Climate Finance Opportunities at the Bank for ECOWAS Countries

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Climate Finance

• Climate finance is broadly defined as any type of financing used to respond to climate change

• Climate finance is key to support mitigation and adaptation actions

• In 2009, developed countries committed $100 billion per year by 2020 as climate finance to developing countries

• This commitment is yet to be met.

• There is a confusion whether this finance is new and additional to existing development finance such as ODA.
The demand for climate finance has been increasing overtime.


Huge gap between demand and supply of climate finance.
• East Asia/Pacific remains the largest regional provider and destination of climate finance

• China is the largest country in terms of both originating and receiving climate finance.

• 76% of the global climate finance is invested in the same country in which it is sourced, revealing a strong “domestic preference”.

• Sub-Saharan Africa received only US$ 20 billion out of US$ 632 billion climate finance in 2020 (3%)

Source: Climate Policy Initiative, 2019.
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.
Overview of AfDB’s Climate Finance
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• Financial Mechanisms for Multilateral Environmental Agreements (MEAs). Example:

  • UN Framework Convention on Climate Change (UNFCCC)

  • Convention on Biological Diversity
  • Stockholm Convention on Persistent Organic Pollutants
  • The Minamata Convention on Mercury
  • Vienna Convention and Montreal Protocol - Substances that Deplete the Ozone Layer
  • UN Framework Convention on Climate Change (UNFCCC)
Key Considerations – GCF Example

**GCF approval process:** Very elaborate process for approval of funding proposals by the Board. The Board meets three times in a year to approve funding proposals.

**Focus of the funding proposal:** focus essentially on climate measures consistent with national commitment under the Paris Agreement and the NDC.

**Climate rationale of GCF outcomes and outputs:** GCF distinguishes between outputs and outcomes that are development oriented from those that are climate oriented.

**“Additionality”, Incremental Costs and Concessionality:** The outputs, outcomes and impacts of the GCF funding proposal should be “additional” to the baseline. The level of concessionality should be embedded on the climate rationale and related incremental costs.
Climate Rationale

A climate rationale provides the scientific underpinning for evidence-based climate decision making. It ensures that the linkages between climate impacts, climate action and societal benefits is fully grounded in the best available climate data and science.

Ilaria Gallo, WMO
Conclusion

• There is need to work together to identify and prepare quality projects for submission for climate finance opportunities.

• Systematically identify throughout the Bank’s project cycle, eligible projects for GCF funding. The right timing should be at the project pipeline development stage.

• Liaise with Bank Climate Change Team in time if there are financing gaps for your project and there is strong climate rationale.

• In the case of GCF, they look out for additionality, concessionality, country ownership and transformational impact. i.e feasibility studies, financial models, E&S disclosure, gender assessment and action plan, a No objection Letter (NoL) from host country (Nationally Designated Authority), and detailed budget.

• Ensure that the Bank meets climate fund timelines for project implementation, monitoring and reporting in accordance donor requirements.
Thank you