Climate Funds Update

HEINRICH BÖLL STIFTUNG NORTH AMERICA

ODI

Climate Finance Regional Briefing: Sub-Saharan Africa

Climate Finance Fundamentals 7

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Charlene Watson, ODI and **Liane Schalatek**, HBS

Sub-Saharan Africa is the region least responsible for global climate change and most vulnerable to its impacts. A multitude of actors are involved in directing climate finance to the region, both to support low-carbon development and to help countries adapt to the severe impacts that are already being felt. This year the Green Climate Fund (GCF) became the biggest cumulative multilateral climate fund active in the region, followed by the Least Developed Countries Fund (LDCF) and the World Bank administered Clean Technology Fund (CTF). For those funds tracked, CFU data indicates that USD 4.5 billion has been approved for 665 projects and programs throughout Sub-Saharan Africa since 2003. Almost half of the approved funding from these multilateral climate funds has been provided for adaptation measures. Grant financing continues to play a crucial role, especially for adaptation actions, in ensuring that climate actions secure multiple gender-responsive benefits for the most vulnerable countries and population groups.

Introduction

Although Sub-Saharan Africa (SSA)[1] is responsible for only 4% of annual global greenhouse gas emissions, it is the region most susceptible to the dangerous impacts of climate change, some of which are already being experienced. Of particular concern is the relationship between climate change, food production, food prices and extreme weather conditions, which collectively threaten food security. Indeed, the largest projected increases of people living in poverty because of climate change are expected in Africa, mainly due to the continent's heavily agriculture-dependent economy (FAO, 2016).

Current levels of climate finance directed to SSA are likely to be insufficient to meet the region's demonstrated need for adaptation finance, estimated to reach USD 50 billion per year by 2050 under an optimistic two-degree centigrade warming scenario (UNEP, 2015). The most disenfranchised, and therefore the most vulnerable population groups in the region, have received limited support so far. A significant barrier to investment is the transaction costs of the small-scale projects that are often required in the poorest areas. Public sector grant finance will continue to play a crucial role in allowing for significant environmental, developmental, social and gender equality co-benefits of climate actions in the region to be realised, particularly for adaptation measures.

Where does climate finance come from?

Table 1 and Figure 1 present the multilateral climate funds tracked by Climate Funds Update in the region. The Green Climate Fund (GCF) has rapidly become the major source of climate finance for Sub-Saharan Africa since its first project approvals in late 2015, with USD 992 million approved to-date for 26 projects plus readiness programme support to seven countries. The Least Developed Countries Fund (LDCF), which implements urgent adaptation activities prioritised by LDCs under National Adaptation Programmes of Actions (NAPAs), is the second largest contributor. It has now approved USD 726 million in grant funding for 166 projects. The Clean Technology Fund (CTF) has meanwhile approved a total of USD 525 million for eight large renewable energy and energy efficiency projects in South Africa, Nigeria and Kenya, demonstrating a clear difference in fund remits and investment strategies.

Bilateral climate finance also flows to Sub-Saharan Africa. Such climate finance complements the multilateral climate fund flows. This includes the bilateral climate funds of Germany, the United Kingdom and Norway, who are active in the region[2]. Bilateral funds, however, are not tracked by Climate Funds Update given their relative lack of transparently available detailed information of current activities and spending.

Table 1: Climate Funds supporting Sub-Saharan Africa (2003-18)

Fund	Amount approved (USD millions)	Projects approved
Green Climate Fund (GCF)	991.6	33
Least Developed Countries Fund (LDCF)	725.9	166
Clean Technology Fund (CTF)	524.7	8
Global Environment Facility (GEF 4, 5, 6)	455.0	149
Pilot Program for Climate Resilience (PPCR)	288.3	16
Forest Investment Program (FIP)	250.2	17
Scaling-up Renewable Energy Program (SREP)	243.9	15
Forest Carbon Partnership Facility (FCPF)	212.6	34
Global Climate Change Alliance (GCCA)	205.8	25
Adaptation Fund	159.2	61
Adaptation Fund Adaptation for Smallholder Agriculture Programme (ASAP)	158.0	21
Congo Basin Forest Fund (CBFF)	83.1	37
Global Energy Efficiency and Renewable Energy Fund (GEEREF)	40.5	2
UN-REDD Programme	35.1	8
Special Climate Change Fund (SCCF)	33.5	13
BioCarbon Fund	30.0	2
MDG Achievement Fund	20.0	4
Partnership for Market Readiness (PMR)	5.8	3

Figure 1: Funds supporting Sub-Saharan Africa (2003-18)

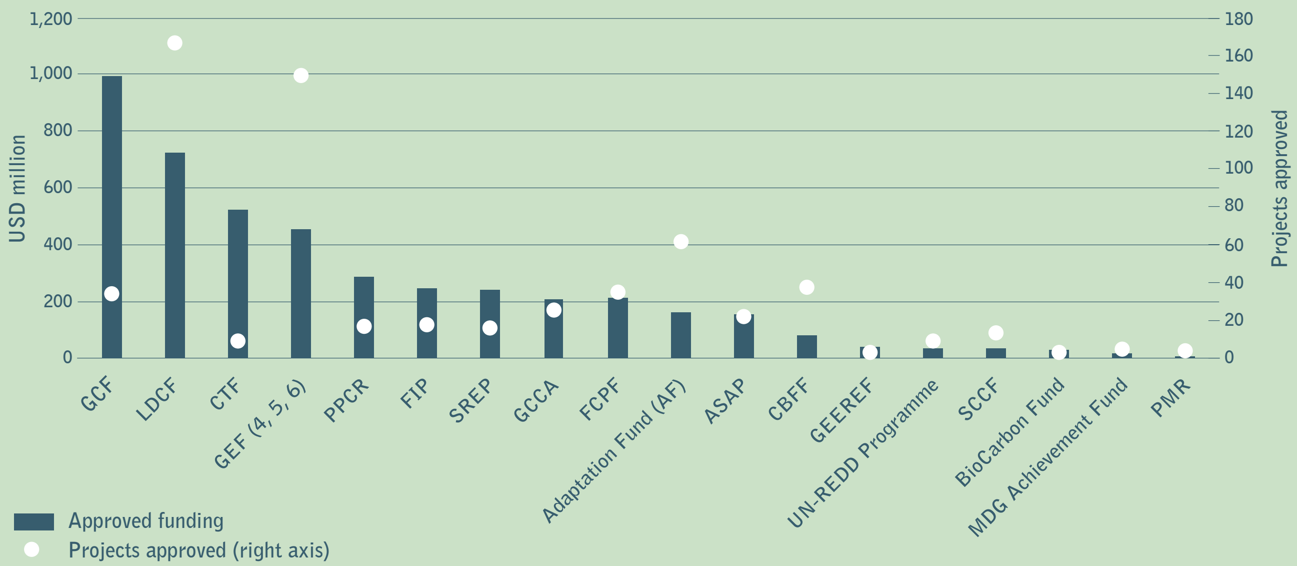
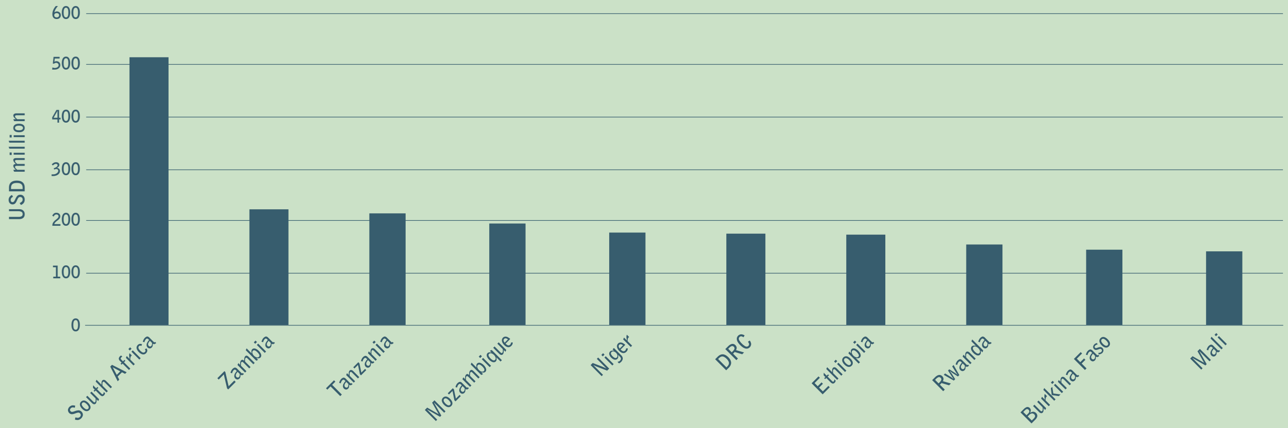


Figure 2: Top ten recipient countries by amount approved (2003-18)



Who receives the money?

A large share of climate finance for SSA has been directed to South Africa, which has received 12% percent of funding approved by the multilateral climate funds since 2003 (Figure 2). Much of the finance South Africa received has supported the CTF Eskom renewable energy program. Although forty-three countries in SSA have received some funding, approximately half (49%) of the region's approved funding has gone to the top ten recipient countries. However, climate funds are also reaching fragile or conflict affected states such as Liberia, Chad, Burundi and Somalia.

What is being funded?

Figure 3 and Table 2 illustrate that the largest percentage (and number of projects) support adaptation objectives, reflecting the extreme vulnerability of many Sub-Saharan countries to the impacts of climate change.

2018 saw positive developments in international climate finance going to the Sub-Saharan region. The GCF was once again the largest international funding source of climate finance for the region, with USD 347 million approved for ten new GCF projects (four for adaptation, three for mitigation and three with multiple foci). Over half of GCF approvals were in LDCs. The largest project approved by the GCF in 2018 in Sub-Saharan Africa was the multiple foci multi-country USD 68 million Programme for Integrated Development and Adaptation to Climate Change in the Niger Basin that aims to improve the resilience of populations and ecosystems in the river basin through sustainable management of natural resources.

The Climate Investment Funds also saw project development this year. Forest conservation in Ghana and Cote d'Ivoire benefited from new project approvals under the Forest Investment Program, while the SREP program approved investment in hydropower in Mali and the PPCR approved two climate resilience programmes in Niger and Zambia.

In 2018, 18 new projects were approved by the GEF, with support also continuing from the Adaptation Fund, with eight new projects approved, and the LDCF with six new projects approved.

International climate finance is thus improving its flow into the region, although the challenge of project implementation – with the speedy disbursement of funds – remains.

Figure 3: Approved funding across themes (2003-18)

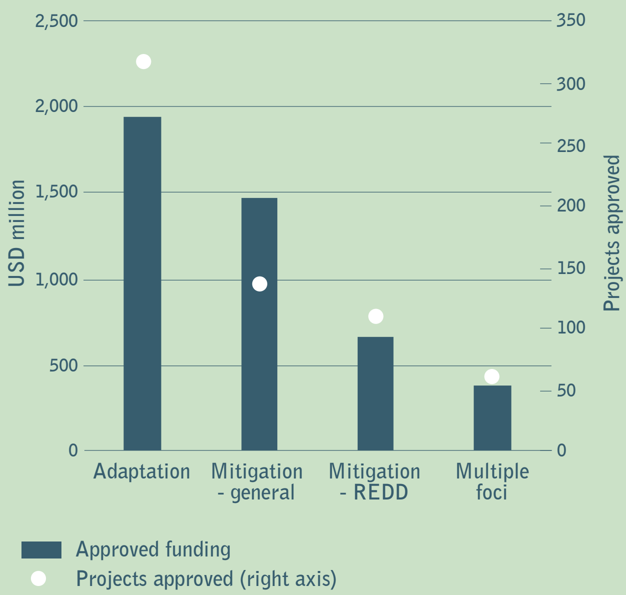


Table 2: Approved funding across themes (2003-18)

Theme	Amount Approved (USD millions)	Projects Approved
Adaptation	1,940	314
Mitigation	1,477	134
REDD	668	108
Multiple foci	377	58

Box 1: Climate Finance in SSA in the Least Developed countries

Least Developed Countries (LDCs) are some of the countries most vulnerable to the impacts of climate change. A number of LDCs in SSA are also fragile and conflict affected states that make spending more complex and can often require context specific solutions. The multilateral climate funds have tended to focus finance in the LDCs within the SSA region. 29 LDCs have been supported with USD 2.7 billion since 2003, representing 61% of overall approved finance for the region. Zambia, Tanzania, Mozambique, Niger, DRC, Ethiopia and Rwanda are all LDCs due to receive more than USD 150 million for approved project activities.

The Green Climate Fund's (GCF) target of dedicating 50% of approved finance to adaptation projects, and half of this amount to LDCs, SIDS and African States, means that the fund has become an increasingly important source of climate finance to African LDCs. In 2018, African LDCs Burkina Faso, DRC, Rwanda and Zambia secured approved GCF funding.

In addition to the series of 12 Climate Finance Fundamentals, these recent ODI and HBS publications may be of interest:

- **Clean energy project preparation facilities: mapping the global landscape.** Darius Nassiry, Sam Pickard, Shelagh Whitely and Andrew Scott from ODI provide a comprehensive mapping of the project preparation facility global landscape. The results cover 150 project preparation facilities and form the most comprehensive study of its kind to date. Available at: **https://bit.ly/2RcGuQc**
- **"Back to the Future" for GCF After Recent Bahrain Board Meeting**. Liane Schalatek from Heinrich Böll Stiftung North America goes "Back to the Future" reporting on the October 2018 Green Climate Fund board meeting and its implications. Available at: **https://bit.ly/2r5dTkj**
- **Local actors ready to act: Six proposals to improve their access to the Green Climate Fund**. Menno Bosma, Maaike de Hon, Annelieke Douma, Daan Robben, Raju Pandit Chhetri, Titi Soentoro and Liane Schalatek, bring together Both ENDS; Heinrich Böll Sitftung North America; Aksi! for gender, social and ecological justice; and the Prakriti Resources Centre to describe six specific proposals to stimulate more and deeper debate on the crucial role local actors play in the transformative change needed to deal with global climate change. Available at: **https://bit.ly/2SdV2PH**
- **Not a Silver Bullet**. Julie-Anne Richards and Liane Schalatek look at whether insurance is fulfilling its promise and argue that in many instances it can serve as a distraction from alternative financing solutions for loss and damage. A Heinrich Böll Stiftung North America product. Available at: **https://bit.ly/2PW3aYr**
- **Financing Loss and Damage: A Look at Governance and Implementation Options**. Julie-Anne Richards and Liane Schalatek discuss categorisations of loss and damage approaches, financing options and whether existing climate funds could channel loss and damage financing. A Heinrich Böll Stiftung North America product. Available at: **https://bit.ly/2nT55wa**
- **Radical Realism for Climate Justice**. A Civil Society Response to the Challenge of Limiting Global Warming to 1.5°C. Heinrich Böll Stiftung Berlin. Available at: **https://bit.ly/2PYfGqs**

Visit our website for more information and to contact us: **ClimateFundsUpdate.org**

References

Climate Funds Update Website: www.climatefundsupdate.org (data accessed in December 2018)

EACC (2010). The Economics of Adaptation to Climate Change. Washington DC: World Bank.

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UNEP (2015). Africa's Adaptation Gap 2: Bridging the Gap – Mobilising Sources. Nairobi: UNEP.

Endnotes

1. Financing for five SSA countries (Cabo Verde, Comoros, Guinea-Bissau, Mauritius and the Seychelles) is captured in CFF12 on Small Island Developing States
2. In 2014, the last year when CFU was able to track bilateral climate funds, cumulative bilateral flows to Sub-Saharan Africa included USD 98 million from Germany's International Climate Initiative, USD36 million from Norway's International Climate and Forest Initiative and USD 169 million from UK's International Climate Fund.

The Climate Finance Fundamentals are based on Climate Funds Update data and available in English, French and Spanish at **www.climatefundsupdate.org**

Overseas Development Institute
203 Blackfriars Road | London | SE1 8NJ | UK
Tel:+44 (0)20 7922 0300

Heinrich Böll Stiftung North America
1432 K Street | NW | Suite 500 Washington | DC 20005 | USA
Tel:+1 202 462 7512