Climate Funds Update

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Climate Finance Regional Briefing: Sub-Saharan Africa

Climate Finance Fundamentals 7

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Sub-Saharan Africa (SSA) 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), in 2021 and now halfway through its first replenishment period (GCF-1), continues as the largest multilateral climate fund contributing to the region, followed by the Least Developed Countries Fund (LDCF), the Global Environment Facility (GEF) Trust Fund and the World Bank-administered Clean Technology Fund (CTF). For the funds tracked, Climate Funds Update (CFU) data indicates that USD 6.6 billion has been approved for 900 projects and programmes throughout SSA since 2003. Just over a third, or 37% 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 SSA[1] is responsible for less than 4% of annual global greenhouse gas (GHG) emissions, it is the region most susceptible to the dangerous impacts of climate change, many of which are already being experienced: surface temperatures on and sea levels around the continent increase faster than the global average, for example (IPCC, 2021). In climate change planning, and with respect to increasing the ambition of their nationally determined contributions (NDCs), many countries in SSA are therefore focusing on long-term adaptation needs (UNDP, 2021). 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 2˚C 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 CFU in the region. The GCF by a vast margin is the major source of climate finance for SSA since its first project approvals in late-2015, with USD 2 billion approved to date for 54 projects plus USD 86 million for 124 readiness programmes. The LDCF, which implements urgent adaptation activities prioritised by least developed countries (LDCs) under National Adaptation Programmes of Actions (NAPAs), is the second largest provider in the region with USD 807 million in grant funding for 173 projects. The GEF remains the third largest contributor in the region and has now approved USD 710 million for 189 projects. The CTF has meanwhile approved a total of USD 701 million for 16 renewable energy and energy efficiency projects in Burkina Faso, Ethiopia, Kenya, Nigeria, South Africa, Tanzania and Uganda, demonstrating a clear difference in fund remits and investment strategies.

Table 1: Climate funds supporting sub-Saharan Africa (2003–2021, USD millions)

Fund	Amount approved	Projects approved
Green Climate Fund (GCF-IRM, GCF-1)	1,999.8	54
Least Developed Countries Fund (LDCF)	807.4	173
Global Environment Facility (GEF-4, 5, 6, 7)	710.0	189
Clean Technology Fund (CTF)	700.7	16
Global Climate Change Alliance (GCCA)	358.8	46
Scaling up Renewable Energy Program in Low Income Countries (SREP)	314.4	28
Pilot Program for Climate Resilience (PPCR)	295.3	22
Adaptation Fund (AF)	294.3	104
Forest Investment Program (FIP)	264.6	21
Central African Forest Initiative (CAFI)	228.5	15
Adaptation for Smallholder Agriculture Programme (ASAP)	152.1	21
Forest Carbon Partnership Facility (FCPF)	121.4	18
Congo Basin Forest Fund (CBFF)[2]	83.1	37
Global Energy Efficiency and Renewable Energy Fund (GEEREF)	40.5	2
UN-REDD Programme	36.4	8
Special Climate Change Fund (SCCF)	33.5	13
BioCarbon Fund	30.0	2
Millennium Development Goals Achievement Fund (MDG-F)[3]	20.0	4
Partnership for Market Readiness (PMR)	5.9	3

Figure 1: Funds supporting sub-Saharan Africa (2003–2021)

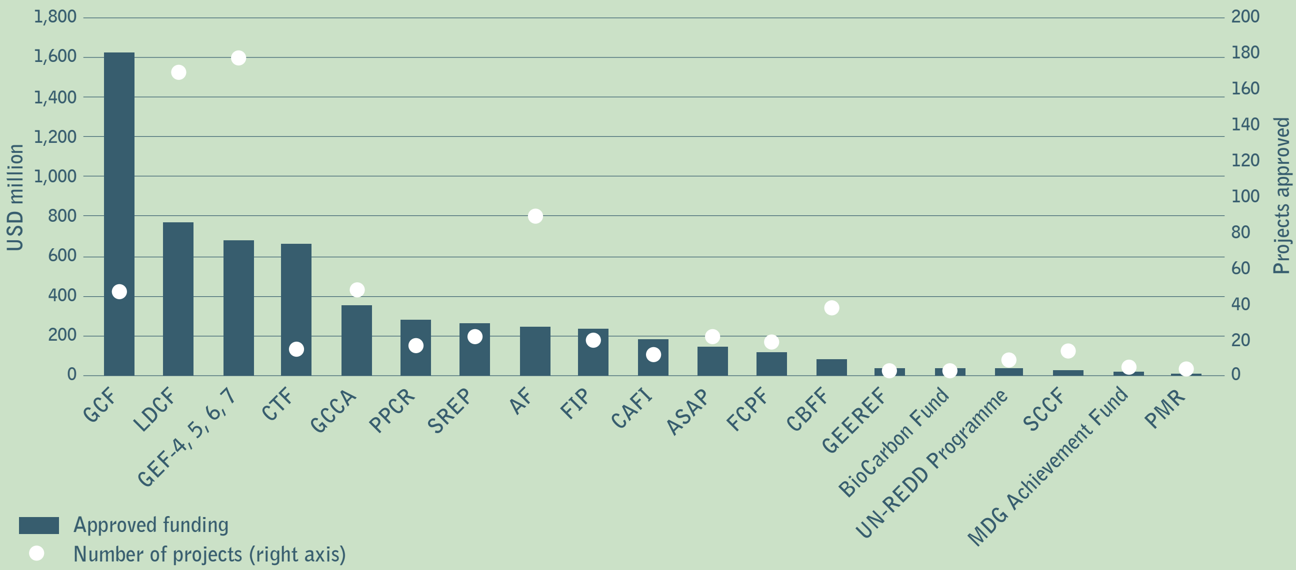
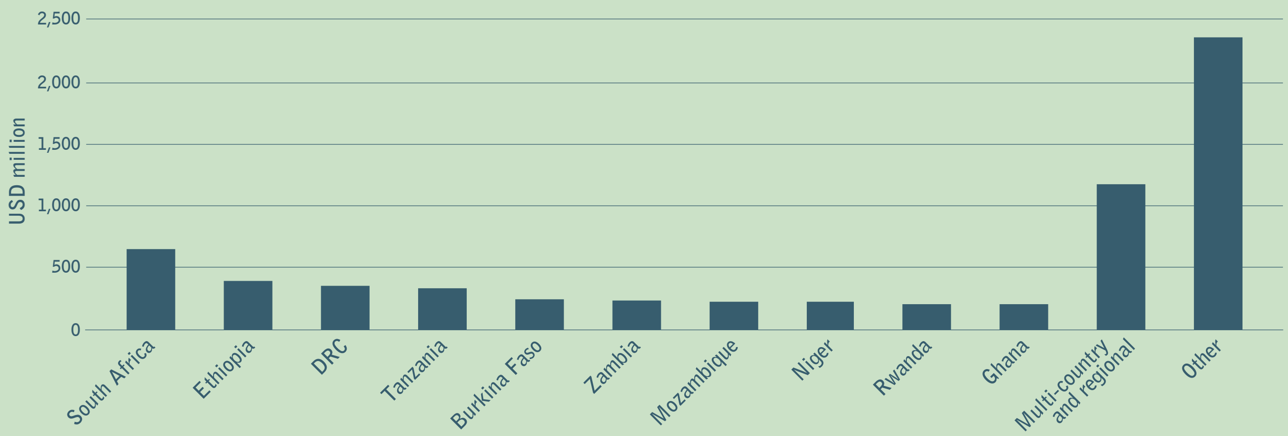


Figure 2: Top ten recipient countries by amount approved (2003–2021)



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.[4] Bilateral funds, however, are not tracked by CFU given their relative lack of transparently available detailed information of current activities and spending.

Who receives the money?

A large share of climate finance for SSA has been directed to South Africa, which has received 10% of funding approved by the multilateral climate funds since 2003 (Figure 2). Much of the finance South Africa received is CTF supported, including the Eskom renewable energy programme; under the CTF's new Accelerating Coal Transition (ACT) programme, as announced in 2021, South Africa could receive up to an additional USD 500 million in CTF support as part of a promised multi-year USD 8.5 billion international investment package to help the country shift away from coal power generation (CIF, 2021). Although 42 countries in SSA have received some funding, approximately half (47%) 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 SSA countries to the impacts of climate change.

Positive developments were seen in 2021 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 546 million approved for 10 new GCF projects (four for adaptation, two for mitigation and four with multiple foci in addition to 14 readiness programmes with USD 17.6 million in total approval amount) under its second year of the first replenishment phase. Six new GCF projects were in the agriculture and forestry sectors, including USD 100 million in Tanzania for facilitating access to agriculture climate adaptation technologies (with USD 70 million offered on concessional loan terms). The largest GCF project in SSA approved in 2021 provides USD 150 million to five countries in the Sahel region to support solar technological innovations (with USD 82 million on concessional loan terms).

The Climate Investment Funds (CIFs) also saw project development in 2021. The CTF approved USD 30 million for one project focused on energy generation in South Africa. The Forest Investment Programme (FIP) approved two new project totalling USD 20.5 million for community agroforestry in the Republic of Congo. The Pilot Program for Climate Resilience (PPCR) supported five new projects totalling USD 7.8 million (two in Rwanda, one in Ethiopia, one in Mozambique and one in Zambia) while the Scaling Up Renewable Energy Program (SREP) approved USD 0.5 million for one regional project and one project in Nigeria.

Fifteen new grant finance projects were approved by the GEF (USD 45 million in total). The two largest programmes are the Food Systems, Land Use and Restoration Impact Program in Madagascar (USD 9.9 million) and the Benin restoration of degraded lands and forest ecosystems project (USD 9 million), emphasising the increasingly multi-focal area approach of GEF-7.[5] Five new projects were approved by the LDCF (USD 37 million in total). The Adaptation Fund (AF) approved 12 new projects in SSA in 2021 totalling USD 43 million, including a number of project formulation grants and two projects with the Sahara and Sahel Observatory focusing on resilience in rice production in West Africa (USD 14 million), and adaptation in drought-struck communities in Angola and Namibia (USD 12 million). Finally, in 2021 the Central African Forest Initiative (CAFI) approved four projects in support of REDD+, two with a regional coverage, one in the Central African Republic and one in the Congo Republic (totalling USD 26.7 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 (2003–2021)

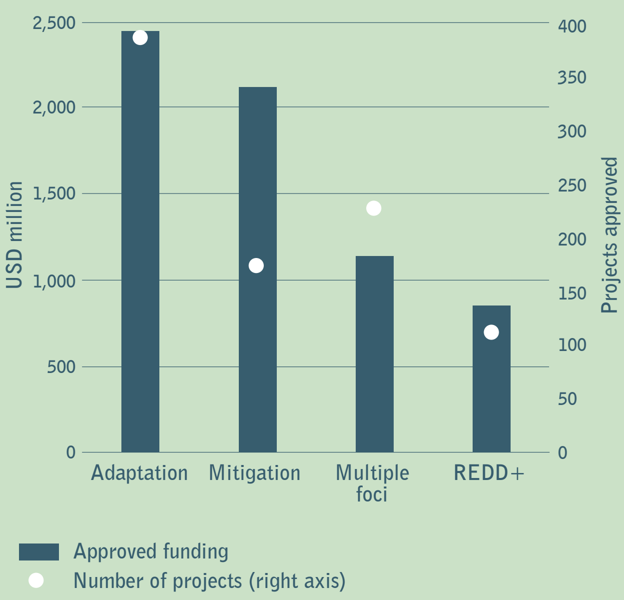


Table 2: Approved funding across themes (2003–2021)

Theme	Amount approved (USD millions)	Projects approved
Adaptation	2,456.5	386
Mitigation	2,125.0	174
Multiple foci	1,143.9	228
REDD+ (reducing emissions from deforestation and forest degradation, forest conservation, sustainable forest management and the enhancement of forest carbon stocks)	856.8	112

Box 1: Climate finance in SSA in LDCs

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. Since 2003, 29 LDCs have been supported with USD 4 billion, representing 61% of overall approved finance for the region. Ethiopia, the Democratic Republic of Congo, Tanzania, Burkina Faso, Zambia, Mozambique, Niger and Rwanda are all LDCs due to receive more than USD 200 million for approved project activities.

The 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 2021, the GCF accounted for 28% of cumulative project approvals for SSA LDCs. The LDCF, which before 2020 led in support for SSA LDCs, now accounts for 20% of cumulative project approvals.

References and further reading

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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 (SIDS).
2. The Congo Basin Forest Fund (CBFF) operated for a ten year period from 2008-2018 and was formally closed in 2018; it has been succeeded in the region by the Central African Forest Initiative (CAFI).
3. The Millennium Development Goal Achievement Fund (MDG-F) was operational from 2007-2013. As of May 2019, all of its projects had been financially closed.
4. 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 Internationale Klimaschutzinitiative (IKI, international climate initiative), USD 36 million from Norway's International Climate and Forest Initiative (NICFI) and USD 169 million from the UK's International Climate Finance (ICF).
5. The climate change focal area is one of five, accounting for an estimated 19.7% of GEF Trust Fund pledges. Increasing numbers of projects are found to contribute to multiple focal areas. This can increase the approved amounts beyond the estimate share of pledges of the GEF trust fund for climate change.

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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