Climate Funds Update

HEINRICH BÖLL STIFTUNG
WASHINGTON, DC
USA | Canada | Global Dialogue

ODI

Climate Finance Regional Briefing: Sub-Saharan Africa

Climate Finance Fundamentals 7

FEBRUARY 2020

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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. The Green Climate Fund (GCF) is the largest multilateral climate fund contributing to the region, followed by the Least Developed Countries Fund (LDCF) and the World Bank administered Clean Technology Fund (CTF). For the funds tracked, CFU data indicates that USD 4.7 billion has been approved for 681 projects and programmes 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) by a vast margin is the major source of climate finance for SSA since its first project approvals in late-2015, with USD 1,201 million approved to-date for 36 projects plus 74 readiness programmes (USD 52 million). 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 707 million in grant funding for 157 projects. The Clean Technology Fund (CTF) has meanwhile approved a total of USD 496 million for 10 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 SSA. 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 (2003-19, USD millions)

Fund	Amount approved	Projects approved
Green Climate Fund (GCF)	1,201.2	36
Least Developed Countries Fund (LDCF)	707.2	157
Clean Technology Fund (CTF)	495.8	10
Global Environment Facility (GEF 4, 5, 6, 7)	483.6	157
Pilot Program for Climate Resilience (PPCR)	287.2	16
Scaling-up Renewable Energy Program (SREP)	257.8	20
Adaptation Fund	238.1	77
Forest Investment Program (FIP)	231.9	18
Forest Carbon Partnership Facility (FCPF)	209.5	34
Global Climate Change Alliance (GCCA)	205.8	25
Adaptation for Smallholder Agriculture Programme (ASAP)	158.0	21
Global Energy Efficiency and Renewable Energy Fund (GEEREF)	40.5	2
Special Climate Change Fund (SCCF)	33.5	13
BioCarbon Fund	30.0	2
UN-REDD Programme	29.2	7
MDG Achievement Fund	20.0	4
Congo Basin Forest Fund (CBFF)	13.1	5
Partnership for Market Readiness (PMR)	5.9	3

Figure 1: Funds supporting Sub-Saharan Africa (2003-19)

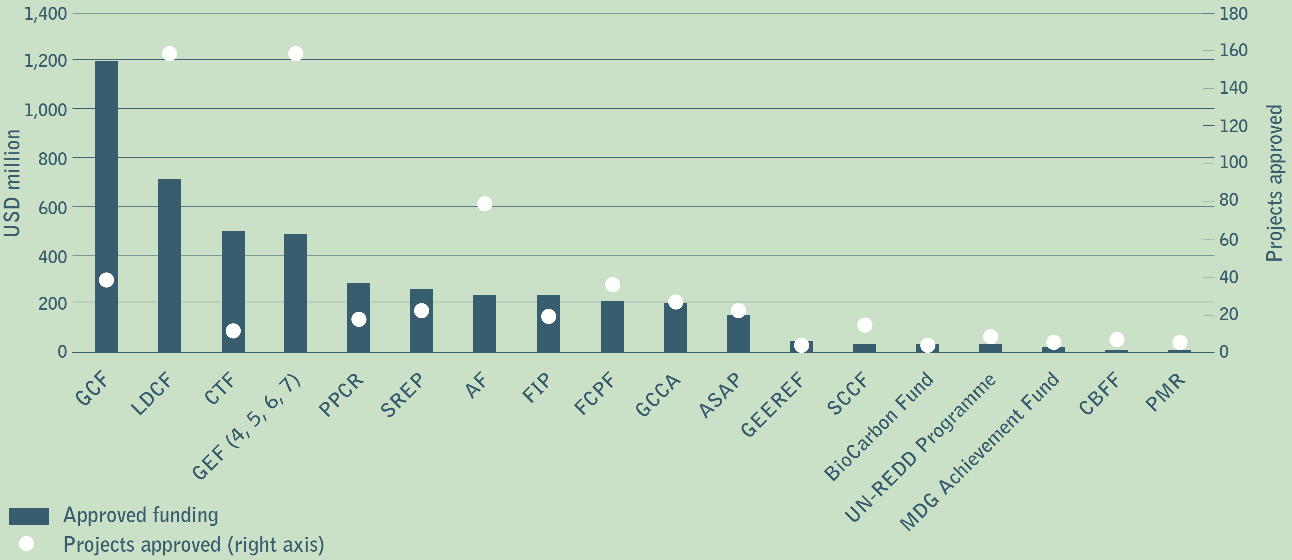
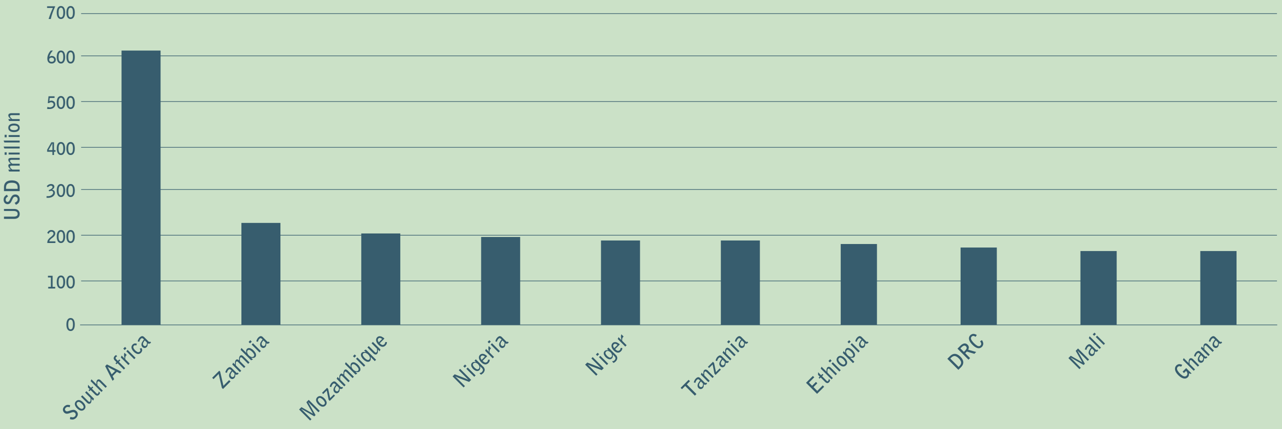


Figure 2: Top ten recipient countries by amount approved (2003-19)



Who receives the money?

A large share of climate finance for SSA has been directed to South Africa, which has received 13% 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 programme. 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.

2019 saw positive developments in international climate finance going to SSA. The GCF was once again the largest international funding source of climate finance for the region, with USD 424 million approved for 12 new GCF projects (four for adaptation, five for mitigation and three with multiple foci in addition to 13 readiness programmes). Three large renewable energy projects were approved by the GCF in SSA in 2019 in South Africa (USD 100 million in concessional loans), Nigeria (USD 100 million in concessional loans) and a multi-country programme benefitting Benin, Burkina Faso, Guinea-Bissau, Mali, Niger and Togo (USD 63 million in concessional loans and USD 4 million in grant finance).

The Climate Investment Funds also saw project development this year. Forest conservation in Cote d'Ivoire benefitted from a new project approval under the Forest Investment Program (USD 4.5 million), while the SREP programme approved investment in renewable energy and energy access in Lesotho (USD 13 million).

Eight new grant finance projects were approved by the GEF (USD 12 million in total) and eight new projects approved by the LDCF (USD 65 million in total). The Adaptation Fund approved 16 new projects in SSA in 2019, including five new regional and multi-country projects to reduce vulnerability and increase resilience totaling USD 79 million.

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 (2003-19)

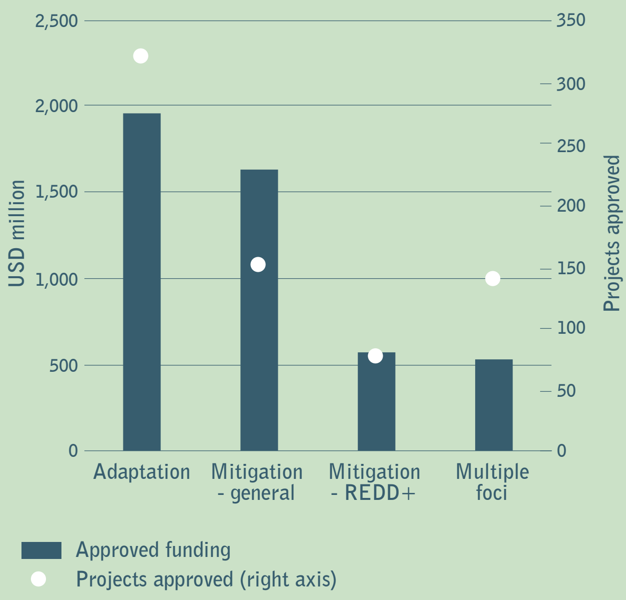


Table 2: Approved funding across themes (2003-19)

Theme	Amount Approved (USD millions)	Projects Approved
Adaptation	1,955	318
Mitigation	1,636	149
REDD+	571	76
Multiple foci	531	138

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 2.8 billion since 2003, representing 60% of overall approved finance for the region. Zambia, Mozambique, Niger, Tanzania, Ethiopia, DRC and Mali 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 2019, the GCF accounted for 21% of cumulative project approvals for SSA LDCs just behind the LDCF with 24% of cumulative project approvals.

References

Climate Funds Update Website: www.climatefundsupdate.org (data accessed in December 2019)

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

FAO (2016) The state of food and agriculture. Rome: FAO.

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 SSA 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**

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