathematics
UNCBD United Nations Convention on Biodiversity
UNCCD United Nations Convention to Combat Desertification
UNEP United Nations Environment Programme
UNFCCC United Nations Framework Convention on Climate Change

GLOSSARY OF KEY TERMS

CLIMATE ADAPTATION
The process of adjustment to actual or expected climate and its effects. In human systems, adaptation seeks to moderate or avoid harm or exploit beneficial opportunities. In some natural systems, human intervention may facilitate adjustment to expected climate and its effects (IPCC, 2014).

ADAPTIVE CAPACITY
The ability of systems, institutions, humans and other organisms to adjust to potential damage, to take advantage of opportunities, or to respond to consequences (IPCC, 2014).

CLIMATE CHANGE
A change in the state of the climate that can be identified (for example, by using statistical tests) by changes in the mean and/or the variability of its properties and that persists for an extended period, typically for decades or longer. Climate change may be due to natural internal processes or external forcing such as modulations of the solar cycles, volcanic eruptions, and persistent anthropogenic changes in the composition of the atmosphere or in land use. The Framework Convention on Climate Change (UNFCCC), in its Article 1, defines climate change as: ‘a change of climate which is attributed directly or indirectly to human activity that alters the composition of the global atmosphere and which is in addition to
natural climate variability observed over comparable time periods.’ The UNFCCC thus makes a distinction between climate change attributable to human activities altering the atmospheric composition and climate variability attributable to natural causes (IPCC, 2014).

**CLIMATE FINANCE**
Local, national or transnational financing – drawn from public, private and alternative sources of financing – that seeks to support mitigation and adaptation actions that will address climate change (UNFCCC).

The financial resources paid to cover the costs of transitioning to a low-carbon global economy and to adapt to, or build resilience against, current and future climate change impacts (Falconer & Stadelmann).

**DECARBONIZATION**
The process by which countries or other entities aim to achieve a low-carbon economy, or by which individuals aim to reduce their consumption of carbon (IPCC, 2014).

**GREEN GROWTH**
A socially inclusive economic growth and development path that is low-carbon, climate-resilient, and resource-efficient; and maintains and enhances biodiversity and ecosystems (AfDB, 2021).

Green growth is the pursuit of economic development in an environmentally sustainable manner (GGKP, 2016).

**GREEN JOBS**
Decent jobs that contribute to preserve or restore the environment, be they in traditional sectors, or in new, emerging green sectors (ILO, 2016).

**MITIGATION (OF CLIMATE CHANGE)**
A human intervention to reduce the sources or enhance the sinks of greenhouse gases (GHGs). The IPCC definition also considers human interventions to reduce the sources of other substances which may contribute directly or indirectly to limiting climate change, including, for example, the reduction of particulate matter emissions that can directly alter the radiation balance (e.g. black carbon) or measures that control emissions of carbon monoxide, nitrogen oxides, volatile organic compounds, and other pollutants that can alter the concentration of tropospheric ozone, which has an indirect effect on the climate (IPCC, 2014).

**NATURE-BASED SOLUTIONS**
Actions to protect, sustainably manage, and restore natural and modified ecosystems that address societal challenges effectively and adaptively, simultaneously providing human well-being and biodiversity benefits (IUCN).

**RESILIENCE**
The capacity of social, economic and environmental systems to cope with a hazardous event or trend or disturbance, responding or reorganizing in ways that maintain their essential function, identity and structure, while also maintaining the capacity for adaptation, learning and transformation (IPCC, 2014).

**RISK**
The potential for consequences where something of value is at stake and where the outcome is uncertain, recognizing the diversity of values. Risk is often represented as probability or likelihood of occurrence of hazardous events or trends multiplied by the impacts, if these events or trends occur. The term ‘risk’ is often also used to refer to the potential, when the outcome is uncertain, for adverse consequences on lives, livelihoods, health, ecosystems and species, economic, social and cultural assets, services (including environmental services) and infrastructure (IPCC, 2014).

**SUSTAINABILITY**
A dynamic process that guarantees the persistence of natural and human systems in an equitable manner (IPCC, 2014).

**SUSTAINABLE DEVELOPMENT**
Development that meets the needs of the present without compromising the ability of future generations to meet their own needs (IPCC, 2014).

**VULNERABILITY**
The propensity or predisposition to be adversely affected. Vulnerability encompasses a variety of concepts and elements including sensitivity or susceptibility to harm and lack of capacity to cope and adapt (IPCC, 2014).
I. INTRODUCTION: PROJECTING AFRICA'S VOICE ON CLIMATE CHANGE AND GREEN GROWTH

The African Development Bank Group’s (hereinafter the “Bank”) first Climate Change and Green Growth Strategic Framework – inclusive of this policy, the strategy, and the action plan derived from them – is a channel through which the voice of Africa on climate change and green growth is conveyed to the world. This voice is clear, unequivocal, self-assured and unified. It affirms the call for global action on climate change and the pressing need to protect those who are most vulnerable to this existential threat.

This policy is underpinned by the recognition that African countries have contributed negligibly to this global challenge. Africa, as a continent, is responsible for a mere ~3% of cumulative (historic) global carbon dioxide emissions, and just ~4% of annual carbon dioxide emissions in 2019, the most recent year for which data is available (Our World in Data, 2021). Appropriate climate action further provides an opportunity for the African continent to decouple its growth from high emissions intensity and build resilience into its development priorities, through low-carbon and climate-resilient development strategies and investments. This includes harnessing the significant low-carbon and mitigation opportunities provided by renewable energy generation and energy efficiency in Africa. It also entails green infrastructure, and targeted actions in land use and land-use change, which generate about 60% of Africa’s greenhouse gas emissions. While Africa’s carbon footprint remains relatively small and is derived largely from deforestation and poor land use practices, it will rapidly intensify if nothing is done to transition towards greener growth. For instance, the lack of access to electricity and the overexploitation of Africa’s natural resources already constitute a major cause of deforestation and land degradation as well as greenhouse gas emissions.

Meanwhile, Africa as a region bears a disproportionately high share of the adverse impacts of climate change. By interacting with non-climate drivers and stressors, climate change exacerbates vulnerability, threatening to destroy hard-won progress and hindering further socio-economic development. In the coming decades, Africa is bracing itself for more extreme weather. This will range from longer and more intense droughts to heavier rainfall. This will lead to devastating floods and landslides, more rampaging wildfires, and stronger and more unforgiving tropical cyclones and coastal storm surges. The extreme weather will also engender a staggering loss of biodiversity and increased aridity in dry regions. Furthermore, there is likely to be a loss of
By the end of 2025 the Bank will accomplish full alignment (100%) with all six building blocks (BBs) of the MDBs’ joint framework for alignment with the Paris Agreement. Prior to this, by the end of 2023, the Bank will accomplish full (100%) alignment with the building blocks on climate change mitigation (BB1), adaptation (BB2) and finance (BB3), and strong and visible alignment with the remaining building blocks (countries’ strategy, engagement and policy development, reporting, and alignment of internal activities). This phased approach will allow the Bank the period from 2023 through the end of 2025 to focus on full (100%) alignment with the latter three building blocks, given that they exert considerably greater demands on the Bank and for which guidance about what constitutes alignment has not yet evolved sufficiently from the MDBs’ Joint Paris Alignment Working Groups. Operationally, details on what activities will be measured as reflecting alignment at the Bank are available in the accompanying Action Plan.

Juxtaposed with this is the inescapable reality that many African countries are among the poorest and most under-resourced globally. Extreme poverty is expected to become a predominantly sub-Saharan African phenomenon in the coming decade, with the continent being home to the lion’s share of the global poor by 2030. Half of the number of countries in sub-Saharan Africa alone will cost between $30−50 billion (2−3% of regional gross domestic product (GDP)) each year between 2020 and 2030. Further to that, post-disaster spending in the absence of such investment in resilience and coping mechanisms could be far higher (IMF, 2020).

While the international community has demonstrated increasing seriousness to committing and allocating climate finance, only a mere 3% trickles down to sub-Saharan Africa on an annual basis, with North Africa and the Middle East together accruing another ~2% (CPI, 2019). Developed country governments provided only an approximate $17 billion in climate finance to Africa over the 2016−18 period (OECD, 2020), a grossly inadequate sum, given the adaptation needs alone and the spectre of up to roughly 3% annual GDP loss due to climate change impacts by 2050 in a business-as-usual scenario (Brookings, 2020).

In this context, the Bank first Climate Change and Green Growth Strategic Framework must be viewed as a framework for Africa and by Africa. The Bank’s interests are aligned with those of the 54 African countries that are its regional members (RMCs). Its institutional position must mirror those of these countries. Climate change action by the Bank must, therefore, be viewed pragmatically, through the prism of Africa’s development imperatives, with a focus on socially inclusive economic development that promotes green growth in line with just transition pathways. The framework sets a clear vision by recognizing the following facts:

1. The African Development Bank’s position on climate change and green growth is consistent with those of other multilateral development banks (MDBs) but is different from them in terms of priority strategic measures, targets and timeframes in much the same way as African nations face different national circumstances and present different capabilities, as reflected in their nationally determined contributions (NDCs).

2. The Bank’s commitment to aligning financing flows with the objectives of the Paris Agreement, and the timeline thereof, will be consistent with African nations’ nationally determined contributions (NDCs) and long-term strategies. This manifests as a commitment to ensure 100% alignment of new operations with BB1 (mitigation), BB2 (adaptation) and BB3 (climate finance) by December 2023, and 100% alignment with the remaining building blocks – BB4 (countries’ strategy, engagement and policy development), BB5 (reporting), and BB6 (alignment of internal activities) – by December 2025.

3. The level of ambition articulated in this strategic framework, beyond the Bank’s own 40% target contribution as climate finance, is contingent on adequate resources (global climate finance) being channelled to African countries, capacity building, technical capacity and technology transfer.

4. The Bank’s view of a just transition for the continent is one that fully supports Africa’s socio-economic development aspirations.

II. RATIONALE FOR THE POLICY

The mandate of the African Development Bank Group is to contribute to sustainable economic development and social progress of African countries, individually and collectively. The Bank has long recognized that climate action is a core component of the sustainable development that it seeks to promote. This is also reflected in several global and national agendas and commitments, such as the UN Sustainable Development Goal (SDG) 13 and the 2015 Paris Agreement on Climate Change, which has been ratified by most African countries. Indeed, the Bank’s interventions in climate change and green growth are strongly anchored upon global treaties and commitments. These include the 2030 United Nations Sustainable Development Agenda, the Paris Agreement, the 2012 Rio+20 outcomes and guidelines on green growth, and the 2015 Sendai Framework on Disaster Risk Reduction. Added to these are emerging concepts such as just transition, the circular economy and circular carbon economy, and the blue economy. They are also premised upon continental frameworks, including the African Union’s 2063 Agenda on “The Africa We Want.” By investing
in climate-resilient and low-carbon development and providing technical support, the AfDB can foster development that is economically empowering, socially inclusive, and environmentally sustainable – driving the economic transformation that Africa needs and effectively supporting African countries in meeting their NDCs and long-term strategies’ (LTBs) goals.

The Bank’s Climate Risk Management and Adaptation Strategy (CRMA 2009) and its first and second ‘Climate Change Action Plans’ — CCAP-I for 2011–2015 and CCAP-II for 2016–2020, now extended to 2021 —, together with its first Green Growth Framework in 2014, have been instrumental in identifying and codifying core areas of action. They have framed the Bank’s vision for low-carbon, climate-resilient development and its strategic goals for transformation. As a result, green growth was elevated as one of the Bank’s two core objectives in its ten-year strategy 2013–2022. The Bank thus distinguished itself as the first MDB to make this a clear strategic priority. These plans have also pushed the Bank toward ensuring that (a) all its operations are based on climate-informed designs, with all projects screened and reviewed for climate risks and climate and green growth opportunities before the Board approves them; and (b) all the Bank’s country strategy papers and regional integration strategy papers align with the country’s NDCs and long-term strategies and the Bank’s climate change framework. The Climate Change Action Plan I and II have also progressively supported enhanced action through strategic partnerships. They include the creation of special initiatives like the Africa NDC Hub, the African Financial Alliance on Climate Change (AFAC) and the Adaptation Benefits Mechanism (ABM), among others. Most notably, the second Climate Change Action Plan set a target of 40% of all of the Bank’s project approvals to be allocated as climate finance by 2020. It also acknowledged the importance of climate adaptation in the African context by committing to address adaptation and mitigation in equal measure.

This policy stems from the recognition that, to build on this progress and support African countries to generate strong and inclusive low-carbon growth and build resilience, the Bank needs a comprehensive framework to guide its investments and interventions in aligning development finance with climate action principles. The framework also sets out a vision for how the Bank will contribute to the success of the Paris Agreement and achieve sustainable development and prosperity in Africa. This policy provides the Bank, for the first time, with a definitive guiding document that articulates its vision of what its role is on climate change response and green growth acceleration in Africa. It acts as a touchstone for its decisions and actions on climate change and green growth, in a manner that clearly articulates the standard that the Bank wishes to set on these critical issues, and the commitments it makes towards achieving and maintaining that standard. This policy will remain in application at the Bank until such time that a subsequent climate change and green growth policy is formally formulated to succeed it.

This policy consists of seven sections. Following the introduction (Section I) and the rationale (Section II), Section III presents the Bank’s vision. Section IV and V introduce the objectives and the policy’s pillars, respectively. Section VI presents a highly prioritized selection of key areas of special emphasis, aligned with the Bank’s selectivity approach. Lastly, Section VII outlines a set of guiding principles. The Bank’s Climate Change and Green Growth Strategy outlines their implementation modalities. The strategy acts as a companion document to this policy.

III. THE BANK’S VISION ON CLIMATE CHANGE AND GREEN GROWTH

The vision of this policy foresees a climate-resilient, low-carbon, green, inclusive, integrated and prosperous Africa, strongly positioned to meet the challenges posed and harness the opportunities offered by climate change and green growth and justly transformed for the benefit of all Africans.

IV. POLICY OBJECTIVES

A. To empower the Bank to continue to support its regional member countries in a just transition towards climate-resilient, low-carbon development and into a decarbonized future.

B. To enhance the Bank’s capacity to finance, mobilize funds for and drive green, inclusive, sustainable, and climate-compatible growth in Africa through its investments and operations.

C. To ensure the Bank supports African countries in the development and achievement of their NDCs, national adaptation plans (NAPs) and long-term strategies, as well as their commitments to the 2030 UN Agenda comprising the SDGs.

D. To enable the Bank to fully align its operations with the goals of the Paris Agreement, negotiated under the United Nations Framework Convention on Climate Change (UNFCCC), 100% alignment of new operations with BB1 (mitigation), BB2 (adaptation) and BB3 (climate finance) by December 2023, and 100% alignment with the remaining building blocks – BB4 (countries’ strategy, engagement and policy...
V. POLICY PILLARS

Building on the aforementioned vision and objectives, and the African Development Bank Group’s comparative advantage and lessons learned, the Climate Change and Green Growth Policy centres on four fundamental pillars. These pillars are the cornerstones of this policy. All actions that the Bank takes must be weighed and evaluated in the context of these four overarching priorities. The pillars reflect continuity with the Climate Change Action Plans I and II and the Bank’s commitment to building on its accomplishments and lessons learned. The four policy pillars are the following:

1. **Adaptation**: boosting climate resilience and adaptation to climate change and reducing fragility.
2. **Mitigation**: promoting low-carbon development and mitigation.
3. **Finance**: leveraging climate finance and mobilizing resources for climate action and green growth.
4. **Enabling environment**: creating enabling environments for climate actions and green investments.

**E. To engender** a holistic, ‘One-Bank’ approach by guiding and supporting convergence on climate change and green growth among all the Bank’s principal policies, strategies, operations, and projects.

development), BB5 (reporting), and BB6 (alignment of internal activities) – by December 2025. Through this policy, the Bank will make climate mainstreaming a mandatory process to ensure that all its operations are based on climate-informed designs and are Paris-aligned.

Rice paddies and local artisanal fishing boats along the Western Area peninsula just south of Freetown, Sierra Leone.
Photo: ©AfDB
VI. AREAS OF SPECIAL EMPHASIS

In addition to the four policy pillars, the African Development Bank Group recognizes that several priorities cut across its sustainability agenda. Yet, building on opportunities and lessons learned from its approaches in previous strategies and action plans, the Bank acknowledges the importance of selectivity and of focusing its resources where it has a particular ability to influence outcomes (i.e., areas of comparative advantage). This includes the need for such areas of special emphasis to have clear champions and operational loci within the Bank.

Building on this selectivity approach, the Bank acknowledges the critical importance of four key themes that must be reflected in all aspects of its efforts that arise from the Climate Change and Green Growth Policy, Strategy and Action Plan. The Bank’s approach to supporting climate-resilient, low-carbon, resource-efficient, and sustainable development in Africa is intertwined with its goals on economic growth, livelihood generation, job creation, poverty reduction, socially inclusive progress, market expansion, and socio-political stability. The selected cross-cutting areas of special emphasis, thus, complement the policy pillars mentioned above. The objective is to maximize and amplify their outcomes. These are as follows:

1. Transition to green growth.
2. Gender, youth, and social inclusion.
3. Private sector development and participation.
4. Robust and resilient recovery.
VII. GUIDING PRINCIPLES

Guiding principles for the four policy pillars

1. Boosting climate resilience and adaptation to climate change, and reducing fragility

Africa is the continent most vulnerable to climate change and its impacts, which superimpose on existing vulnerabilities. Climate change adaptation is thus a critical priority for all African countries. Many sectors providing basic livelihood services to poor and vulnerable communities are not able to cope even with today’s climate variability and stresses. Climate change adaptation, together with all the responses to climatic conditions that reduce vulnerability and improve early warning systems and awareness of climatic events, are, therefore, an integral and pressing part of the Bank’s main objectives: ensuring overall poverty reduction and sustainable development in Africa.

In recognition of this, the Bank has put climate change adaptation at the forefront of its investment agenda and is committed to ensuring that its investments strengthen adaptive capacity around the continent, prevent maladaptation, and are themselves robust in the face of climate shocks and stresses (including through project risk screenings ex-ante, and risk-management measures ex-ante and ex-post). The Bank will pursue adaptation as defined by the Intergovernmental Panel
on Climate Change (IPCC). Its climate adaptation investments will be informed by the MDBs’ Common Principles on Climate Change Adaptation Finance Tracking. In its climate change adaptation efforts, the AfDB must help advance African countries’ NDCs, national adaptation plans, and long-term strategies (including developing, mainstreaming into national development plans, implementation, review, progress-tracking, and updates); support the achievement of SDGs (including but not limited to SDG 13); and be consistent with ‘Paris alignment’ in its investments and adaptation activities. This is while ensuring that the context of Africa and different national circumstances are taken into consideration, allowing for flexible approaches and processes in deference to different African country contexts. The Bank will use its role to initiate and maintain dialogues within ministries of environment and beyond them, for example, extending to ministries of finance, local government, local communities and civil society.

**The Bank remains committed to supporting African countries and collaborating with development partners working to address fragile situations across the African continent.** It recognizes that climate change shocks and stressors, natural resource depletion and degradation, and unsustainable use of ecosystem services are among the many contributors to fragility. Climate change is directly linked to the loss of nature-based livelihoods and a rise in food insecurity, and increasingly also linked to forced displacement and migration. These are drivers of fragility as seen in several parts of Africa, most notably the Sahel. Climate change is expected to exacerbate fragile situations continent-wide unless concerted action is taken to build community and landscape resilience. To this end, the Bank will look for synergies between its institutional response to fragility and climate change, and apply a “fragility” lens to its climate-related support. This includes in those countries transitioning from conflicts. This is in line with the Bank’s Strategy for Addressing Fragility and Building Resilience in Africa (2022-2026) and the work of the Transition Support Facility.

Guiding principles for the Bank in the long-term, in service of the first policy pillar, are as follows:

**i. Identify and grow a more robust pipeline of climate change adaptation investments in all sectors, with emphasis on national and regional adaptation projects**

The Bank will strengthen the availability of bankable adaptation projects. It will build a pipeline of high-quality investments that prioritize climate change adaptation (and avoid mal-adaptation) in all relevant and appropriate sectors. This will apply particularly to those that are the most vulnerable, and those with significant adaptation needs and potential. It will accord special emphasis to sectors that represent a key share of Africa’s labour force (measured as employment) and economic activity (measured as GDP). Wherever possible, linkages with mitigation will be harnessed to maximize mitigation co-benefits strategically. In particular, the Bank will boost national projects, as well as regional, multi-country investments that drive climate change adaptation. Resilience on the continent can be strategically strengthened through regional projects, given that climate change impacts are often felt in transboundary ecosystems, and given that effective natural resources management often calls for the engagement of multiple states sharing common resources.

**ii. Expand policy, technical and financial support to African countries to bring adaptation investments to bankability, with emphasis on national and regional adaptation projects**

The Bank will provide greater levels of policy, technical, and financial assistance to African countries for investment development and project preparation for climate change adaptation investments. The Bank will work closely with climate change investment facilities on the continent and act as a project preparation support and advisory institution that caters to its clients, its regional member countries (in essence, the 54 nations of Africa) and private-sector entities such as developers. This support will continue to be channelled to national projects aligned with the NDCs and national adaptation plans, as well as to regional investments that align with the objectives of the African Continental Free Trade Area (AfCFTA). The Bank will leverage its position and work with African countries to identify and articulate the full array of benefits associated with regional integration projects.

**iii. Prioritize allocation and disbursement of climate change adaptation finance in Africa**

Adaptation and the reduction of vulnerability are a pressing priority for African countries. Having recognized the significant disparity between global financing available for adaptation and mitigation, the Bank has taken important steps towards making adaptation an area of priority. A parity goal between adaptation and mitigation finance was first established in Climate Change Adaptation Plan II and surpassed in 2019. The Bank is committed to maintaining this parity goal, at a minimum, and to continue to increase the total volume of finance allocated and disbursed to climate change adaptation initiatives (adjusted for inflation). In line with this commitment, in 2021, the Bank, in partnership with the Global Centre on Adaptation (GCA), launched the Africa Adaptation Acceleration Program (AAAP), with the aim of scaling up and accelerating climate change adaptation actions across the African continent.

**iv. Improve tracking, measurement, and reporting of outcomes (reduced vulnerability and enhanced resilience) of climate adaptation investments**

The Bank will prioritize the design, development, adoption, operation, and periodic upgrading of an effective monitoring, evaluation, reporting, and
learning (MERL) mechanism that will place special emphasis on tracking progress on climate change adaptation outcomes. This mechanism will be consistent with international best practices and evolving guidance on transparency from the UNFCCC and the MDBs’ joint framework for alignment with the Paris Agreement. In line with the Building Block Five of the MDBs’ joint framework, the Bank will continue with efforts aimed at ensuring that reporting on adaptation outputs and outcomes is consistent with joint reporting principles and methodologies adopted. The MERL mechanism of the Bank will help monitor and report on progress related to climate change adaptation and resilience driven by the Bank.

v. Strengthening Africa’s biodiversity, land, and ecosystem resilience to climate change

The Bank recognizes the increase in Africa’s vulnerability to climate change from environmental deterioration, biodiversity loss, land degradation, desertification, and decreases in carbon sinks. To strengthen the resilience of ecosystems to climate change, the Bank will undertake mitigation and adaptation efforts, utilizing nature-based solutions and ecosystem support across the whole land-use, land-use change, and forestry (LULUCF) and agriculture sectors. The Bank will follow the international agenda and work towards alignment with the upcoming Post-2020 Global Biodiversity Framework under the United Nations Convention on Biodiversity (UNCBD), and the commitment of countries to address desertification, land degradation, and drought under the United Nations Convention to Combat Desertification (UNCCD). To ensure the conservation of Africa’s biodiversity, the Bank will follow a rigorous do-no-harm approach to biodiversity in all circumstances, with proactive efforts to measurably enhance biodiversity through every available opportunity. It will help countries better value, sustainably manage, protect, enhance and restore nature and its natural assets to deliver development benefits and to mainstream biodiversity and land restoration in the Bank’s portfolio of projects. To support this, the Bank will measure biodiversity co-benefits as part of its monitoring approach. It will provide African countries with further support to develop and implement nature-based solutions across their relevant plans, strategies and international commitments on nature. This will include long-term strategies, NDCs, land degradation neutrality targets, and national biodiversity strategy action plans (NBSAPs).

For dedicated biodiversity support, the Bank will work progressively towards developing biodiversity project eligibility criteria. It will also support countries in fostering national-level synergies in their implementation of the relevant multilateral environmental agreements.

vi. Strengthen institutional capacity at sub-national, national, and regional levels to integrate climate change resilience into fragility prevention, monitoring, management, and response

The Bank, through its Climate Change and Green Growth Department (PECG) and the Transition Support Facility, will support national and sub-national institutions in African countries, as well as regional institutions. The aim will be to strengthen the evidence base on the climate change-fragility nexus, and to promote (through policy guidance, governance support, and investment) interventions on climate change that explicitly function as fragility prevention solutions, and similarly promote interventions on fragility prevention that explicitly function as climate change resilience solutions. The Bank will harness and integrate the linkages between climate change resilience and socio-economic or political fragility into fragility prevention, monitoring, management, and response.

vii. Promote resilient societies through the creation of climate-compatible and green jobs

Societies with stable employment rates and income-generation opportunities have reduced fragility. The Bank will promote inclusive economic development as a measure against fragility, particularly through the creation of green jobs, sustainable livelihoods, and employment opportunities that support rather than impede climate change action.

Africa’s historic contribution to global climate change is marginal, and many African least developed countries (LDCs) have negligible greenhouse gas emissions. A few African countries, however, are among the world’s major emitters already. Others have low baselines of greenhouse gas emissions but expected growth trajectories that project a marked rise in future emissions. The imperative to reduce emissions from Africa must, therefore, consider the national circumstances and capabilities of individual African nations, and be informed by present (existing) and future (projected) mitigation needs.

The Bank has made climate change mitigation a crucial element in its investment agenda, acknowledging that emissions growth may accompany the economic development trajectory necessary to lift millions of Africans out of poverty, as well as of the socio-economic opportunities that can emerge from low-carbon development.
As already announced publicly, the Bank will cease to invest in coal altogether, and ensure that its investments do not lead to stranded assets. They must help accelerate a transition to a cleaner, decarbonized future – including through renewable energy and low-carbon technology investments (illustratively, in power generation, transmission, distribution and storage) – where African economies and businesses will remain competitive and innovative in a carbon-constrained environment.

The Bank will pursue mitigation as defined by the IPCC. The MDBs’ Common Principles on Climate Change Mitigation Finance Tracking will inform its climate mitigation investments. In its climate change mitigation efforts, the Bank must help advance African countries’ NDCs and long-term strategies (including development, mainstreaming into national development plans, implementation, review, progress-tracking, and updates), reflecting its commitment to ‘Paris alignment’ while ensuring that the context of Africa (in particular poverty alleviation needs) and different national circumstances are taken into consideration. The Bank will further support the achievement of the SDGs (including but not limited to SDG 13). Doing so requires a commitment to reflect the just transition principles in the Bank’s mitigation investment planning and support.

Guiding principles for the Bank in the long-term, in service of the second policy pillar, are as follows:

i. Identify and grow a more robust pipeline of climate change mitigation investments in key sectors, with emphasis on national and regional mitigation projects

The Bank will promote bankable mitigation projects, building a pipeline of investments that advance climate change mitigation in carbon-intensive sectors. It will pay special emphasis to sectors that contribute the greatest share of Africa’s total greenhouse gas emissions. This will be both in terms of the historic and current share, as well as future projected emissions growth. Particularly, reducing emissions from deforestation and unsustainable agricultural practices must be at the top of the Bank’s mitigation priorities. Wherever possible, the Bank will establish linkages with adaptation to maximize adaptation co-benefits strategically. As with the climate change adaptation pipeline, the Bank will continue to support country-driven national projects. At the same time, it will also leverage its comparative advantage to support the identification and prioritization of regional, multi-country investments that drive climate change mitigation. Furthermore, it will ensure that such projects have the critically necessary national ownership.

ii. Expand policy, technical and financial support to African countries to bring mitigation investments to bankability, with an emphasis on national and regional mitigation projects

The Bank will provide greater levels of policy, technical, and financial assistance to African countries for investment development and project preparation for climate change mitigation investments. The Bank will work closely with climate change investment facilities on the continent, acting as a project preparation support and advisory institution that caters to its clients (i.e. Africa’s 54 countries) and private sector entities.

As with climate adaptation, the support will continue to target national projects – especially those aligned with NDCs – while also prioritizing regional investments. Regional infrastructure can better position African countries to pursue and achieve their climate change mitigation targets and commitments on climate action. The Bank is committed to working with African countries to identify and articulate the full array of benefits associated with these regional integration projects.

iii. Increase allocation and disbursement of climate change mitigation finance in Africa

The Bank is committed to increasing the total volume of finance allocated to climate change mitigation initiatives (adjusted for inflation). This is critical because, despite Africa’s relatively low contribution to current global emissions, the economic development trajectory necessary to lift millions of Africans out of poverty may otherwise result in accelerating emissions growth.

It is estimated that Africa would need about $3 trillion to implement the adaptation and mitigation targets in their NDCs by 2030 (ADB, 2018). Yet, analysis by the United Nations Environment Programme (UNEP) has shown that current NDCs are not enough to achieve internationally stated climate objectives (UNEP, 2017). Notably, there is an estimated ‘emissions gap’ of 16-19 GtCO₂e versus the trajectory that would limit global warming to 1.5°C. An increase in the allocation and disbursement of climate change mitigation finance is, therefore, an important step toward enabling increased ambition. The Bank will work with African countries to help develop more ambitious cohorts of NDCs and to mobilize commensurate financing.

iv. Improve tracking, measurement, and reporting of outcomes (reduction of GHG emissions and reduction of carbon intensity) of climate mitigation investments

The Bank will prioritize the design, development, adoption, operation, and periodic upgrading of an effective monitoring, evaluation, reporting, and learning (MERL) system that will credibly track progress on climate change mitigation outcomes. This mechanism will help the Bank monitor and report on progress on mitigation and greenhouse gas reduction driven by its investments.
3. Leveraging climate finance and mobilizing public and private sector resources for climate action and green growth

As the premier development finance institution representing African interests, the Bank must make climate finance one of its most effective instruments to ensure that African countries achieve their policy goals. Recognizing the importance of climate finance, the Bank has historically set demanding internal climate finance targets, disbursing increasing volumes of climate finance under its first and second Climate Change Action Plans. To meet the challenge of increased climate finance, the Bank is committed to continuing to grow the volume of climate finance available to Africa and mobilize more climate finance from all sources, while also ensuring that the limited public funds are complemented by private sector contributions. Given the Bank’s leading role in influencing finance flows on the continent, it must, therefore, continue to grow and deepen the financial ecosystem of financial intermediaries, capital markets and domestic financial institutions, among other key financial actors. By doing so, the Bank can help move Africa’s broader financial ecosystem towards stimulating and developing more thematic funds and instruments, and by promoting and increasing domestic investment.

Guiding principles for the Bank in the long-term, in service of the third policy pillar, are as follows:

i. Maintain or increase the share of climate finance within the Bank’s total allocations

Over the past decade, the Bank has successfully mobilized growing volumes of climate finance from its statutory funds, and from external resources and the trust funds that it has created and/or manages. The Bank will strive to allocate a greater, and increasing, share of climate finance within its total annual lending. The aim will be to provide financial support for climate change action in African countries, as well as mainstream climate change and green growth investments in its investment portfolio.

ii. Mobilize greater volumes of both multilateral and bilateral climate finance

The Bank will work with multilateral and bilateral climate partners and other development partners to channel greater volumes of climate finance into Africa, including climate finance from such multilateral institutions as the Green Climate Fund, the Climate Investment Fund, the Global Environment Facility and other large climate funds, as well as private finance purveyors.

iii. Reinforce climate finance capacity within the Bank, to meet the challenge of increased climate finance resource mobilization and advisory services to African countries

The Bank will ensure that it keeps pace with the ambition of mobilizing greater levels of climate finance and the need to meet expanding climate finance-related requests for technical assistance from African countries, as well as from departments within the institution. It must enhance its own internal staffing capacity, in terms of numbers and areas of relevant domain expertise.

iv. Facilitate African countries’ access to international climate finance, establish green funds, and deploy domestic finance for climate actions

The Bank will directly build technical and administrative capacity within relevant institutions in African countries, such as finance ministries, central banks, and national climate or green funds. It will seek to enhance their capacity to successfully engage with international climate finance institutions. This assistance will extend to technical support for establishing and operationalizing national climate or green funds and other market intermediaries that will play a more critical role in attracting international finance to African countries. The assistance will also help earmark and allocate domestic budgets as climate finance for national climate change priority actions. The Bank will continue to support increased participation of domestic financial institutions in climate finance. It will do so by working with African central banks, sovereign wealth funds, institutional investors and import-export and development banks, among others.

v. Develop, support, and participate in market and non-market mechanisms

The Bank has a strong understanding of Africa’s market dynamics, and long-standing experience of how to position market and non-market approaches for success in the African context. It will draw on such insights to develop, pilot, and operationalize market and non-market mechanisms to support climate change action and green growth investments across the continent. In less mature markets, this market-development effort will begin with market-building, i.e., supporting the development of technical and financial capacity and institutional capacity within countries’ financial ecosystems. It will entail increasing the absorptive capacity for climate finance (including carbon market, adaptation finance) and strengthening local commercial banks’ knowledge of climate change and green growth finance.
vi. Incentivize private sector participation and investment in climate actions in Africa

Projected expansion in African economies suggests a rapid expansion in private enterprise and capital. The Bank will engage the private sector to channel these private resources into climate change and green investments. This will include using collaborative platforms to develop new and innovative models for sources of private finance.

vii. Support innovation and the judicious use of new financial instruments and mechanisms to increase flows of climate finance on the continent

The Bank will disburse climate finance through increasingly non-traditional instruments, beyond grants and loans. It will include using innovative instruments like lines of credit, partial risk guarantees, green bonds, blended finance funds, disaster risk insurance mechanisms, payments for adaptation benefits, and debt-for-nature swaps.

The Bank recognizes the importance of ongoing innovation in the development of appropriate financial mechanisms and instruments to support the growth of climate finance. As the continent’s premier financial institution, the Bank can act as a hub of financial expertise and encourage the further growth of an ecosystem of financial innovation that can support climate finance flows. Therefore, the Bank will continue to support the development of new financial blending, risk mitigation (including transition risk) and other financial tools. It will also look for opportunities to expand their use in collaboration with partners.

4. Creating enabling environments for climate actions and green investments

The Bank’s role goes beyond that of a financial institution. It extends into an advisory role to guide and capacitate African countries to ably pursue their development aspirations. This includes guidance to African countries on how to best understand the threats and opportunities posed by climate change, how to respond to the challenges, and how to finance climate change action. The Bank is committed to continuing to play this advisory role and give impetus to enabling measures and institutional arrangements within African countries. Accordingly, it will continue to foster constructive policy dialogue on climate change and green growth. This will elevate these pressing issues on governments’ agendas and catalyse the necessary policy, regulatory, legislative, and institutional reforms. This includes more robust and impactful NDCs, national adaptation plans, long-term strategies, and key national instruments on climate change and green growth, in line with the Bank’s Strategy for Economic Governance in Africa.

Through its convening power and influence, the Bank is also well-positioned to engage and coordinate with national, continental and international partners to maximize the respective comparative advantages and serve as a role model. The Bank has a long track record of partnering with development partners and international development institutions as well as with non-governmental and civil society organizations, and academia to address the challenges of climate change in Africa. These partnerships have enabled the Bank to expand the reach of its financial investments, while also providing opportunities for catalysing broader reforms and capacity development. The Bank will, therefore, continue to actively pursue opportunities to create linkages and joint approaches, ensure synergies, and avoid duplications.

Guiding principles for the Bank in the long-term, in service of the fourth policy pillar, are as follows:

i. Promote the deployment and adoption of advanced technology and innovation to enhance climate change and green growth

The Bank will make technology and innovation a central feature of the enabling environment in Africa. This is to ensure that the continent keeps pace with advancements globally, and can use state-of-the-art tools, systems, and equipment to make actions on climate change and green growth more efficient and effective. The aim will also be to ensure that African countries can advance rapidly towards cleaner and more sustainable approaches. This will entail enhanced cooperation with developed countries (including high emitters) that may be a source of technology transfer for mitigation. It will also entail strong cooperation with countries with high levels of preparedness and readiness that may be a source of technology transfer for adaptation that can benefit vulnerable countries with pressing adaptation needs. It will involve, at the regional scale, positioning Africa’s more advanced economies as anchors of green growth, to lead as examples for other less mature economies (including, for example, by driving market development of technologies or de-risking certain classes of investments). Furthermore, it will pave the way for the adoption of green, low-carbon, and climate-resilient technologies. Illustratively, this includes technologies for renewable energy generation, transmission, distribution, and storage; carbon abatement and sequestration technologies; carbon dioxide removal technologies; information and communications technology (ICT) that strengthens climate services and aids in early warning systems; and technologies that reduce population exposure to and enhance resilience against climate hazards.
VII. GUIDING PRINCIPLES

ii. Generate thought leadership and knowledge products to inform evidence-based policy, planning, and investment decisions by African countries on climate change and green growth

The Bank will provide thought leadership on climate change and green growth in the form of knowledge products and guidance documents. It will do so through its collaborative platforms, networks, and partnerships. This will include Africa’s knowledge institutions, knowledge hubs, researchers, universities and academia, civil society organizations, and third-sector institutions in African countries. The Bank brings to the table its influential voice on finance and expertise in other fields. Its thought leadership knowledge products will focus on assisting African countries with investment decisions related to climate change and green growth.

iii. Leverage the Bank’s convening power to facilitate best practice dissemination and knowledge exchange on climate and green growth

The Bank will, through its collaborative platforms, facilitate the sharing of best practices related to climate change and green growth. In particular, this will focus on the African context, will be tailored to reach African decision-makers, and will be directly actionable. The development and dissemination of best practices and knowledge will consider the different contexts of African countries and showcase flexible approaches and processes.

iv. Strengthen the administrative capacity of African countries and financial institutions to mainstream climate actions and green growth into national development priorities, and national planning and budgeting

Through its technical assistance and financial support to governance reforms, the Bank will strengthen the administrative capacity of African countries and African financial institutions (commercial and non-commercial) to integrate climate change and green growth considerations in national development instruments – especially policies, strategies, plans, and budgets. This is in line with the Bank’s Capacity Development Strategy, and its role as a trusted advisor to African countries on policy matters.

v. Support African countries to enhance Africa’s voice at global climate and environmental fora, and raise influence in dialogues on climate change, biodiversity, and combating desertification, amongst others

The Bank will support African countries in making gains in international climate and environmental negotiations. The aim will be to ensure that African voices have influence in shaping multilateral climate change and green growth processes. This includes financial and technical support for African countries to engage in global dialogues on biodiversity, combating desertification, and other emerging areas of multilateral cooperation. It will also include complex matters like climate change-related “loss and damage”. It further includes support to research and knowledge that inform and shape such intellectual debates globally.

vi. Establish, build, deepen, and grow partnerships that bring together comparative advantages and complementary capacities on climate change and green growth

The Bank’s efforts on climate change and green growth can be strengthened greatly by its joining forces with like-minded organizations and institutions across the continent and globally. The Bank can use its convening power to bring the most optimal combination of skill sets and domain expertise together, creating powerful brain trusts. To this end, it will design and deliver more successful initiatives through strategic partnerships, focusing especially on deepening and making its existing partnerships on climate change and green growth more productive. This will include strategic collaborative ventures with knowledge institutions, knowledge hubs, researchers, universities and academia, civil society organizations, and institutions in African countries. The partnerships will reflect the different country contexts.

Notably, the Bank will build on the work done and continue to engage proactively with other MDBs. These partnerships have provided opportunities to facilitate the leveraging of additional finance. They have also created opportunities for sharing best practices for mainstreaming climate change and develop joint approaches aimed at enhancing transparency in tracking and reporting climate finance.

vii. Align the Bank’s internal activities with the goals of the Paris Agreement

The Bank’s internal activities have a significant impact on the climate. To reduce and ultimately remove these impacts, the Bank, in line with Building Block Six of the MDBs’ joint framework for alignment with the Paris Agreement, will take steps to reduce its greenhouse gas emissions footprint from energy consumption, office space, and travel to net-zero; ensure that funds held in trust (African Development Bank pension funds and other funds) are invested in Paris-aligned funds, and work to source goods and services from Paris-aligned suppliers where possible.
Guiding principles for the four areas of special emphasis

1. Transition to green growth

Africa’s circumstances necessitate that poverty reduction and wealth creation be at the forefront and centre of the development agenda, until all persons on the continent can access and enjoy a minimum standard of living. Yet, development that comes at the expense of natural capital, biodiversity, and ecosystem services is likely to compromise the very resource base that would underpin such growth. Low carbon, climate-resilient, resource-efficient, and environmentally responsible growth that is socially inclusive and that supports sustainable livelihoods and job creation in all economic sectors must thus be among the cornerstones of the Bank’s Climate Change and Green Growth Strategy.

Further to that, green growth and the transition to a green economy provide an important opportunity for the continent. Globally, it has been estimated that investing $2.7 trillion per year through 2030 in innovative technologies to protect and restore the world’s natural capital could generate business opportunities worth $10 trillion per year and create 395 million jobs by 2030 (World Economic Forum, 2020). The combined NDCs of African countries corroborate this picture, providing investment opportunities of about $3 trillion by 2030 (AfDB, 2018).

Guiding principles for the Bank in the long-term, in service of this area of special emphasis, are as follows:

i. Define and identify inclusive green growth investments and programs with clarity, including (but not limited to) investments promoting sustainable natural resource management, renewable energy, resource efficiency, circular economy and circular carbon economy and blue economy initiatives, including national and regional green growth-related projects.

In furtherance of its commitment to green growth, the Bank has updated its definition of green growth to reflect the special circumstances of Africa and the Bank’s mandate. This is green growth as distinct from, but complementary to, climate change action. The definition below will identify more clearly what green growth means in the Bank’s operational context.

Green growth is a socially inclusive economic growth and development path that is low-carbon, climate-resilient, resource-efficient, and maintains and enhances biodiversity and ecosystems.
Based on this clear definition, the Bank will identify specific investments and interventions that embody green growth. This will include but will not be limited to interventions related to low-carbon energy (promoting energy efficiency and renewable energy sources), low-carbon and climate-resilient infrastructure, the circular economy (reducing waste and re-using and recycling to extend materials’ lifetimes), the blue economy (sustainable use of marine resources), climate-smart agriculture, sustainable forestry, sustainable water management, and ecotourism, among others. To the extent possible, over and above country-driven national projects, the identification will also include regional green growth investments as an opportunity to deliver large-scale green growth initiatives.

ii. Expand policy, technical, and financial support to African countries to bring green growth investments to bankability, including circular economy, circular carbon economy and blue economy initiatives, and regional projects

The Bank will provide greater levels of policy, technical, and financial assistance to African countries for investment development and project preparation for green growth investments. For instance, the Bank will continue its effort to support African countries in creating new green banks and green funds through technical assistance and innovative financial instruments. The Bank will also continue to work closely with existing investment facilities and will use Africa’s more advanced economies as anchors to pioneer and absorb green technologies and lead on green growth approaches. The Bank will proactively explore approaches to promote green growth through the mechanisms of the new African Continental Free Trade Area (AfCFTA). This will exemplify the trajectories of transitions to green growth for others in the continent.

iii. Increase allocation and disbursement to green growth projects in Africa

The Bank will commit to continually increasing the total volume of finance allocated and disbursed to what it defines and identifies as green growth initiatives (adjusted for inflation). Alignment with relevant international initiatives like the UNCBD, the UNCCD, the 2050 Africa’s Integrated Maritime Strategy, the Africa Blue Economy Strategy, and efforts by African countries to improve management of large marine ecosystems, will be ensured. Relevant international standards, such as the Sustainable Blue Economy Finance Principles will be adhered to and promoted.

iv. Improve tracking, measurement, and reporting of outcomes (environmental indicators, green jobs, progress against SDGs) of green growth investments

The Bank will prioritize the design, development, adoption, operation, and periodic upgrading of an effective MERL mechanism that will place special emphasis on tracking progress on green growth outcomes. This mechanism will be tailored to the specific contexts found among African countries. It will help measure and track progress on green growth driven by the Bank.

v. Develop an internal transformation strategy for elevating green growth and climate compatibility within the Bank’s own operations

The Bank will devote attention to ensuring that its own operations and internal frameworks promote the mainstreaming of inclusive green growth and climate change as an overarching priority, as part of its efforts to support African countries and to ensure that green growth aspects of and commitments towards the achievement of the goals of the Paris Agreement are not neglected. This will involve, among other measures, ensuring that climate change and green growth within the context of Paris alignment are integrated into the mandatory processes for project approvals, similar to environmental and social safeguard appraisals.

2. Gender, youth and social inclusion

Gender inequalities and climate change are inextricably linked. On the one hand, climate change hinders progress towards gender equality and slows efforts to reduce poverty. On the other hand, gender inequality can reduce community resilience to climate change and impede societal uptake of low-carbon development initiatives. The Bank recognizes that women and girls are affected by climate change differently than men and boys, and therefore homogenous climate change solutions cannot be uniformly applied. There must be gender differentiation where relevant, to ensure the benefits of climate change and green growth investments are equally received by women and girls. Women are also a powerful force for change, at the household, community, local, and national levels. Afforded equal opportunities to participate in designing and implementing climate change and green growth solutions, they can contribute to climate action in a distinct, impactful, and additive manner.

Consistent with the Bank’s Gender Strategy and cognizant of the Paris Agreement’s objectives to achieve gender-responsive climate policy and action, the Bank must accord special attention to the nexus between gender and climate change. Across all its efforts on climate change and green growth, the Bank must adopt gender-sensitive, gender-responsive, and gender-transformative approaches and place special emphasis on promoting gender equity. This is consistent with the Bank’s Gender Framework and Gender Strategy, and with the guidelines for mainstreaming climate change and gender into its operations.
The Bank also recognizes that youth in Africa are a special constituency, requiring focused attention and targeted initiatives beyond business-as-usual methods. Knowledge-driven approaches to building climate change resilience, generating low-carbon development, and boosting green growth are needed and require investment in awareness-building. They also require targeted investment in higher education – both in specialized climate change-related fields and more broadly in science, technology, engineering, and mathematics (STEM) subjects.

Given Africa’s demographic structure, the demographic dividend can only be realized if the power of a young labour force is harnessed. This calls for accelerated job creation and the provision of quality education and vocational skills, as well as the mobility of such skills and knowledge, to reduce regional gaps on climate change and green growth. Channelling the power of youth into productive mitigation and adaptation activities is also an important element in a broader effort to reduce youth disenfranchisement, disaffection, and disempowerment, which in certain circumstances can contribute to potential civil and political unrest.

The Bank affirms that the commitment to social inclusion will extend beyond women and youth to other vulnerable groups as well. This includes but is not limited to persons with disabilities.

Guiding principles for the Bank in the long-term, in service of this area of special emphasis, are as follows:

i. Promote inclusion through scaling up climate-smart and green innovations of women and young entrepreneurs

The Bank will provide business development support to businesses that are centred on climate-responsive, smart, green, and sustainable innovations, products, and services. The business support can entail incubation, acceleration and promotion. The Bank will explicitly target its entrepreneurship support at businesses run by women, youth, and other vulnerable groups.

ii. Extend benefits of the Bank’s investments in climate change and green growth to more women and youth

The Bank will ensure, including through its results frameworks and screening tools, that the intended benefits from its climate change and green growth investments will be directed particularly at women, youth, and other vulnerable groups, and that these demographics will represent a greater share of project beneficiaries.

iii. Leverage synergies to promote mainstreaming and improve tracking, measurement, and reporting of climate and gender outcomes

The Bank will build on the success of its gender mainstreaming to bolster its efforts at climate change mainstreaming. It will use lessons from its gender mainstreaming to ensure that climate change mainstreaming is stronger and more efficient, especially to ensure that its climate change investments contribute to gender equity, parity, and empowerment, and vice versa. This will include efforts to identify gender within climate change issues and projects as well as to consider climate change in gender-related programmes and projects during the planning, design, implementation, and MERL cycle.

3. Private sector development and participation

The Bank is well-positioned to support private sector development across the continent, particularly given its African character. This character gives it legitimacy to act as convener and partner for private actors. It gives it the ability to access long-term financing on the international market on highly favourable terms, including for onward lending. It has a special mandate on regional integration, which empowers it to support African enterprises on regional trade and investment issues. Its country presence also allows for direct knowledge of the challenges and opportunities of private actors in various African markets. Simultaneously, the Bank recognizes both the crucial role of the private sector in responding to the continent’s climate change challenge and the opportunity it presents. To remain competitive in global markets, African businesses need to be active in mitigating climate change while supporting initiatives that build resilience to its adverse effects. Recognizing that the private sector in Africa is predominantly comprised of micro, small and medium enterprises (MSMEs), the Bank must bring to bear these capacities to transform climate change and green growth into opportunities for all such players in the private sector. Furthermore, it must elevate private sector participation in climate change and green growth investments. This is consistent with the Bank’s Private Sector Development Strategy.

Guiding principles for the Bank in the long-term, in service of this area of special emphasis, are as follows:

i. Improve Africa’s business and investment ecosystem for climate change and green growth initiatives

The Bank will work closely with partners in the public and private sectors across the continent to create a more enabling environment – through policy, strategy, regulation, access to favourable
finance, and other governance reforms – for businesses and investors that contribute to climate change action and green growth. Given the composition of Africa’s business landscape, the Bank will take a particular focus on MSMEs and the informal sector support, provision of technical and institutional support to increase absorptive capacity, as well as support to local commercial banks to strengthen climate finance knowledge and portfolio development.

Specifically, the partnerships with private sector actors will support the development and transfer of climate-responsive (both adaptation and mitigation) technologies and practices.

ii. Expand access to social and economic infrastructure for private sector enterprises with climate change and green growth-linked business models

The Bank will assist African countries and its partner institutions at the national and regional level to facilitate greater access to critical social infrastructure. This includes education, health, and sanitation infrastructure. It will also facilitate economic infrastructure, including energy and transport, for businesses and investors that are focused on climate change and green growth as their core business. This will both enable and incentivize growth in such business models.

4. Robust and resilient recovery

Repeatedly, global events demonstrate that when large-scale threats emerge or when societies face unprecedented challenges, resource-constrained and under-capacitated countries in Africa are at a disadvantage. Planet-wide shocks and stressors take a disproportionate toll on Africa. African countries lack the wherewithal to cope and respond with the same capacity as others. The socio-economic impacts of such shocks often linger for decades. At such times, not only must the Bank be a champion for African countries, but it must also be a pillar of support during the aftermath of such crises. Whether the shock is a natural disaster, a public health emergency, an economic collapse, or an environmental calamity, the Bank must work with African countries to ensure that they are resilient and that they experience a robust and green recovery after a crisis by ‘building back better.’ This includes building back better through investing in systems that accelerate climate change adaptation, climate change mitigation, and green growth. In doing so, the Bank can assist African countries in transforming such paradigm-shifting challenges into growth opportunities for Africa.

Guiding principles for the Bank in the long-term, in service of this area of special emphasis, are as follows:

i. Strengthen the capacity of key institutions in African countries to mainstream climate change and green growth into national efforts to ‘build back better’ in a post-disaster recovery or post-emergency context

The Bank will provide greater levels of policy, technical, and financial assistance to African countries for mainstreaming climate change and green growth into emergency-response systems and post-disaster recovery efforts, to ensure broad-based resilience against crises.

ii. Develop innovative finance mechanisms to support climate change and green growth investments during post-disaster recovery and rebuilding, to ‘build back better’

The Bank will design, pilot, and operationalize more innovative financial instruments to strengthen funding flows to climate change and green growth investments as part of larger ‘build back better’ responses at the national and regional level, to generate financial flows necessary for crisis response.

iii. Promote technology and innovation that can underpin climate change resilience and green recovery

The Bank will place increased emphasis on climate change and green growth investments that boost robust and resilient recovery through technological advancements. The role of reliable digital infrastructure and systems in preparing for, responding to, and recovering from shocks has been amplified by recent global crises. The Bank will help African countries create strong, pro-poor technological foundations for their economies in ways designed to strengthen climate change action and green growth. Illustratively, this includes ICT that strengthens climate services and aids in early warning systems; and technologies that reduce population exposure to and enhance resilience against climate hazards.