



# Adaptation finance in LDCs: Experiences and lessons learnt

## **An AfDB perspective**

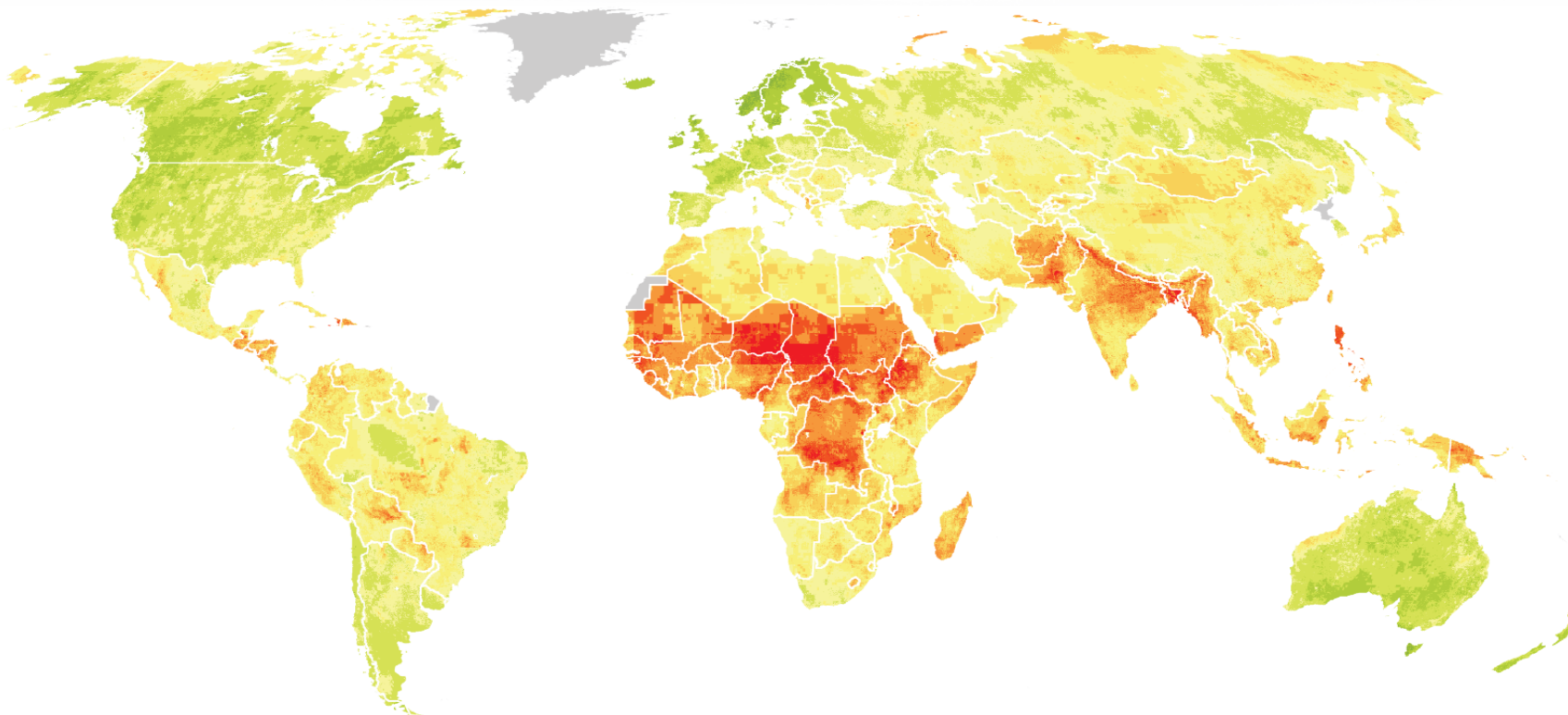
Climate Finance Readiness Workshop for LDCs  
*30 May – 1 June 2017, Addis Ababa (Ethiopia)*

# Climate Change and Africa's Development:

## Assessing vulnerability - 2016



AFRICAN DEVELOPMENT BANK GROUP  
GROUPE DE LA BANQUE AFRICAINE  
DE DEVELOPPEMENT



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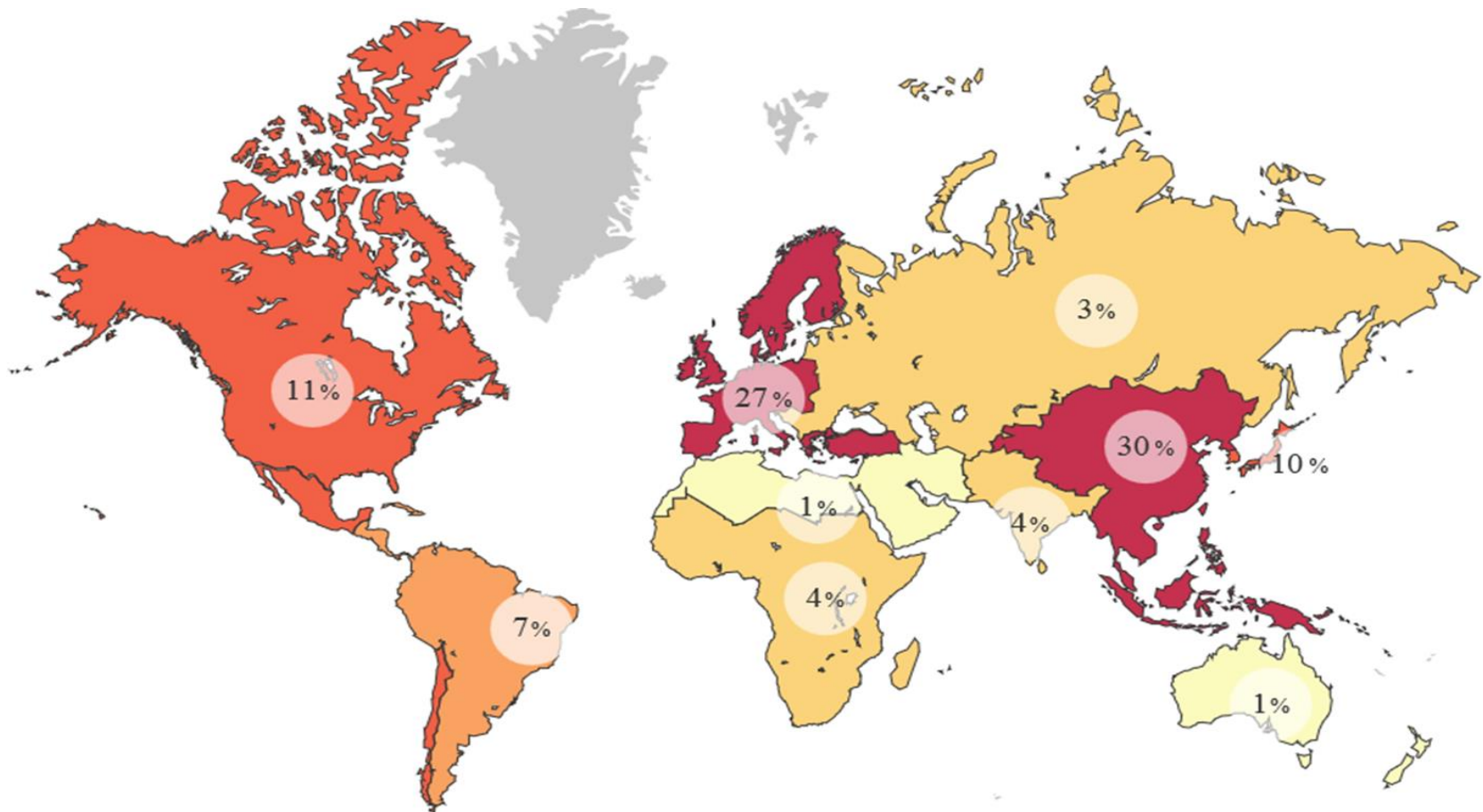
### The five **worst performing countries**

Rank	Country	Region	Score	Category
1	Chad	Africa	0.11	Extreme
2	Bangladesh	Asia	0.25	Extreme
3	Niger	Africa	0.27	Extreme
4	Haiti	Americas	0.32	Extreme
5	Central African Republic	Africa	0.34	Extreme

### The five **best performing countries**

Rank	Country	Region	Score	Category
186	Norway	Europe	9.96	Low
185	Ireland	Europe	9.94	Low
184	Iceland	Europe	9.93	Low
183	Sweden	Europe	9.93	Low
182	Finland	Europe	9.90	Low

# Destinations of Climate Finance, 2013

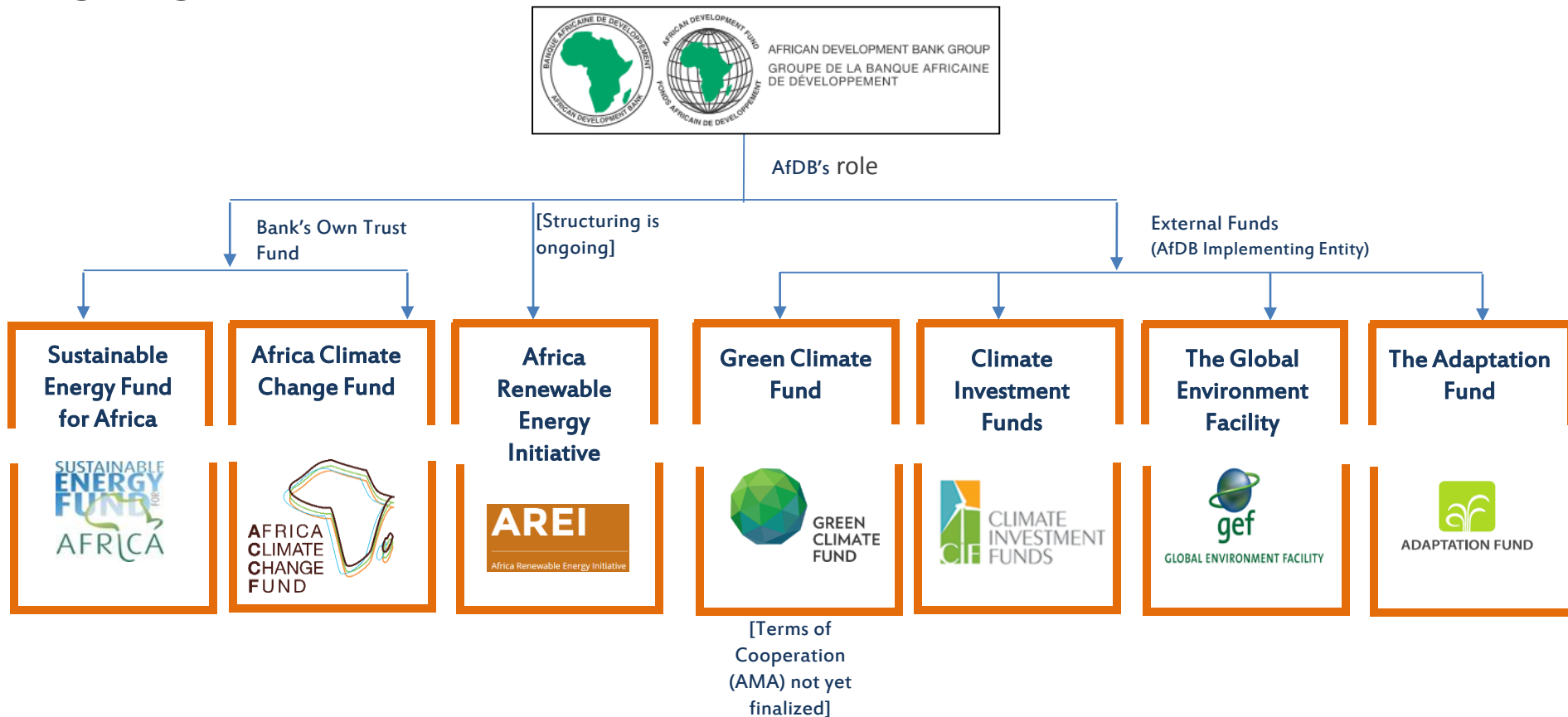


Source: Climate Policy Initiative, 2014

- Global climate finance up by 18%, from USD 331 billion in 2013 to an estimated USD 391 billion in 2016
- Africa received only 3% of adaptation finance in 2016

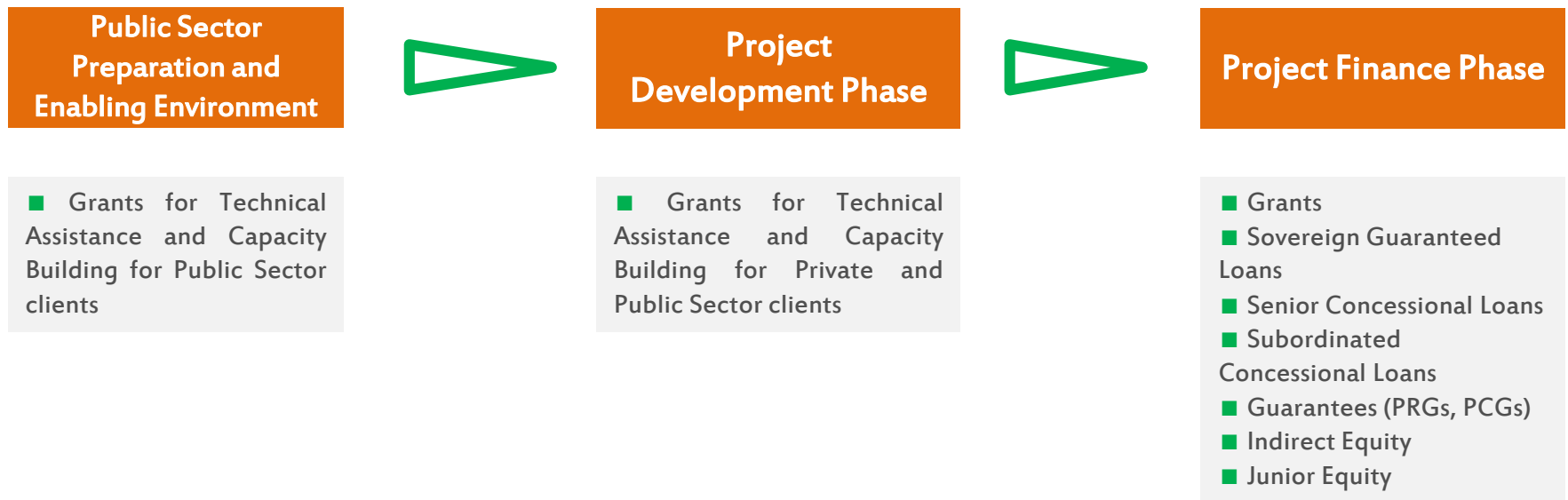
# Climate Finance at the African Development Bank

The Climate Finance Team coordinates and leads the implementation of different Facilities that provide multiple instruments (grants, concessional debt, equity, etc.) which ultimately enhance project bankability, build resilience to climate change and support transition to green growth in Africa



# And the Financial Instruments?

These are targeted at different stages of the project development cycle and up to financial close. These range from preparation grants to long-term project financing instruments as well as equity and insurance products (e.g. guarantees). AfDB maximizes value-added by ensuring complementarity across different facilities and its own financial products.





Public Sector  
Preparation and  
Enabling Environment

Project  
Development Phase

Project Finance  
Phase

Grants



Concessional  
Debt



GREEN  
CLIMATE  
FUND

Quasi-Equity  
and Junior  
Equity



GREEN  
CLIMATE  
FUND

# CCAP 1 (2011-2015): Key Achievements (1)

Between 2011 and 2015 the Bank approved approximately 260 projects with climate-relevant components estimated at USD 12 billion.

The share of this finance invested in mitigation greatly exceeded that of adaptation—an imbalance that also occurs globally.

The Bank promoted adaptation and climate resilience through emphasizing “climate risk management”. Bank funded projects are screened and “climate-proofed” ensuring the integration of adaptation components at the design stage.

Seventy percent of the Bank’s projects were designed, sited, implemented and managed to cost effectively build resilience and minimize climate risk.



# CCAP 1 (2011-2015): Key Achievements (2)

- The Bank successfully issued four green bonds. Capital raised was invested in 14 projects which will contribute to GHG emissions reduction of approximately 6.9 million tons of CO<sub>2</sub> at completion.
- The Bank strengthened its partnership with other multilateral development MDBs, other stakeholders and continental institutions to address the challenges of climate change in Africa.
- Strengthened Africa's voice, supported the African Group of negotiators, the African Ministerial Conference on the Environment (AMCEN) and the Committee of African Heads of States on Climate Change (CAHOSCC).







- Winding down or lack of additional contributions (CIF, LDCF, SCCF, etc) is currently leading to a loss of momentum in the deployment of climate finance at scale from these funds across Africa;
- High transaction costs for small, low-risk projects
- Francophone countries: language barrier to use AF documents (templates, guidelines, etc.), requires translation implying time and cost issues
- Country funding availability: competition for financial resources and funding information gap between project submission and approval
- Incomplete or lack of consistent, continuous and updated data for adequate project proposal preparation

- Important role played by focal points (country ownership, south-south cooperation, ensure MIEs work is relevant, regional collaboration on common projects)
- NDCs very helpful and provide guidance as to project identification and potential contribution to country strategies (137 NDCs with adaptation component)
- Dedicated resources for climate change, in addition to enhanced capacity to mobilize climate finance at scale, will tremendously help the Bank meet future CCAP goals
- Increasing climate finance will require greater innovation and risk
- Future results measurement frameworks must contain realistic parameters given the five year duration of AfDB's CCAPs and be either amendable or somehow take into account the need to measure newly added initiatives
- Given the increased competition over climate finance resources worldwide, the decentralization process of the Bank to get closer to its clients is expected to increase the Bank's capacity to attract more climate finance for Africa

# Way forward: 2016-2020 (1)



Support the implementation of Africa's Nationally Determined Contributions (NDCs) by helping African countries define and achieve their commitments to mitigation and adaptation whilst also fulfilling their development objectives in the context of the SDGs;



Mainstream Climate Change in the delivery of the Bank's H5 priority areas: ***Light up and Power Africa; Feed Africa, Industrialize Africa, Integrate Africa, Improve the quality of life for the people of Africa***



Scale up climate finance accessed and channelled to African countries from public (multilateral/bilateral) and private sources.



Achieve the Bank's target of tripling its climate financing to reach 40% of project approvals by 2020, to facilitate the transformation of economies and societies to better cope with the challenges and to take advantage of the opportunities presented by climate change.

# Way forward: 2016-2020 (2)

## Tasks

- Support the implementation of African NDCs
- Achieve the US\$ 5bn/year in 2020 of climate finance
- Mainstreaming climate in CSPs, RISPs, projects/programs
- Creating Enabling environment within RMCs
- Capacity building and knowledge generation

## Opportunities

- Global commitment of USD100bn; 50% for adaptation; focus on LDCs and SIDS
- Programs for Technology transfer and capacity building
- Long term nature of the PA as NDCs roll over – provides certainty
- New tech / falling prices create new investment opportunities
- Growing consumer demand in Africa
- Massive untapped resources – land, labour, sunlight, wind
- New ways to overcome barriers
- Decentralized technical expertise at Regional level

# Thank You!

For more information:

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*«This is about building today a better Africa tomorrow»*



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