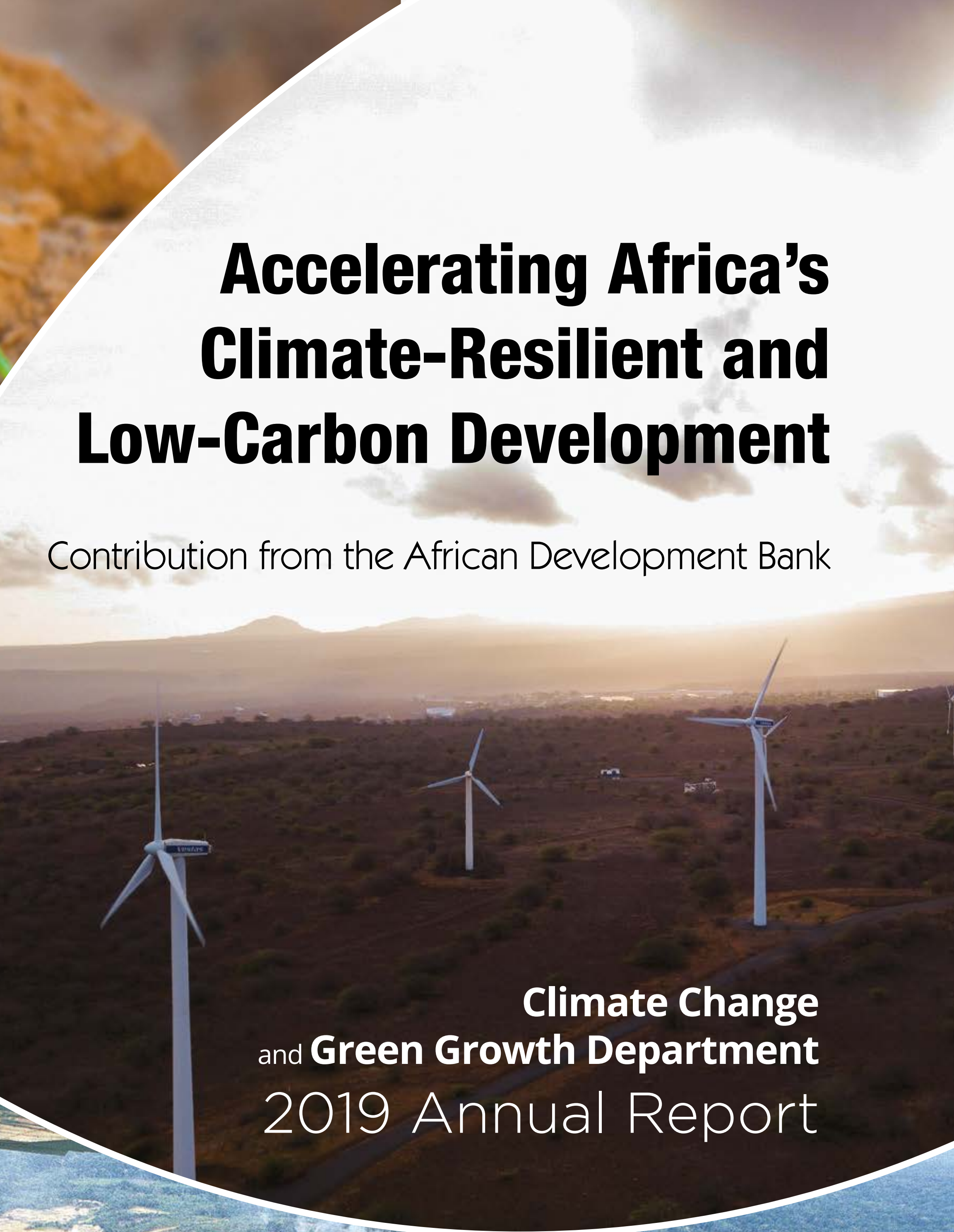


Accelerating Africa's Climate-Resilient and Low-Carbon Development

Contribution from the African Development Bank

Climate Change and Green Growth Department

2019 Annual Report

Climate Change and Green Growth Department

AFRICAN DEVELOPMENT BANK GROUP

Foreword

The year 2019 was marked by both challenges and accomplishments in the implementation of the African Development Bank's climate change and green growth agenda. The devastating impacts of Cyclones Idai and Kenneth and the droughts in the Sahel and the Horn of Africa exposed the high vulnerability of African countries to extreme weather events and the need for greater adaptation interventions. In response, the Bank has prioritized adaptation and resilience-building through its investments, committing to screen all investments for climate risk and to build in resilience to any identified vulnerabilities. Although Africa's greenhouse gas emissions are low, the Bank is also committed to making low-carbon investments to ensure that Africa's emissions remain low and to accelerate Africa's transition to green growth.

Africa also faces the challenges of limited access to climate finance and limited allocation of climate finance to adaptation: globally, only about 10% of climate finance is allocated to adaptation whereas 90% is allocated to mitigation. In 2019, the Bank invested $3.6 billion as climate finance, which represented 35% of total investments made by the Bank. The Bank has committed to mobilize $25 billion of climate finance between 2020 and 2025. The Bank has achieved parity between its adaptation and mitigation finance (55%/45%).

In addition to making its own investments, the Bank successfully mobilized $682 million from both dedicated climate funds and other external sources. The Bank continues to develop new funds to target key sectors, like forestry, agriculture and the private sector. Partners are also stepping up their support to regional member countries (RMCs) through the Bank, with instruments such as the Canada-African Development Bank Climate Finance Facility and the Africa Circular Economy Multi-Donor Trust Fund, supported by Finland and the Nordic Development Fund.

Creating the enabling environment to foster investments is also critical to support Africa's transition to green growth. The Bank has engaged in policy dialogues with countries, delivered training and other capacity building activities, developed mainstreaming tools and forged strategic partnerships to increase the uptake of climate initiatives in African countries.

Africa's ability to address the climate threats it faces is severely threatened by the limited availability of reliable climate information on the continent. Through the ClimDev-Africa Special Fund (CDSF), hosted by the Climate Change and Green Growth Department, the Bank has made significant progress in strengthening the capacity of Africa's climate centres to provide high-quality climate information services.

While substantial progress has been made towards delivering the Bank's climate change and green growth agenda, a lot more remains to be done. Africa's climate change challenges cannot be addressed in isolation of its overall development efforts as captured in the Sustainable Development Goals and in Africa's Agenda 2063. The Bank is working with other multilateral development banks (MDBs) to develop a joint framework for the alignment of MDB investments with the goals of the Paris Agreement.

In 2020, we have entered into a new and promising decade, though we are faced with the unprecedented challenge posed by the COVID-19 pandemic that has threatened to undo the progress made in climate action and to delay the achievement of critical climate milestones. Alongside the COVID-19 pandemic, climate-induced disasters and extreme weather events continue to wreak havoc in Africa, adding to the burden of poor countries. The path to a sustainable COVID-19 recovery will therefore require investments that simultaneously tackle the pandemic and prevailing climate risks while offering attractive co-benefits. The COVID-19 crisis highlights the urgency of building healthier, more inclusive and more resilient economies.

Conscious of this fact, the Bank has established a $10 billion COVID-19 Response Facility, which supports green solutions for recovery where possible, including the installation of renewable energy in health centres; the delivery of climate-smart agricultural interventions to avert hunger; and sustainable water and sanitation solutions, among other interventions. We believe this approach lays a solid foundation to 'Build Back Better' and achieve a greener post-COVID future.

On the climate front, our immediate priorities will be to support African countries in the revision of their NDCs, enhance their access to global climate finance, support low-carbon and climate-resilient development across the High 5s, and develop a new climate change and green growth policy, strategy and action plan to guide our work through this decade.

Prof. Anthony Nyong

Director, Climate Change and Green Growth Department

Contents

List of boxes

List of figures

List of tables

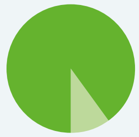
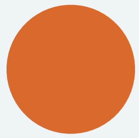
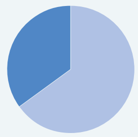
List of abbreviations

ABM	Adaptation Benefits Mechanism
ACCF	Africa Climate Change Fund
ACESP	Africa Circular Economy Support Programme
ADF	African Development Fund
ADF-15	15th Replenishment of the African Development Fund
ADRiFi	Africa Disaster Risks Financing Initiative
AF	Adaptation Fund
AFAC	African Financial Alliance on Climate Change
AfDB	African Development Bank
AGGRA	Africa Green Growth Readiness Assessment
AHGC	Department of Gender, Women and Civil Society (AfDB)
AMCOMET	African Ministerial Conference in Meteorology
AUDA-NEPAD	African Union Development Agency – New Partnership for Africa's Development
BB	Building blocks (Paris alignment)
CCAP2	Second Climate Change Action Plan (AfDB)
CDSF	ClimDev-Africa Special Fund
CIF	Climate Investment Funds
COMESA	Common Market for Eastern and Southern Africa
COP	Conference of Parties (to a United Nations convention)
COVID-19	Coronavirus disease 2019
CRF	COVID-19 Response Facility (AfDB)
CSA	Climate-smart agriculture
CSP	Country Strategy Paper
CSS	Climate Safeguard System
ECOWAS	Economic Community of West African States
FEI	Facility for Energy Inclusion
GCF	Green Climate Fund
GCI	General Capital Increase (AfDB)
GGGI	Global Green Growth Institute
GEF	Global Environment Facility
GHG	Greenhouse gas
ICRAF	World Agroforestry Centre
IFI	International financial institution
IsDB	Islamic Development Bank
IUCN	International Union for the Conservation of Nature
KOAFEC	Korea-Africa Economic Cooperation
LDC	Least developed country
LDCF	Least Developed Countries Fund
MDB	Multilateral development bank
MSME	Micro-, small- or medium-sized enterprise
ND-GAIN	Notre Dame Global Adaptation Initiative
NDA	National Designated Authority (national focal point for liaison with the Green Climate Fund)
NDC	Nationally Designated Contribution (under the Paris Agreement on Climate Change)
NFP	Nairobi Framework Partnership
NGO	Non-governmental organization
PECG	Climate Change and Green Growth Department (AfDB)
RARS	Regional ATOVS Retransmission Services
RISP	Regional Integration Strategy Paper
RMC	Regional member country
SAWIDRA	Satellite and Weather Information for Disaster Resilience in Africa Project
SDGs	Sustainable Development Goals
SEFA	Sustainable Energy Fund for Africa
SME	Small- or medium-sized enterprise
TYS	Ten-Year Strategy (AfDB)
UNCCD	United Nations Convention to Combat Desertification
UNCDF	United Nations Capital Development Fund
UNDP	United Nations Development Programme
UNEA	United Nations Environment Assembly
UNECA	United Nations Economic Commission for Africa
UNEP	United Nations Environment Programme
UNFCCC	United Nations Framework Convention on Climate Change

Executive summary

The year 2019 saw new accomplishments and promising initiatives for the Climate Change and Green Growth agenda of the African Development Bank Group. The broad objectives of the Bank's Climate Change and Green Growth Department (PECG) are to mainstream climate change and green growth into the Bank's High 5 priorities to ensure Bank operations are climate-informed, mobilize climate finance, and lead Bank-wide efforts to minimize and reverse the effects of climate change on the continent.

Table 1: Key departmental objectives and summary of 2019 achievements

2019 OVERVIEW		
DEPARTMENTAL OBJECTIVES	**KEY TARGETS**	**KEY ACHIEVEMENTS**
Climate change and green growth mainstreaming in projects and programmes	**Over 85%** of the Bank's projects are based on climate-informed design	**90%** 
Climate change and green growth mainstreaming in CSPs/RISPs	**100%** of the Bank's Country Strategy Papers/ Regional Integration Strategy Papers (CSPs/RISPs) are based on climate-informed design	**100%** 
Internal climate finance allocation and tracking	**35%** of finance allocated as climate finance from the Bank's own resources	**35%** 
Mobilization of external climate finance	**$245 million** is mobilized from external climate finance instruments	Mobilized **$682 million** from both dedicated climate funds and other external sources
Creation of an enabling environment for climate action	Enhanced action through strategic partnerships and special initiatives such as the Africa NDC Hub, AFAC, ABM, and technical assistance	Africa NDC Hub increased its membership to 18 institutions and developed, in partnership with UNDP, a Guidance Tool to mainstream NDCs into development planning processes in Africa; AFAC and ABM operationalized
	NDC support provided in RMCs	As part of its Hub activities, the Bank engaged in a wide range of country dialogues in several RMCs. Examples include the support to the Guinean NDC revision consultation process, support for COMESA NDC implementation resulting in COMESA joining the Hub, and Morocco's NDC dialogue and identification of associated project pipeline for financing by the Bank
	Partnership deals forged in 2019	The Bank established many partnerships. Among them was the establishment of the African Circular Economy Support Programme, a multi-donor trust fund with seed funding from the Government of Finland and Nordic Development Fund
	Participation at global fora	The Bank took an active part in many international events including Africa Climate Week 2019 and COP25 in Madrid

Overview of key PECG activities

1. Mainstreaming climate change and green growth: PECG has the mandate to mainstream climate change and green growth into the Bank's operations across the High 5s, Country Strategy Papers (CSPs) and Regional Integration Strategy Papers (RISPs). In this way, PECG ensures activities are aligned with the Bank's climate objectives and with the commitments made by its regional member countries in their Nationally Determined Contributions under the Paris Agreement (NDCs) and national climate change policies. In 2019, 90% of the Bank's investments were based on climate-informed design, as were 100% of the CSPs/RISPs produced.

This work also includes the tracking of climate finance using the standard joint MDB Climate Finance Tracking Methodologies to assess progress towards the Bank's target of allocating 40% of its approvals as climate finance. Last year, the climate finance provided by the Bank increased from $3.2 to $3.6 billion,[1] 35% of total project approvals worth $10.2 billion. The largest climate finance investments were made in the energy, agriculture and transport sectors. Importantly, the Bank has achieved parity between mitigation and adaptation finance, whereas, globally, an average of 10% of climate finance is allocated to adaptation and 90% to mitigation. Last year, the Bank even exceeded its parity target by allocating 55% of its climate finance resources to adaptation and 45% to mitigation.

The Bank's climate change mainstreaming work is facilitated by a climate change toolkit which has been continuously strengthened over recent years and which includes the Climate Safeguards System and the Greenhouse Gas Accounting and Reporting Tool. The use of this toolkit has resulted in improved climate change mainstreaming and enhanced contributions to climate finance made through the Bank's project portfolio.

2. Scaling up access to climate and environmental finance: To complement the Bank's internal resources allocated as climate finance, PECG manages different facilities that provide instruments such as grants (including for project preparation), concessional debt, guarantees and equity across a wide range of sectors including energy, infrastructure, agriculture and forestry, to ultimately build resilience to climate change and support the transition to green growth. In 2019, the Bank mobilized $682 million from both dedicated climate funds and other external sources to support the development of new projects across Africa for the Bank's portfolio and help unlock Africa's potential for climate-resilient and low-carbon development.

1 Unless otherwise stated, all dollar amounts are US dollars.

The dedicated climate funds were mobilized primarily through the following three facilities, two of which were replenished in 2019: The Green Climate Fund (GCF; $20 million), the Climate Investment Funds (CIF; $57.2 million) and the Global Environment Facility (GEF; $54 million). The Africa Climate Change Fund (ACCF), which is a Bank trust fund housed in the PECG department, mobilized an additional $12 million and the Sustainable Energy Fund for Africa (SEFA) mobilized $4 million.

3. ClimDev-Africa Special Fund (CDSF): The CDSF is a multi-donor trust fund, which invests in strengthening Africa's regional and national climate and weather centres. Among other resilience-building activities, the CDSF supports disaster risk reduction by enhancing countries' capacity to address the impacts of severe weather events such as droughts, floods and cyclones. The Fund is administered by the Bank and aims to contribute to sustainable development and poverty reduction through climate-resilient programmes that mainstream the delivery and application of climate and weather information for development in Africa. Over the last 10 years, the Fund has built a portfolio of 28 projects totalling $62.6 million in grants. Currently, CDSF has a portfolio of 17 active projects. In 2019, the Fund disbursed €7.2 million, bringing cumulative disbursements to €12.9 million out of a total of €26.3 million in committed funds. One of the Fund's flagship projects, the Satellite and Weather Information for Disaster Resilience in Africa Project (SAWIDRA), has provided financial and technical assistance to improve the capacity for severe weather forecasting and the development of numerical weather prediction tools in 25 African countries.

4. Enhancing the enabling environment: To foster an enabling environment for long-term climate action and green investments, the Bank engaged in policy dialogues with countries, carried out training and other capacity building activities, and forged strategic partnerships to increase the uptake of climate initiatives in regional member countries through the Africa NDC Hub.

Africa NDC Hub: The NDC Hub Secretariat is hosted by the Bank. Through the Hub, the Bank and its partners respond to requests for support from regional member countries for the operationalization of the Paris Agreement. Throughout 2019, the Bank provided assistance to Angola and Cabo Verde for the mainstreaming of NDC targets in their National Development Plans. Four RMCs (Cameroon, Namibia, São Tomé and Principe, and Uganda) received support for the development of investment plans that will help them access international climate funds to carry out their NDC strategies. The Bank also spearheaded the publication of an Analysis of Adaptation Components in African NDCs that will provide guidance for a robust


Salary Bay in south-west Madagascar is a small fishing community; with the support of the African Development Bank, the country is investing in its sustainable traditional fisheries

and systematic approach to the treatment and presentation of adaptation components as the 54 African NDCs are revised.

The Bank established and hosts the secretariat of the **African Financial Alliance on Climate Change** (AFAC), which aims to help Africa's financial institutions align their financial flows with the goals of the Paris Agreement. With the endorsement of African leaders, the Bank established an **African Circular Economy Support Programme** and an associated multi-donor trust fund with seed funding from the Government of Finland and the Nordic Development Fund. The Bank will host the secretariat of the **African Alliance on Circular Economy**. The trust fund will support cleaner production and consumption systems in Africa as a key priority for attaining green growth.

At the global level, 2020 promises to be a year of climate action with the global stocktake of the Paris Agreement, renewed efforts to raise ambition through new/revised NDCs and efforts to reach the target of $100 billion of climate finance raised annually. The Bank will continue to support African countries with the design of long-term low-carbon strategies and national adaptation plans as well as with the submission of revised NDCs ahead of COP26 in Glasgow, Scotland, which has been postponed due to the COVID-19 pandemic. PECG will further lead the Bank's engagement at the continental and global level to drive climate action. The Bank will prioritize adaptation financing and focus on climate-sensitive sectors such as agriculture, water, infrastructure and social sectors which are at the heart of Africa's development priorities. The Bank will also focus on harnessing the significant low-carbon and mitigation opportunities provided by renewable energy and energy efficiency in Africa, while strongly supporting mitigation actions in land use and land use change, which generate more than 65% of Africa's greenhouse gas emissions.

Despite efforts made by PECG, projects are not required to contribute to climate change-related targets to gain board approval. This results in indifference to climate change, green growth and climate finance targets among Task Managers, as these do not form part of their objectives.

In order to scale up activities and accelerate green growth in African countries, the following are our top post-2020 priorities:

- The Bank aims to ensure that by 2020, 100% of its projects will be based on climate-informed design and that all CSPs/RISPs will be aligned with NDCs. This implies that all projects will be screened for climate risks and have resilience built into their design and that these projects will also be screened for greenhouse gas emissions impacts;
- PECG is ensuring that the Bank meets its climate finance commitments, including the 40% climate finance target and the new commitment to reach $25 billion by 2025, in line with the Bank's commitments under the 15th replenishment of the African Development Fund (ADF-15) and the 7th General Capital Increase (GCI);
- Furthermore, the Bank, along with the other MDBs globally, has been publicly reporting on its progress on climate finance since 2011. The MDB group has agreed to work towards making financial flows consistent with a pathway towards low-carbon and climate-resilient development as stipulated in the Paris Agreement;
- The Bank's senior management needs to intervene and take a leading role in ensuring that climate change targets are met, with the support of all concerned complexes and regional delivery units. It is critical to set a requirement for all projects to employ climate-informed design in order to gain Board approval. Such a requirement would be in line with the Bank's corporate objectives related to climate finance and climate mainstreaming in projects and strategy documents. In addition, it will soon become critical internationally, as all MDBs will be required to align their investments with the Paris Agreement's goals;
- Over the coming years, the Africa NDC Hub will focus on:
  (i) Revising and aligning NDCs with national development plans while helping countries devise long-term climate change strategies;
  (ii) Assisting RMCs in mobilizing means of implementation (*eg* climate finance, capacity building, and technology); and
  (iii) Supporting advocacy, networking and partnerships.

The Bank's Second Climate Change Action Plan, which became operational in 2016, will conclude this year and a new Action Plan (2021-2025) is under development alongside a 10-year Climate Change and Green Growth Policy, strategy and third action plan. To set course for a net-zero emissions future, the Bank will continue to drive multilateral cooperation on climate change. In this context, the bank is working with other MDBs to develop and test a joint framework for alignment with the Paris Agreement in 2020 and to align its own work with the Paris Agreement through its investments. From 2020 onwards, greater attention will be paid to sharing lessons learnt and communicating the Bank's climate change and green growth initiatives to its member countries, clients and partners.

Section 1
Introduction

1.1 Setting the scene

1.1.1 Climate risks and opportunities

Africa is undoubtedly the continent most vulnerable to climate change, despite being the least contributor (less than 5%) to global greenhouse gas (GHG) emissions. Furthermore, the current resources available to address climate vulnerability in Africa are inadequate and the existing financing mechanisms are inappropriate for African needs and concerns. While adaptation remains the continent's priority, global efforts to address climate change are geared more towards mitigation. Currently, 90% of global climate finance goes to mitigation while just about 10% is dedicated to adaptation; and just 12% of funds for disaster risk management are invested in risk reduction and prevention while 88% goes into emergency response. Adaptation offers an alternative solution given that all efforts to reduce GHG emissions will still result in residual climate change impacts that will affect countries and communities, especially those with limited coping mechanisms and capacities.

Recent devastating examples of weather-induced disasters include two intense tropical cyclones, Idai and Kenneth, which ripped through five African countries – Mozambique, Malawi, Tanzania, Zimbabwe and the Comoros within a period of one month. They both set records: Cyclone Kenneth was the strongest storm ever to make landfall. In terms of its impact, Cyclone Idai, was the worst ever to hit the African continent. Idai caused more than 1,000 deaths and $1 billion[1] in damages. There is need for at least $2 billion, and perhaps more, to aid recovery and rehabilitation efforts.

The urgency to respond to climate change and comply with the requirements of the Paris Agreement presents implementation challenges, but also provides opportunities to help African households, communities, economies, infrastructure, and businesses adapt to climate change and transition towards climate-resilient development pathways that boost growth and reduce poverty.

1 Unless otherwise stated, all dollar amounts are in US dollars.

1.1.2 The African Development Bank's strategic response to climate change

The overarching objective of the African Development Bank is to promote sustainable economic development and social progress that contributes to poverty alleviation in Africa. Through its Ten-Year Strategy (TYS) 2013-2022,[2] the Bank has set out the twin objectives of inclusive and green growth to improve both the quality and the sustainability of economic growth in Africa.[3] The TYS is now pursued with five operational priorities, known as the High 5 priorities:[4]

LIGHT UP AND POWER AFRICA
– universal access to modern energy

FEED AFRICA
– agricultural transformation

INDUSTRIALIZE AFRICA
– economic diversification towards inclusive low-carbon climate-resilient development

INTEGRATE AFRICA
– facilitating movement and trade and building regional infrastructure

IMPROVE THE QUALITY OF LIFE FOR THE PEOPLE OF AFRICA
– strong progress on reducing poverty and inequality through job creation and improvement of health

2 http://tiny.cc/AfDB-TYS

3 Green growth is defined in the Bank's Ten-Year Strategy as growth "that will protect livelihoods, improve water, energy and food security, promote the sustainable use of natural resources and spur innovation, job creation and economic development".

4 See http://tiny.cc/AfDB-High5

The Climate Change and Green Growth Department (PECG) is responsible for implementing the Bank's climate action and green growth initiatives. Currently, through its Second Climate Change Action Plan (CCAP2, 2016-2020), the Department is playing a critical role in ensuring that Bank investments across Africa are based on climate-informed design considerations while mobilizing internal and external climate finance resources. The CCAP2 outlines how the Bank strategically addresses the impacts of climate change and harnesses the opportunities to enhance the continent's resilience and transition to a low-carbon development pathway that boosts growth, bridges the energy deficit, and reduces poverty.

The CCAP2 is founded on four pillars.

- **Adaptation and climate-resilient investments** through the integration of climate-resilience goals into all Bank Group operations through systematic climate risk-screening and climate-informed design.
- **Mitigation and low-carbon investments** that minimize or reduce GHG emissions across all sectors, through renewable energy, reducing deforestation and forest degradation, green infrastructure, efficient cities, and many other areas.
- **Mobilizing global climate finance** for Bank interventions from various climate finance instruments, and enhancing Africa's access to global climate funds.
- **Creating an enabling environment for enhanced climate actions.** The CCAP2 focuses on helping regional member countries (RMCs) to implement their nationally designated contributions (NDCs) under the Paris Agreement. This is also in line with the Bank's TYS objective of transitioning Africa to green growth.

More specifically, the Bank is committed to two objectives – to ensuring that 40% of its project approvals is allocated as climate finance, and that 100% of its new projects and country strategies are designed in a climate-informed manner by 2020.

Last year, at the United Nations 2019 Climate Summit, the Bank announced a new commitment to mobilize $25 billion as climate finance between 2020 and 2025.

To ensure the implementation of each pillar under the CCAP2, the Bank has adopted tools and guidelines to mainstream climate change and green growth considerations into projects and policy documents, mobilize internal and external climate finance, and enhance capacity development and knowledge generation for climate action. At project level, the Bank screens all its operations for climate risks and builds adaptation and mitigation measures into them – to protect its investments from climate risks and to promote opportunities for climate action and green growth. For adaptation and resilience, the Bank uses the Climate Safeguard System (CSS) (Table 2); while for mitigation, the GHG Accounting and Reporting Tool (Box 1) is used. Similar to other multilateral development banks (MDBs), the African Development Bank undertakes ex ante analysis of the climate finance contribution for each project using the joint MDB methodology on climate finance tracking and reporting. As the Bank enters into its new commitment period to 2025, these tools will be fully and widely used across the its operations.

Table 2: The African Development Bank's climate risk categorization process

CATEGORY	DESCRIPTION
1	• Projects may be **very vulnerable** to climate risk. • Require a **detailed** evaluation of climate change risks and adaptation measures integrated into the project design and implementation plans.
2	• Projects may be **vulnerable** to climate risk. • Practical risk management and adaptation options should be integrated into the project design and implementation plans.
3	• Projects are **not vulnerable** to climate risk. • A voluntary consideration of low-cost risk management and adaptation measures is recommended, but no further action is required.

Source: Climate Change Safeguards System – (CSS) booklet.

The GHG accounting tool helps the Bank to report on GHG emissions and emission reductions generated by the Bank's investments. For the Bank, GHG accounting is relevant in relation to the green growth objective in the TYS (2013-2022), the implementation of CCAP2 (2016-2020), and its support to African countries to meet their Paris Agreement commitments by reducing GHG emissions.

Since 2016, with the creation of the Climate Change and Green Growth Department (PECG) under its new Development and Business Delivery Model, the African Development Bank has made significant progress in mainstreaming climate change and green growth considerations into approved projects and policy documents. As shown in Table 3, the share of projects in its portfolio based on climate-informed design has grown steadily.

BOX 1: GREENHOUSE GAS ACCOUNTING AND REPORTING

The Bank continues to develop and apply its GHG Accounting and Reporting tool. The Bank is not currently planning to seek external verification of the data, methodology or calculations; however, the tool has been designed by an external consulting company using established practices.

The Bank has commissioned further work on the development of national grid emission factors in 10 African countries.

In 2019, the Bank conducted an energy sector portfolio GHG emissions analysis of 104 energy sector projects implemented or approved by the Bank in 2012-2019 (some projects had to be excluded due to a lack of data). The results of the analysis show that annual emission reductions range from 340,000 tCO_2e (2015) to over 20,400,000 tCO_2e (2019). Emission reductions in 2019 far exceeded those estimated for other years, when a maximum of just over 3,900,000 tCO_2e was reached.

FIGURE 1: BASELINE EMISSIONS, PROJECT EMISSIONS, AND EMISSION REDUCTION, 2012-2019

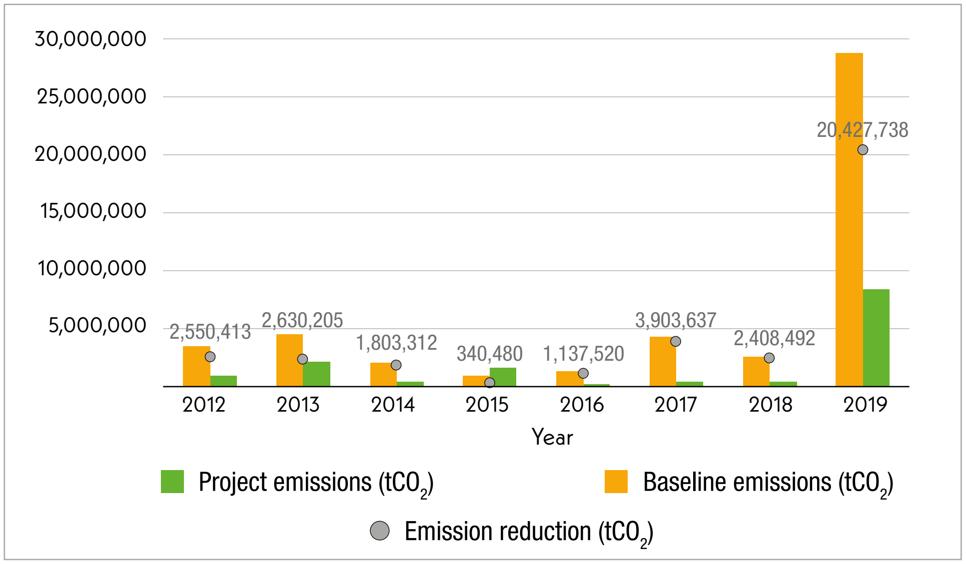


Table 3: Progression of Bank projects based on climate-informed design considerations

	BASELINE 2015	2016		2017		2018		2019		2020 TARGET
		TARGET	LATEST	TARGET	LATEST	TARGET	LATEST	TARGET	LATEST	
African Development Bank	75	77	80	79	70	80	85	85	90	100

BOX 2: SPOTLIGHT ON THE NEW DEAL ON ENERGY FOR AFRICA

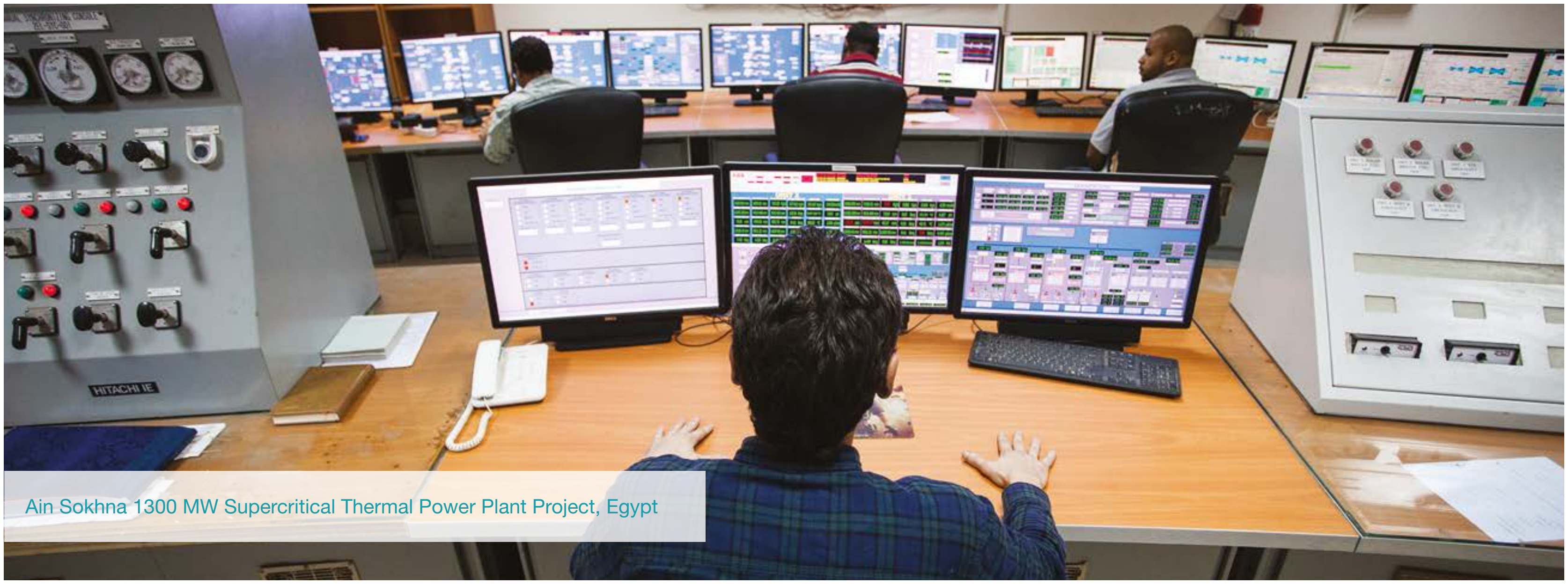
The African Development Bank's New Deal on Energy for Africa provides a great opportunity for enhanced climate action and green investments across the continent. Even though Africa is a negligible contributor (4%) to global greenhouse gas emissions, African countries made ambitious commitments through their Nationally Determined Contributions under the Paris Agreement to support a just and climate-smart energy transition.

Achieving the New Deal's goal of universal energy access and meeting Africa's vast energy needs while supporting global climate action requires tremendous efforts in modernizing energy systems and scaling up investments in clean energy technologies. The New Deal ensures that substantial resources for the energy sector are allocated to clean energy technologies rather than conventional energy sources and supports utility transformation and policy reforms in the energy sector.

Between 2016 and 2019, significant progress was made in mainstreaming climate change and green growth into the Bank's energy sector operations, through the New Deal on Energy for Africa and the CCAP2. PECG has ensured that most of the Bank's energy investments have been based on climate-informed design, resulting in enhanced climate resilience and increased use of low-carbon technologies. Over the last 2 years, over 200 energy sector projects were screened and reviewed for climate change and green growth considerations, resulting in the projected reduction of about 385,103 ktCO_2e.

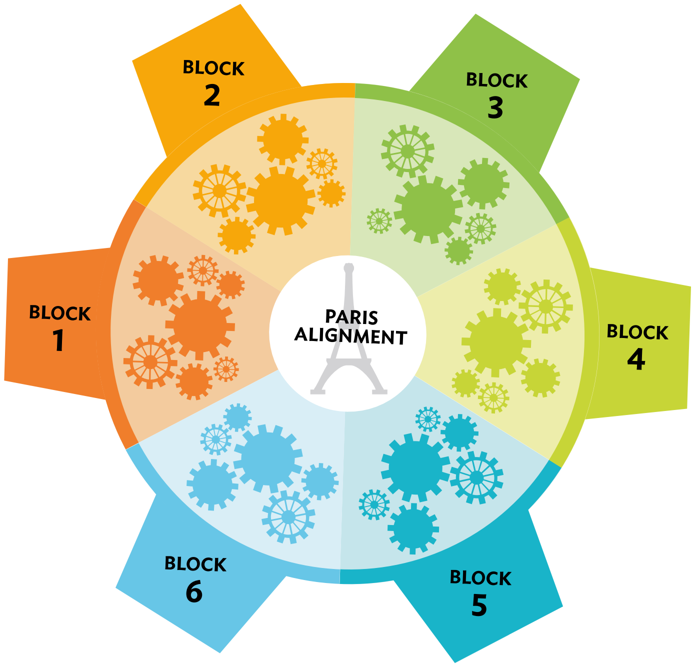
The majority of climate finance provided through the Bank has been invested in the energy sector. During the 2016-2019 period, 62% of total Bank investment in the energy sector was climate finance. In 2017, $1.2 billion out of the total energy portfolio of $1.5 billion was invested as climate finance, the highest share yet. The highest volume of approvals, however, was $1.6 billion, in 2018.

After 2020, the Bank's climate and green growth strategies and actions are expected to be shaped by endogenic factors, such as the Bank's desire to ensure an inclusive and resilient green economy in Africa, and exogenic factors, such as those related to the global policy dynamics of climate change and sustainable development. The Bank will continue working with African countries to support their NDCs and green growth objectives, while effectively implementing its share as part of the joint MDB commitments on climate change and climate finance. The Bank, through the implementation of its High 5 Agenda, is committed to supporting efforts by African countries in the implementation of their NDCs, taking into account the Sustainable Development Goals (SDGs) and the Paris Agreement.



Ain Sokhna 1300 MW Supercritical Thermal Power Plant Project, Egypt

FIGURE 2: MULTILATERAL DEVELOPMENT BANKS' PARIS ALIGNMENT APPROACH: SIX BUILDING BLOCKS



1 Alignment with mitigation goals
Operations consistent with national low-emissions development pathways and campatible with objectives of the Paris Agreement.

2 Adaptation and climate-resilient operations
Operations systematically screened for climate resilience. Support increase in clients' ability to adapt to climate change.

3 Accelarated contribution to the transition through climate finance
Further scale up climate finance, operationalize new appraches to support nationally determined contributions, and accelerate realization of ambitions agreed under United Nations Framework Convention on Climate Change and in line with science-based evidence identified by Intergovernmental Panel on Climate Change.

4 Strategy, engagement and policy development
Develop new services to support clients putting in place long-term strategies for low-emissions and climate-resilient development while ensuring consistency with the Sustainable Development Goals (SDGs).

5 Reporting
Develop tools and methods for characterizing, monitoring, and reporting on Paris-aligned activities.

6 Align internal activities
Progressively ensure that internal operations, including facilities and other internal policies, are in line with the Paris Agreement.

1.1.3 Paris alignment

As part of commitments to support the implementation of the Paris Agreement, the MDB Group sets out the ambitious task of aligning all Group member financial flows and internal activities with the Paris Agreement's goals to avoid the worst impacts of global climate change. MDBs have an important role to play in making this goal a reality. In December 2018, the MDBs adopted six building blocks for Paris alignment (see Figure 2).

1.1.4 The Paris Agreement and the Sustainable Development Goals

Addressing the adverse impacts of climate change is central to achieving the SDGs. While addressing climate change is already recognized as a specific goal (SDG 13) to be reached (see Box 3), it is also cross-cutting and influences the odds of achieving all other goals critical to sustainable development. Although extreme events cannot be avoided, supporting the mitigation of climate change and increasing the adaptive capacity of countries will lower the costs of meeting the SDGs and help prevent these shocks and stress from pushing back development progress.

To this end, the Bank supports African countries in identifying and implementing measures that simultaneously address their NDCs and the SDGs. The Bank offers this support through projects, as well as strategic and policy support, through country dialogue, institutional capacity building, and by directing scarce public finance to efforts that address the impacts of climate change. The Bank also recognizes that climate action is an important precondition for achieving and sustaining progress towards its High 5 objectives and the Africa Agenda 2063.

Bank actions to simultaneously implement the Paris Agreement and the SDGs

The Bank's climate actions are instrumental for advancing climate-resilient green growth agendas in African countries. Embedded in its

BOX 3: CLIMATE CHANGE TARGET OF SUSTAINABLE DEVELOPMENT GOALS

Alongside the nationally determined contributions (NDCs), the Sustainable Development Goals (SDGs), in particular SDG 13, call for urgent action to combat climate change and its impacts, focused on five key targets:

Target 13.1: Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters;

Target 13.2: Integrate climate change measures into national policies, strategies and planning;

Target 13.3: Improve education, awareness-raising and human and institutional capacity on climate change;

Target 13.A: Implement the commitment undertaken by developed-country parties to the UNFCCC to jointly mobilize $100 billion annually by 2020;

Target 13.B: Promote mechanisms for raising capacity for effective climate change-related planning and management in least developed countries and small island developing states.

High 5 priorities and guided by the CCAP2, the Bank's investment in climate change is delivering tangible results at both strategic and operational levels, and contributing to SDG 13.

- The Bank believes that if SDG 13 is not achieved, it will be difficult to attain and sustain progress towards most other SDGs in Africa. Consequently, the efforts to implement the Paris Agreement on Climate Change and those to implement the SDGs need to be coordinated at all levels, and trade-offs to avoid unintended consequences in either direction must be systematically managed.
- Despite considerable efforts and significant progress, African vulnerability to climate change remains high, as evidenced by recent events such as Cyclone Idai in Southern Africa, the drought in the Horn of Africa and the Sahel, and the flooding in West Africa and elsewhere on the continent. In line with SDG target 13.1, the Bank and other development partners are stepping up actions to build climate resilience in Africa.
- In line with target 13.2, most African nations, through their NDCs, have now committed to undertaking climate actions. However, only a few countries have integrated their NDCs into their national development plans, as most have limited systemic, institutional, and human capacity to do so. This capacity gap will constrain Africa's efforts to embark on a climate-resilient, low-carbon development trajectory. It also affects the prospect of attaining and sustaining SDG 13. Therefore, there is a need for concerted support to the regional member countries (RMCs), particularly through building capacity for NDC planning and execution.
- About 70% of African countries are least developed countries (LDCs) and/or fragile states, and are thus highly vulnerable to climate change impacts. In line with target 13.B, the Bank will continue to focus on capacity-building, which will help to fundamentally transform the continent and enable Africa to play an active role in the new climate economy. Initiatives such as the African Green Growth Index can play an instrumental role in achieving those goals.
- To further support RMCs to simultaneously implement their NDCs and the SDGs, the Bank – in collaboration with the Global Green Growth Institute – has produced a joint report to assess the state and readiness of green growth implementation in the context of NDCs and the SDGs in Africa in general, and in a number of selected countries in particular.
- Furthermore, there is a **need for integrated planning in Africa**. Based on policy dialogues with RMCs and in partnership with the United Nations Development Programme (UNDP) and the African Union Development Agency – New Partnership for Africa's Development (AUDA-NEPAD), the Bank has developed a guidance tool to mainstream NDCs into development planning processes in Africa. The *Guide for Integrated Planning in Africa* aims to support planners in African countries to create a new generation of national development plans that mainstream the SDGs, the African Union's Agenda 2063, the Paris Agreement/NDCs, and the Sendai Framework on Disaster Risk Reduction.

1.2 Tracking progress in 2019

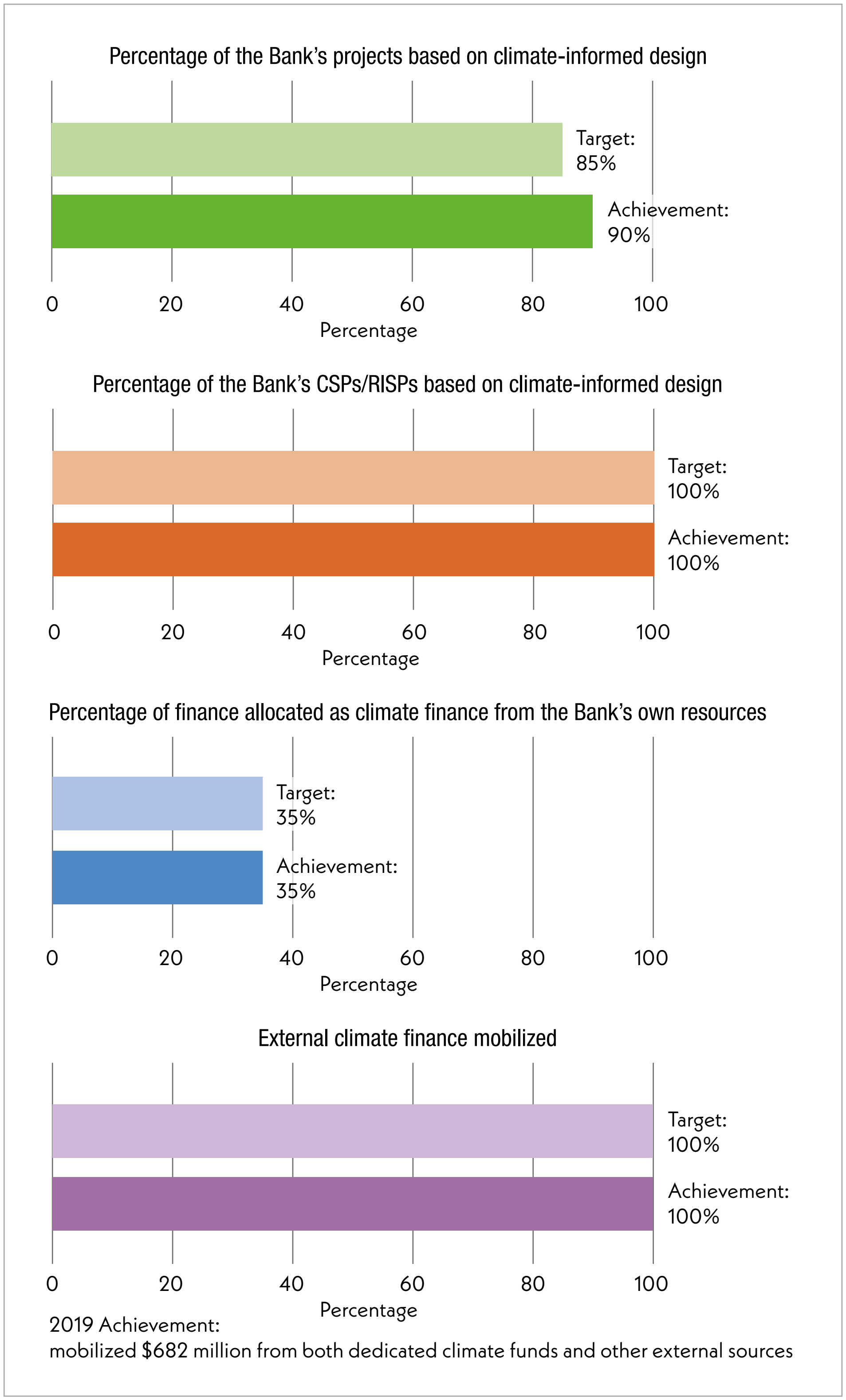
1.2.1 The mandate

PECG's broad objectives are to mainstream climate change and green growth into the Bank's High 5 priorities to ensure Bank operations are climate-informed, to mobilize climate finance and to lead Bank-wide efforts to minimize and reverse the effects of climate change on the continent. The department has the following four key performance indicators (KPIs):

1. 100% of the Bank's project portfolio is screened for climate risks and opportunities and climate change considerations are mainstreamed in all projects (including policy-based activities) as well as in all of the Bank's Country/Regional Strategy Papers by 2020;
2. 40% of the Bank's total approvals are allocated as climate finance by 2020 (now a top-level Bank corporate KPI for 2020); 50/50 parity between adaptation and mitigation finance by 2020;
3. A cumulative $25 billion mobilized as climate finance between 2020 and 2025;
4. Africa's voice in global fora strengthened.

These broad objectives are delivered and implemented through the Bank's second Climate Change Action Plan 2016-2020 (CCAP2) and the Bank's Green Growth Framework, adopted in 2014. See section 2 on the implementation of CCAP2.

FIGURE 3: KEY PERFORMANCE INDICATORS



1.2.2 Mainstreaming climate change and green growth into the Bank's operations

The Bank aims to base all its investments on climate-informed design, to mainstream climate change and to ensure that projects build resilience in communities. The Bank does this by screening its investments for climate risk and addressing those risks at the project design stage. The Bank also screens critical projects for greenhouse gas emissions to make informed decisions on the best options. In 2019, over 90% of projects approved by the Bank were based on climate-informed design and contributed to transitioning Africa towards green growth. The goal is to achieve 100% by 2020.

Through the implementation of its Green Growth Framework, the Bank helps to unlock the huge opportunities presented by Africa's transition to green growth. For the Bank, green growth represents a cross-sectoral approach touching on governance, agriculture and rural development, energy, transport and infrastructure, human development, and water and sanitation. The Bank has identified the importance of green growth and rapidly escalated it to a central position in its organizational strategy, which is reflected in its twin objectives of achieving inclusive and green growth.

At the strategic level, PECG has ensured that all new CSPs/RISPs mainstream climate change and green growth considerations. PECG has participated in CSP design missions, CSP Medium Term Reviews, and Completion Reports and contributed to Country Briefs on existing CSPs and RISPs.

1.2.3 Scaling up ambition on climate finance

Internal resource mobilization

In 2016, the Bank set a target to allocate 40% of its resources invested as climate finance by 2020. This includes resources mobilized from internal and external sources and from public and private sources. The Bank met its 2019 target of 35% of investments, allocating $3.6 billion (35% of the total) as climate finance. The Bank achieved parity between mitigation and adaptation finance, a major deviation from a global average of about 90% of climate finance allocated to mitigation and 10% to adaptation.

FIGURE 4: INTERNAL VS EXTERNAL CLIMATE FINANCE MOBILIZATION

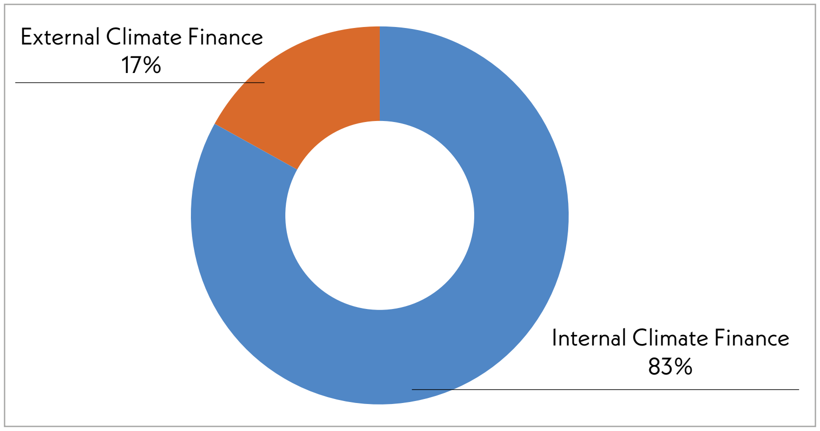


FIGURE 5: ADAPTATION VS MITIGATION FINANCE

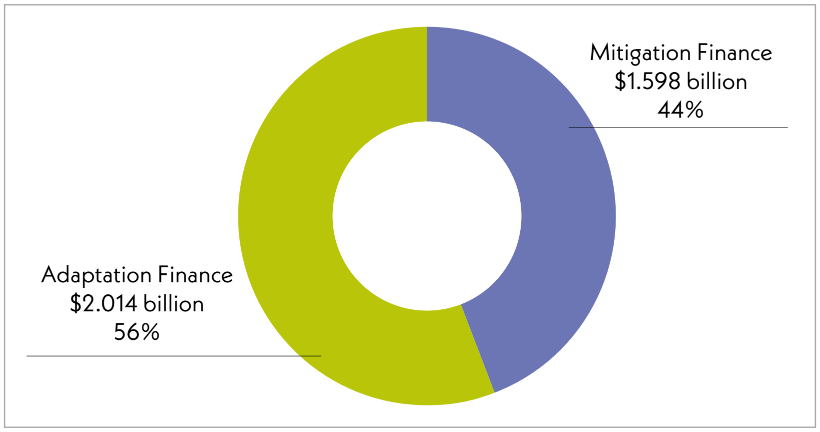
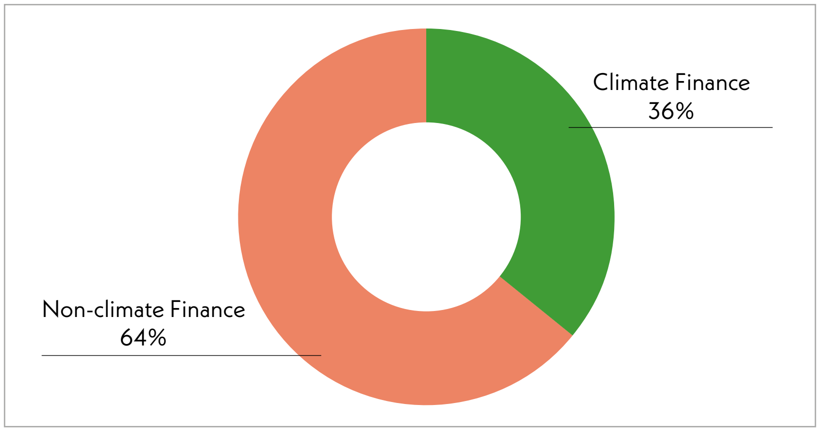
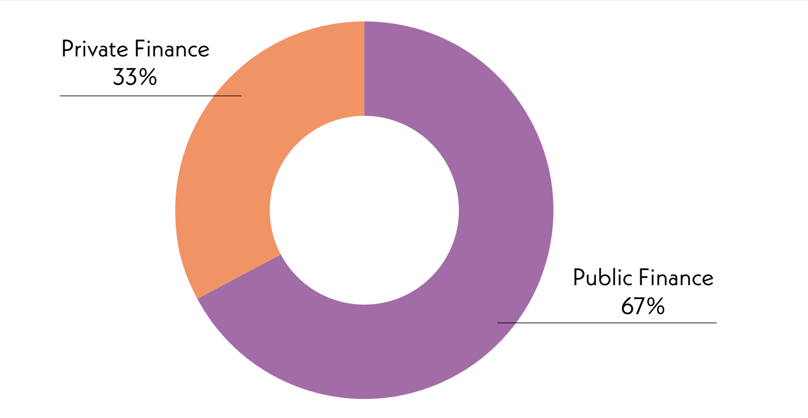


FIGURE 6: CLIMATE VS NON-CLIMATE FINANCE IN 2019



The African Development Bank sees the private sector as an engine for growth and development (SIAME, an electrical meter fabricant, Tunisia)

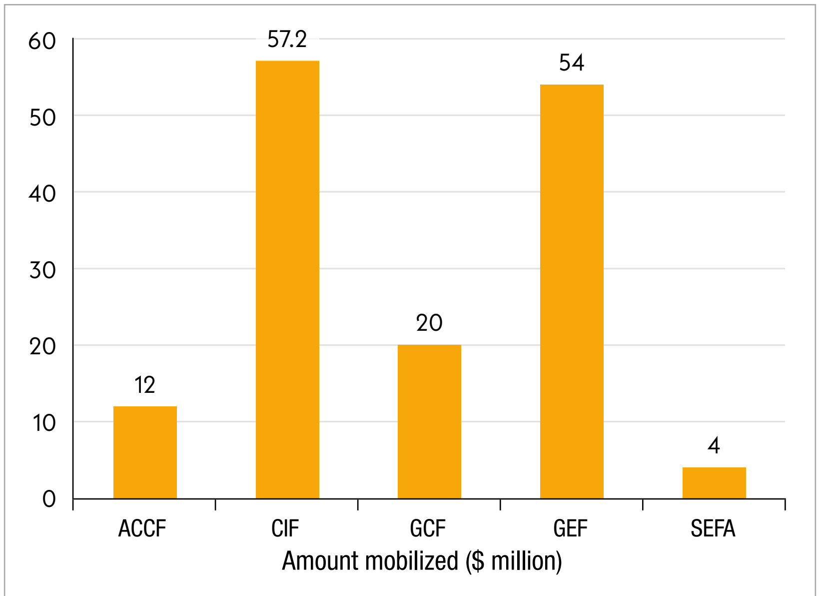
FIGURE 7: PUBLIC VS PRIVATE SECTOR FINANCE



External resource mobilization

Figure 8 provides a summary of external climate finance mobilized by the Bank excluding private sector finance.

FIGURE 8: EXTERNAL CLIMATE FINANCE



In addition, the Bank achieved the following non-climate finance targets in 2019.

1. Progress was made with the Government of Canada towards the establishment of a CAD100 million Canada-African Development Bank Climate Finance Facility, expected to be launched in 2021;
2. Progress was also made towards the creation of a private equity fund to support sustainable commercial forestry in Africa. The Bank is working to identify a suitable fund manager and will help to crowd in concessional and commercial investors;
3. After the certificate of accreditation was submitted to the GCF Secretariat, the Accreditation Master Agreement came into effect on 7 November, 2019;
4. The Bank launched the 5-year pilot phase of the ABM at the Africa Climate Week in March 2019 and received funding for the first ABM pilot project from the ACCF (the ABM is an innovative mechanism for mobilizing new and additional public and private sector finance for climate change adaptation; it aims to accelerate the transition towards green growth in its host countries by assigning value to resilience);
5. Submission of three proposals under the GCF Project Preparation Facility, including: (i) Senegalese Coastal Communities' Climate Resilience; (ii) Enhancing Resource Efficiency in Tea Processing in Kenya; and (iii) The Accra City Electric Bus Transport Project;
6. The GCF Funded Activity Agreement for the Zambia Renewable Energy Financing Framework was signed;
7. The portfolio of the ACCF grew to 15 projects, with three projects closing soon. Seven new ACCF projects were approved, representing a total investment of $4.7 million. ACCF's new projects will be implemented in partnership with institutions including the UNCDF, the World Agroforestry Centre (ICRAF), the NDC Hub, and local NGOs.

1.2.4 Creating an enabling environment

The Bank is implementing several initiatives to enable African countries to surmount the challenges they face in meeting their commitments to the Paris Agreement and in identifying investment opportunities and partners. These initiatives include:

AFRICA NDC HUB:
The Bank hosts the Africa NDC Hub Secretariat and has grown the Hub's membership to 18 institutions. Throughout 2019, the Bank provided assistance to Angola and Cabo Verde for the mainstreaming of NDC targets in their National Development Plans. Four countries (Cameroon, Namibia, São Tomé and Principe, and Uganda) were also supported with the development of investment plans that will help them access international climate finance to implement their NDC strategies.

AFRICAN FINANCIAL ALLIANCE ON CLIMATE CHANGE (AFAC):
The Bank undertook outreach activities, including at the Africa Investment Forum, to rally support from African financial institutions for AFAC. As a result, AFAC was able to mobilize 100 insurance companies under the umbrella of the Organization of Eastern and Southern African Insurers as well as the Collective of Caisse des dépôts et de gestion du Maroc.

ANALYSIS OF ADAPTATION COMPONENTS IN AFRICAN NDCs:
The Bank spearheaded the publication of an 'Analysis of Adaptation Components in African NDCs' that will provide guidance for a robust and systematic approach to the treatment and presentation of adaptation components as the 54 African NDCs are revised.

DEVELOPING THE AFRICA GREEN GROWTH INDEX:
Building on the pilot version developed in 2015, in 2019 the Bank launched the second phase of the Africa Green Growth Index. The index will measure, track, and communicate green growth performance and progress for all 54 African countries and inform governments, development partners, and businesses about green investment opportunities in Africa.

GUIDE FOR INTEGRATED PLANNING IN AFRICA:
Based on policy dialogues with regional member countries and in partnership with the United Nations Development Programme (UNDP) and AUDA-NEPAD, the Bank has developed a guidance tool to mainstream NDCs into development planning processes in Africa. The 'Guide for Integrated Planning in Africa' aims to support planners in African countries to create a new generation of national development plans that mainstream the SDGs, the African Union's Agenda 2063, the Paris Agreement/NDCs, and the Sendai Framework on Disaster Risk Reduction.

25TH CONFERENCE OF THE PARTIES (COP25) TO THE UNFCCC (2-13 DECEMBER 2019):
The Bank took an active part in COP25 in Madrid through a series of events, including the Africa Day, jointly organized with the African Union and the United Nations Economic Commission for Africa (UNECA). The Bank sought to strengthen Africa's position at the climate conference by providing support to the African Group of Negotiators, offering technical support to the African Ministerial Conference on the Environment, and bringing together African finance ministers with environment ministers to discuss climate finance. The Bank also provided financial and technical support to key African climate change stakeholders, including the Committee of African Heads of State on Climate Change.

Section 2
Implementing the Second Climate Change Action Plan

2.1 Introduction

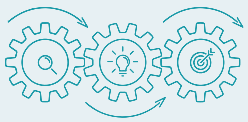
The African Development Bank's interventions related to climate change and green growth are guided by its Second Climate Change Action Plan[1] (CCAP2, 2016-2020). CCAP2 fits into the wider strategy of the Bank and focuses on four pillars of action. The Plan is aligned with the SDGs, the Africa Agenda 2063, and the High 5 priorities and sets targets to mainstream climate change in pursuit of these broader development objectives.

The four pillars of the CCAP2

Pillar 1:
Boosting adaptation and climate-resilient development in Africa

Pillar 2:
Promoting mitigation and low-carbon development in Africa

Pillar 3:
Mobilizing financial resources to finance climate action and the CCAP2



Pillar 4:
Creating an enabling environment

To ensure the implementation of each pillar, the Bank has adopted tools and guidelines to mainstream climate change and green growth considerations into projects and policy documents, mobilize internal and external climate finance, and enhance capacity development and knowledge generation for climate action. Through mainstreaming, adaptation and mitigation measures are built into the Bank's operations to protect its investments from climate risks and to promote opportunities for climate action and green growth. To screen adaptation projects, the Bank uses the Climate Safeguard System (CSS) while for mitigation projects the GHG Accounting and Reporting Tool is employed.

The GHG accounting tool helps the Bank to report on GHG emissions generated by the Bank's investments. For the Bank, GHG accounting is relevant in relation to the green growth objective in the Ten-Year Strategy (2013-2022), the implementation of CCAP2 (2016-2020), and its support to African countries to meet their Paris Agreement commitments by reducing GHG emissions.

Since 2016, the Bank has made significant progress in mainstreaming climate change and green growth considerations into approved projects and policy documents. As shown in the Table 3 (page 8), the share of projects in its portfolio based on climate-informed design has grown steadily.

The following sections discuss climate action undertaken within the High 5s and highlight the activities' contributions to African NDCs and their alignment with the four pillars of the CCAP2.

1 http://tiny.cc/AfDB-CCAP2

2.2 Pillar 1 |

Boosting adaptation and climate-resilient development in Africa

2.2.1 Introduction

Africa is the most vulnerable continent to climate change, despite generating less than 4% of the world's annual greenhouse gas emissions. Extreme weather events have increased in frequency and severity. Internationally, just 12% of funds for disaster risk management are invested in risk reduction and prevention, while 88% are allocated to post-disaster emergency response. This is unsustainable; more attention should be paid to enhancing resilience to these events and minimizing their impacts rather than on post-disaster intervention.

One of the primary aims of the Adaptation Pillar under CCAP2 is to help African countries to reach the adaptation targets in key economic sectors set out in their NDCs. It also ensures a link with the Sendai Framework for Disaster Risk Reduction (2015-2030) which aims to guide multi-hazard disaster risk management at all levels and thus is closely linked to climate change adaptation.

The Adaptation Pillar includes **six priorities**.

i. Promotion of **climate-smart agriculture** (CSA). Agriculture remains vital to the economies of many African countries and its development has significant implications for food security and poverty reduction across the region. CSA aims to increase agricultural productivity and resilience to enhance food security and foster farmer resilience;

ii. Scaling up support to the water sector by mainstreaming climate change considerations into water and sanitation investments, investing in integrated **water resources management** to build adaptive capacity to climate change impacts, and promoting better management of shared transboundary water resources;

iii. Investment in **sustainable infrastructure** and support for climate proofing of infrastructure throughout the region. This entails screening of all projects at the outset to identify risk and integrating adaptation measures in their design. This adaptation priority also includes promoting early warning systems and coastal protection activities;

iv. Investment in the **resilience of the energy sector** across the continent, both by diversifying the energy mix to avoid reliance on potentially vulnerable energy systems or a single source of energy, and by ensuring less exposure of energy infrastructure to climate risks;

v. Scaling up of **climate finance** directed towards adaptation efforts;

vi. Special initiatives that support adaptation and **climate resilience**.

Under its commitment to the 15th replenishment of the African Development Fund (ADF-15), the bank has designated climate adaptation and resilience and mobilization of climate adaptation finance as key priorities and will seek to achieve parity between adaptation and mitigation finance.

Box 4, on the following page, presents summaries of example projects which address two of the High 5s, are based on climate-informed design and were approved by the Board in 2019.

Saemaul Undong Model Village Project, Yamoussoukro, Côte d'Ivoire

BOX 4: SELECTED ADAPTATION AND CLIMATE-RESILIENT PROJECTS

FEED AFRICA

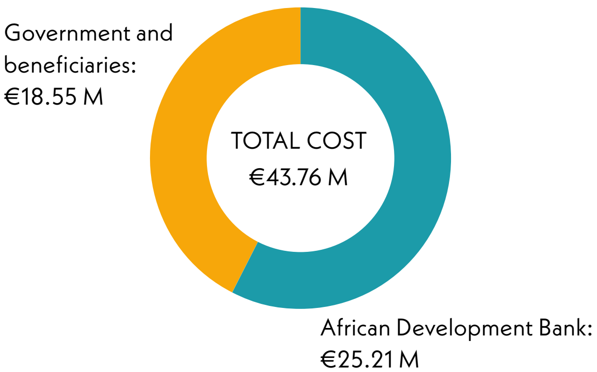
Agricultural Subsector Development and Promotion Project in Zaghouan Governorate (Tunisia)

Context and climate change rationale

This project will be implemented in the Zaghouan Governorate, which covers an area of 282,000 ha and has a population of 186,210 (INS, 2018[1]). It targets predominantly rural areas with highly vulnerable production systems and, as a result, socio-economically fragile populations. The overall objective of the project is to contribute to the reduction of poverty, unemployment, and inequalities (gender, socio-economic, and rural-urban) in the Governorate of Zaghouan. The project is well aligned with Tunisia's National Strategic Development Plan (2016-2020) and its NDC.

Though it benefits from high agricultural potential (272,000 ha of cultivable land), Zaghouan's agro-ecological systems are highly vulnerable to climate change: reduced water resources and high levels of soil erosion affect nearly 52,000 ha of arable land. Erosion manifests itself in various ways, including surface stripping and gully erosion of varying severity. Climate change causes an increase in the average annual temperature and a decrease in average precipitation, which impacts water resources, ecosystems, the agricultural sector, and infrastructure. Climate change also causes increasingly frequent extreme climate events such as alternating floods and droughts, snow and hail. The project will improve the resilience of vulnerable groups, in particular women and young people, and production systems to climate change.

Sources of funding



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Activities and expected results

- The project will promote agricultural entrepreneurship and innovative projects among young people (men and women);
- Three hundred young people (men and women) will be trained in agricultural entrepreneurship and all links of the value chain: production, processing, trade and services. This project aims in the long term, by its multiplier effect, to reach up to 1,500 people;
- The project will significantly reduce water-induced erosion, improve the productive capacity of the land, and preserve biodiversity. It will also contribute to climate change mitigation through its reforestation efforts (as part of the water and soil conservation measures). The long-term sustainability of the project results is ensured by, inter alia, water and soil conservation and water saving measures, in particular the recharging of the water tables, the sealing of entire pipe systems, the installation of drip irrigation systems, and enhanced control of withdrawal rates. These are all climate-smart agricultural practices.

1 http://dataportal.ins.tn/

INTEGRATE AFRICA

Multinational Bagamoyo – Tanga - Horohoro/Lunga – Malindi Road Project

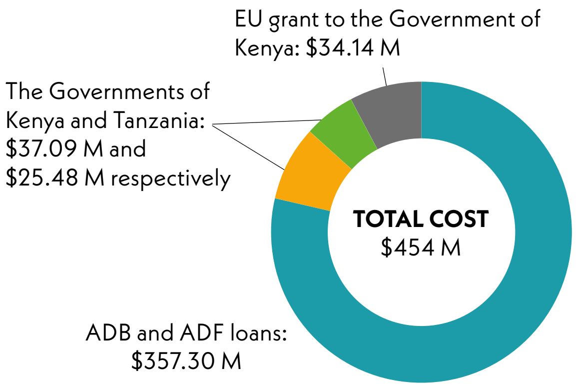
Context and climate change rationale

The East African Coastal Corridor, a 454 km road connecting Malindi, Mombasa, and Lunga Lunga in Kenya and Horohoro, Tanga, Pangani, and Bagamoyo in Tanzania is a strategic component of the network of East African transport corridors. It connects Kenya and Tanzania and provides a link between the Central and Northern Corridors, the most important in the region.

The objective of this project is to improve road transport services between Kenya and Tanzania by reducing travel time and vehicle operating cost, decreasing traffic congestion, and improving safety in urban areas along the road. Both Kenya and Tanzania are vulnerable to climate change. Key climate risks for road transportation include flooding, over-topping of roads and siltation of drainage infrastructure during the rainy seasons, which cause severe traffic congestion. Thus, the project is considered vulnerable to climate change impacts, particularly flooding and high temperatures. Other potential climate risks include sea level rise, as the project road is close to the Indian Ocean. These risks are more substantial for the Kenyan component due to the Kenyan coastal region's geographical and socio-economic characteristics. For instance, heavy rains often lead to flooding in Mombasa City due to limited drainage infrastructure.

A number of adaptation measures have been integrated into the design of the project, including: (i) Flood control plans and engineering design that accounts for future increases in temperature and rainfall; (ii) Optimization of the design of drainage structures through proper sizing and provision of side drains, culverts, and outflow structures to prevent flooding; (iii) Small-scale restoration of degraded land to reduce soil erosion; and (iv) Support for the livelihoods of many of the vulnerable communities in the rural parts of the project area.

Sources of funding



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Activities and expected results

- In Kenya, residents of Mombasa and Kilifi will benefit from extensive trade opportunities while other economic benefits will be provided through creation of employment opportunities for both skilled and semi-skilled labour engaged in road construction;
- In Tanzania, residents of the Tanga and the coastal regions, mainly farmers and fishers, will benefit from improved access to local and regional markets. The primary project beneficiaries are corridor residents – estimated at 3 million – who will have greater economic opportunities and access to social services and goods;
- By linking the Northern and Central Corridors, the long-term effects of the project will be an improved blue economy along the coast, better linkages with key towns in the interiors of both countries, and improved regional integration between Kenya and Tanzania and with neighbouring hinterland countries;
- Although this a climate change adaptation project, there are strong co-benefits for mitigation. In total, 200 ha of trees will be planted, and this will result in the sequestration of more than 60,000 tCO_2e of carbon over an approximately 40-year period. This will contribute to offsetting emissions from the construction and operation of the road and to improving air quality;
- Provision of facilities for non-motorized transport (footbridges and walkways) and smart, energy efficient street lighting in urban sections will contribute to long-term GHG emission reduction goals. With these, the road project will contribute to both countries' NDCs. In particular, the investment in 'green road infrastructure' contributes to national targets for low-emission transport systems and long-term resilience building.

53 year old Daniel Musyoka Yatta has been a truck driver for over 25 years

2.2.2 Special initiatives to promote climate-resilient development in Africa

In addition to financing activities to drive climate-resilient development on the continent, the Bank also manages special initiatives with a focus on climate change adaptation and building resilience. These special initiatives include the Africa Infrastructure Resilient Facility, the Adaptation Benefit Mechanism (ABM), the African Risk Capacity, Africa Adaptation Initiative, Adaptation of African Agriculture Initiative, the Africa Hydromet Programme, the African Water Facility, and the African NDC Hub. Boxes 5-7 present key achievements of three of these initiatives.

BOX 5: SPOTLIGHT ON THE AFRICA DISASTER RISKS FINANCING (ADRiFi) PROGRAMME

Following Board approval of a Framework Document in October 2018, the Bank has begun using the Africa Disaster Risk Financing (ADRiFi) Programme as a vehicle to implement projects in its member countries. To date, the Board has approved three country projects to be implemented in The Gambia (Feb 2019), Madagascar (May 2019), and Zimbabwe (Jan 2020). ADRiFi enhances countries' capacity to manage the risks of extreme climate events, particularly droughts, and promotes the adoption of disaster risk financing tools such as sovereign risk insurance to address climate risks. Given the limited resources available for implementing ADRiFi, the Bank has focused its efforts on encouraging countries to join the risk pool facilitated by the African Risk Capacity, using their ADF allocations for the payment of premiums. ADRiFi will provide a comprehensive capacity building programme, designed to assist countries to quantify and manage their climate risk and to make informed decisions regarding transferring this risk to the market through insurance, as part of a holistic national risk management strategy.

Expected impacts of ADRiFi include: (i) Efficient and timely first-response delivery to communities affected by disasters (financed with national resources); and (ii) Enhanced resilience to drought-linked disasters in African countries. Countries' enhanced resilience and disaster risk insurance will unlock investment opportunities that will ultimately contribute to economic growth and further reduce their vulnerability to climate change.

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BOX 6: SPOTLIGHT ON THE ADAPTATION BENEFITS MECHANISM (ABM)

The Adaptation Benefits Mechanism (ABM) is an innovative mechanism for mobilizing new public and private sector finance for adaptation in developing countries. It assigns new asset-certified monetary benefits to adaptation actions and introduces a new business model for incentivizing adaptation actions by the private sector, which is currently largely absent from the adaptation space. The Bank has been developing the ABM with support from the Climate Investment Funds (CIF) and in collaboration with the governments of Uganda and Côte d'Ivoire since 2016.

In March 2019, the Bank launched a pilot phase for the ABM which will last until 2023. The pilot phase will test the ABM through demonstration projects and will deliver an operational mechanism to the international climate change community in 2023, the year of the Global Stocktake, when countries will look back for the first time at the progress made in the implementation of the Paris Agreement. A grant of $500,000 for the first ABM demonstration project was approved by the ACCF in September. This project, 'Cocoa Livelihoods Resilience - enhancing the resilience of smallholder cocoa farmers in Côte d'Ivoire through piloting the Adaptation Benefits Mechanism', will be implemented by the Bank in cooperation with the World Agroforestry Centre (ICRAF) and other partners. The project will introduce a package of climate-smart sustainable agroforestry management practices to 400 smallholder cocoa farmer households in the Soubré and Sinfra departments in Côte d'Ivoire. It aims to empower smallholder farmers to become resilient to the already observed negative impacts of climate change, sustain their livelihoods, improve the wellbeing of women, and offer an attractive future for the youth.

The ABM will be used to mobilize at least $1 million for replication of successful practices, in Côte d'Ivoire and at least three other cocoa-growing countries in the region. The outcomes will contribute to achieving the adaptation needs and priorities of the host countries as found in their NDCs in the land use, land use change and forestry sector, and in climate finance. The activities will also contribute to the achievement of SDGs 13, Climate Action, and 15, Life on Land.

In October 2019, the Bank established the interim ABM Executive Committee to oversee and guide the ABM pilot phase, supported by the ABM Secretariat housed within the Bank. The Committee met for the first time from 21-22 October 2019 in Abidjan and adopted, among others, an ambitious work plan for 2020, prioritizing methodological and procedural work to operationalize the ABM during its pilot phase.

Over the course of the year, the coalition of countries and organizations interested in engaging with the ABM grew. The current portfolio of candidate ABM demonstration projects includes nearly 30 project proposals in 16 African countries: Benin, Burkina Faso, Cameroon, Côte d'Ivoire, Ethiopia, Ghana, Kenya, Mali, Morocco, Mozambique, Namibia, Rwanda, Senegal, South Africa, Togo, and Uganda. Three funding proposals are in an advanced stage of development. In 2020, the Bank will continue seeking support from various donors and climate funds to operationalize and demonstrate the mechanism in Africa.

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BOX 7: SPOTLIGHT ON THE CLIMDEV-AFRICA SPECIAL FUND (CDSF)

Hosted by PECG, the ClimDev-Africa Special Fund (CDSF) is the financial arm of the ClimDev-Africa Programme, a joint initiative of the Bank, the African Union Commission, and the United Nations Economic Commission for Africa (UNECA). The overall goal of the CDSF is to contribute to sustainable development and poverty reduction by mainstreaming the production and use of climate change information at all levels in Africa. The Fund seeks to address the lack of climate information, analysis, and options available to policy- and decision-makers to formulate and implement effective climate-sensitive policies. In order to achieve this objective, the CDSF supports three main types of interventions: i) Generation and wide dissemination of reliable and high-quality climate information in Africa; ii) Capacity enhancement of policymakers and policy support institutions to integrate climate change information into development programmes; and iii) Implementation of pilot adaptation activities that demonstrate the value of mainstreaming climate information into development programmes. As of the end of December 2019, the CDSF has a portfolio of 17 active projects. The Fund disbursed €7.2 million in 2019, bringing cumulative disbursements to €12.9 million out of the €26.3 million in committed funds.

Through its Satellite and Weather Information for Disaster Resilience in Africa (SAWIDRA) Programme, the CDSF successfully improved the capacity for severe weather forecasting and the development of numerical weather prediction tools in 25 countries. The Fund has also strengthened the capacity to establish early warning systems for severe weather, provided training in numerical weather prediction for disaster reduction, and supported Regional Climate Outlook Forums in four regions. A selection of other activities undertaken in 2019 is provided in the following text.

- The renovation of the Intergovernmental Authority on Development's Climate Prediction and Application Centre to create a state-of-the art, fully solar-powered hub for East Africa's climate information services;
- The acquisition of high-performance computers for the Regional Climate Centres, capable of running detailed models that can accurately predict severe weather events like hurricanes and floods;
- The acquisition of power storage to support the operationalization of these computers in view of the energy shortages faced by many of the centres;
- The installation of Regional ATOVS Retransmission Services (RARS) antennas. RARS antennas facilitate the real-time acquisition of satellite data through a worldwide network of receiving stations, and the delivery of this data to users after pre-processing and formatting;
- The organization of Regional Climate Outlook Forums across the continent. These Forums produce consensus-based, user-relevant climate outlook products in real time in order to reduce climate-related risks and support sustainable development for the coming season in sectors of critical socio-economic significance for the region in question;
- The strengthening of National Meteorological and Hydrological Services' expertise in forecasting and the delivery of climate products;
- The production and dissemination of over 450 weather and climate bulletins to National Meteorological and Hydrological Services by the Regional Climate Centre for Central Africa;
- The procurement of six automatic weather stations for Côte d'Ivoire's Ministry of Agriculture and Rural Development, which will enable the use of weather information for development planning and risk management;
- Facilitation of the Bank's accession to the Alliance for Hydromet Development during COP25. The Alliance aims to build resilience through the modernization of hydromet systems in Africa;
- Graduation of 17 young men and women whose studies in hydrology were financed by the CDSF;
- Identification of five new projects:
  - ✓ Liberia: Improving Weather and Climate Services;
  - ✓ Sierra Leone: Improving Weather and Climate Services;
  - ✓ Multinational: Climate Services for Adaptive Water Resources Management in the Nile Basin;
  - ✓ Multinational: Programme for Strengthening the Resilience to Food Insecurity in the West and Central Africa and the Sahel, Phase 2;
  - ✓ Multinational: Programme for Strengthening the Resilience to Food Insecurity in the Horn of Africa, Phase 2.

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In Côte d'Ivoire, the Bank, through the ClimDev Fund, is improving resilience, reducing vulnerability to climate change, and enabling the installation of automatic agro-climatic stations that increase access to critical early warning information for the food security sector

2.3 Pillar 2 | Promoting mitigation and low-carbon development in Africa

2.3.1 Introduction

Despite Africa's small contribution to global GHG emissions, countries of the region have committed to reducing their emissions in their NDCs. The Bank is aligning its activities with the countries' commitments. The mitigation pillar under the CCAP2 is primarily aimed at steering Africa onto a low-carbon development trajectory through maximizing investments in clean energy, the sustainable management of resources, and utilization of appropriate technologies. Priority actions under the mitigation pillar include:

1. Scaling up renewable energy investments to diversify Africa's energy mix and help expand energy access, and assist RMCs in engaging the private sector through policy and regulatory interventions;
2. Improving energy efficiency by various means in order to improve the reliability, affordability, and sustainability of the energy supply;
3. Supporting sustainable land use, forest management, and agro-forestry practices to enhance carbon sequestration; supporting activities aimed at reducing emissions from deforestation and forest degradation; and growing the role of conservation, sustainable management of forests, and enhancement of forest carbon stocks (ie REDD+);
4. Undertaking actions to support green industrialization in Africa and improving green infrastructure, including helping the poor access more sustainable energy solutions and improving waste management;
5. Supporting other special initiatives geared towards mitigation.

2.3.2 Selected mitigation and low-carbon development projects

Box 8 highlights a few selected projects that demonstrate the Bank's efforts to reduce GHG emissions from its operations and to assist its member countries with meeting their climate change commitments under the Paris Agreement.

BOX 8: MITIGATION AND LOW-CARBON DEVELOPMENT PROJECTS

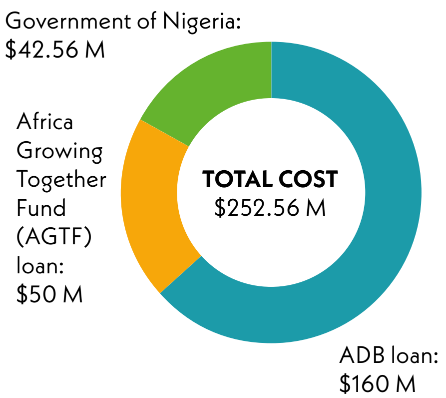
LIGHT UP AND POWER AFRICA

Nigeria Transmission Expansion Project Phase 1

Context and climate change rationale

The poor state of the power sector, which is beset with inefficiencies and problems related to its inadequate transmission infrastructure, is one of the major obstacles to higher economic growth rates in Nigeria. Climate change is leading to growing electricity demand and exacerbated supply problems through increases in temperature and flooding. This project will contribute to two of the mitigation targets in Nigeria's NDC: to achieve an emission reduction of 102 million tCO_2e through the deployment of efficient gas power stations and a reduction of 26 million tCO_2e through reduction of transmission losses by 2030. The project will increase the stability and capacity of the transmission grid and consequently reduce the amount of stranded (unutilized) power. This in turn will allow for the development of new generation assets and for delivery of more power to the population and businesses, thus reducing their reliance on polluting small-scale diesel generators and contributing to low-carbon development. Climate adaptation measures integrated into the project include: (i) Construction of coastal and river flood defences around substations; (ii) Deepening of the foundations of transmission towers in areas prone to flooding; (iii) Modification of routing to reduce impacts on vulnerable ecosystems such as forests and wetlands as well as communities affected by the project; (iv) Provision of climate change training to project staff to improve operational performance in dealing with climate risks; (v) More frequent maintenance and checks of transmission lines, especially after severe weather events; (vi) Identification of specialist insurance products for high value assets; (vii) Design of improved land management practices to control erosion along transmission routes; and (viii) Installation of Gap-type conductors on overhead lines, which are resistant to high temperature and prevent excessive sagging.

Sources of funding



Expected results

- Enhanced access to clean and efficient energy, reducing dependence of the population on polluting energy sources;
- Injection of a projected 4 GW of electricity to end users;
- Reduced climate vulnerability of transmission infrastructure, reduced impacts of transmission infrastructure on vulnerable ecosystems and local communities, improved operational resilience to climate risks;
- GHG emission reduction: The project will contribute to eliminating Nigeria's 22 million diesel/ gasoline generators by reducing independent generation capacity by 4000 MW by 2024 and reducing GHG emissions by more than 11 million tCO_2e per year (according to the Bank's GHG Accounting tool), representing 44% of Nigeria's NDC target for emission reduction through reducing transmission losses.

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FEED AFRICA

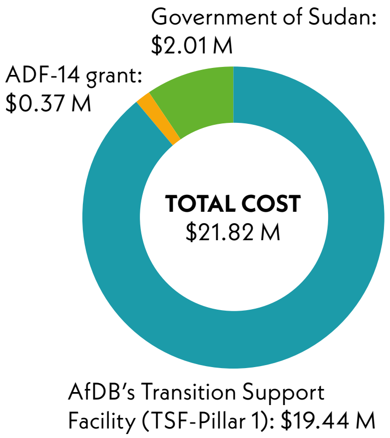
Sudan Solar (PV) Powered Pumping for Irrigation (Desert-To-Power Initiative)

Context and climate change rationale

Sudan is highly vulnerable to climate change, and one of the sectors worst affected by climate change in the country is agriculture. Over 70% of the population rely on rain-fed agriculture and pastoralism, and climate change exposes them to various risks including reduced water supply, frequent and prolonged droughts and crop failures, reduced pasture yields and increasing animal losses. This normally results in famine and food insecurity. The Solar (PV) Powered Pumping Project aims to accelerate the adoption of off-grid solar PV-powered pumping systems for irrigation by replacing diesel-powered pumps with solar pumps. The objective of the project is to help farmers reduce their dependence on imported fossil fuels for their irrigation water supply, to foster economic and social development by increasing crop production in agricultural areas throughout Sudan, and to promote a peaceful environment for water resources use.

Sudan's NDC includes among its mitigation targets 20% renewable energy in the country's energy mix and the installation of 1,000 MW of solar power capacity. The main climate risks to the project are dust- and sandstorms, especially during the winter, and heavy cloud cover during the rainy season, both of which will affect solar insolation and the functioning of the solar water pumps. Several measures have been put in place to mitigate this risk, including (i) Promotion of climate-smart agricultural practices; (ii) Adoption of efficient irrigation methods such as centre pivot systems, drip irrigation, and sprinkler irrigation; and (iii) Adoption of high-yield, disease-, heat-, and drought-resistant crop varieties. The project will cushion the 1,170 farmers from climate risks while building their capacity to cope through irrigation and improved crop productivity.

Sources of funding



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Expected results

- The project will replace 1,170 diesel-powered water pumps with solar PV-powered pumps for irrigation of farmlands in the states of North Kordofan and West Kordofan. The direct beneficiaries will be the 1,170 farmers who will benefit from avoided dependency on fossil fuels, reduced operational costs, reduced downtime and time lost to repairs of the diesel generators, and from increased income;
- 50% of the beneficiaries will be women or farms with high shares of female labour;
- The associated national and local long-term benefits of the project include: (i) Reduced local pollution and GHG emissions; (ii) Savings due to avoided diesel cost after installation of solar pumps; (iii) Reduced downtime and loss of time to repair of diesel generators; and (iv) Increased income through higher yields and improved livelihoods;
- The project will contribute to the adaptation goals outlined in Sudan's National Adaptation Programme of Actions (NAPA). Adaptation co-benefits include: (i) Enabling farmers to plant crops during the winter (dry) season, which will allow them to benefit from market availability and better prices during this period (season switching); (ii) Promoting climate-smart agricultural practices, the use of efficient irrigation methods such as centre pivot systems, drip irrigation, and sprinkler irrigation, and the use of high-yield and heat- and drought-resistant crop varieties, thus cushioning the 1,170 farmers from climate risks while building their resilience through irrigation and improved crop productivity;
- As mentioned above, the project will also contribute to reducing GHG emissions. The project will replace 1,170 diesel water pumps with solar PV pumps. This will displace up to 117,680 tons of diesel fuel over the 20-year project period. Using the Bank's GHG Accounting and Reporting Tool, the GHG emission avoidance from the fuel saving is calculated as 376 ktCO_2e per year. This emission reduction will contribute to realizing Sudan's mitigation target as outlined in its NDC. The entire project cost is considered climate finance given the project's objective of reducing GHG emissions and building farmers' resilience to climate change.

INDUSTRIALIZE AFRICA

Senegal – South Agro-Industrial Processing Zone Project (PZTA-Sud or Agropole Sud)

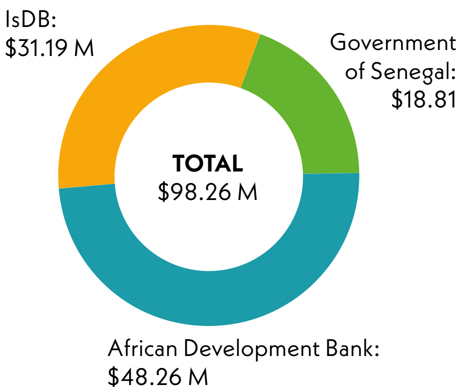
Context and climate change rationale

Attaining food security has long been a challenge in Senegal and food imports continue to weigh on the national trade balance. Imports of cereals and fruits/by-products amounted to $562.8 million and $63.1 million respectively in 2017. This project's objective is to contribute towards improving livelihoods by creating value addition to agricultural products and sustainably increasing productivity of two priority crops, mango and cashew nut.

Senegal is a climatically diverse country, with both humid tropical and more arid regions. Though its per capita emissions are just 1.2 t CO_2e, Senegal is the 43rd most vulnerable country to climate change and the 66th least prepared, according to the ND-GAIN index on climate vulnerability. Future trends from climate models point to higher climate unpredictability and a higher risk of aridity, due to a decrease in precipitation and an increase in temperature, by 2035. Climate risks such as droughts, decreases in rainfall, floods, and locust plagues are expected to become more frequent and severe in Senegal. These risks threaten both the economy and food security, given the important role of agriculture, a highly climate sensitive sector.

The project is vulnerable to climate change and has been screened to properly address potential climate risks that may affect project objectives and expected results. Climate projections indicate that Senegal, and particularly the project area, will experience severe and more unpredictable climate conditions, with the main risks being droughts, rainfall decrease, locust plagues, extreme rainfall events, and floods. The project intervention has the potential to slow down GHG emissions growth by improving crop yields through the adoption of climate-smart agricultural technologies. This will result in the abandonment of extensive and unsustainable agricultural practices, which are major sources of GHG emissions in the agriculture and land use change sectors. Climate risk management and adaptation options have also been incorporated into the project design. The sizing of the structures will take into account the geotechnical and climatic conditions specific to each site.

Sources of funds



Expected results

- The project has the potential to slow down GHG emissions trends in the agriculture and land use change sectors. The project intervention will also improve crop yields through the adoption of climate-smart agricultural technologies. This will result in the abandonment of extensive and unsustainable agricultural practices, which are major sources of GHG emissions in the agriculture and land use change sectors.
- By improving agricultural products processing and marketing, the project will reduce post-harvest losses, increase farmers' incomes, and reduce further land clearing and deforestation for crop production.

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2.4 Pillar 3 |

Mobilizing resources to finance climate action and green growth in Africa

2.4.1 Introduction

The Paris Agreement on climate change calls on parties to make financing flows consistent with climate-resilient and low-carbon development pathways, in order to contribute to climate change mitigation and adaptation efforts in the developing world. Although the cost of climate inaction is far higher than the cost of early investment in climate mitigation and adaptation, the transition to climate-resilient, low-carbon development still requires significant investment.

Under the CCAP2, the Bank has committed to mobilize 40% its own climate finance by 2020. It also aims to allocate more funds to adaptation than mitigation. The CCAP2 identifies different funding sources – both internally managed and external funds – for its envisioned financing scale-up and efforts will be directed towards engaging the private sector to leverage additional finance. The primary sources of climate finance are:

i. **African Development Bank financing window and African Development Fund:** The Bank has increased the proportion of development finance directed towards climate change-related activities and by 2025 the Bank is envisioned as the primary mechanism for mobilizing finance to scale up climate action on the continent;

ii. **Internal trust funds:** Currently, the trust funds account for a small proportion of climate finance, but they can support novel projects and non-traditional development partners, and can be blended with national trust funds to help mobilize action and investment;

iii. **External climate funds:** The Bank has been accredited as an implementing entity for major multilateral climate funds including the Adaptation Fund, the Climate Investment Funds, and the Green Climate Fund and will continue to develop a pipeline of large-scale projects, with matching levels of co-financing from the Bank to help attract private capital;

iv. **Scaling up of private finance:** The Bank is making strides in unlocking investment from the private sector, including from impact investors, private equity funds, and institutional investors, and will continue to do so through increased use of public–private partnerships and blending the Bank's own resources to de-risk climate projects;

v. **Increased use of market- and incentive-based mechanisms**, including ABM, to scale up climate investment;

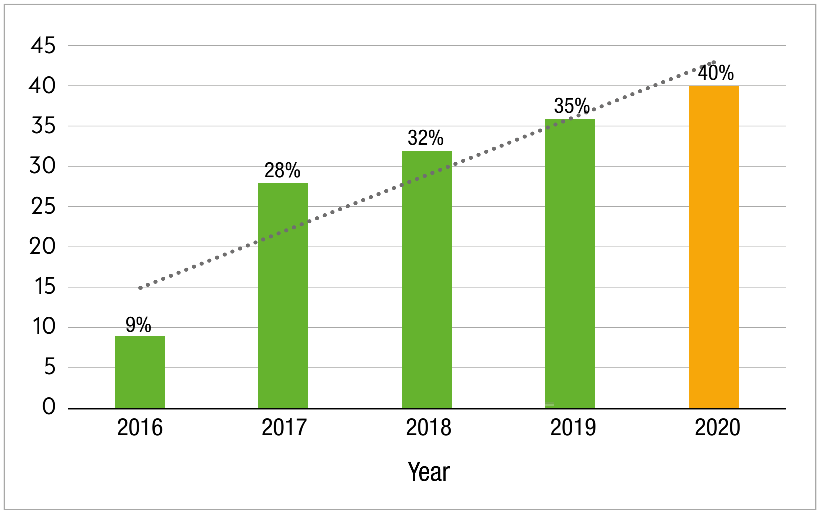
vi. **Increased financing from domestic sources** in African countries, including the establishment of national funds.

In 2018, global climate finance fell to $546 billion from a high of $612 billion in 2017. Estimates of the investment required to achieve a global low-carbon transition range from $1.6 trillion to $3.8 trillion annually between 2016 and 2050 for supply-side energy system investments alone, while the Global Commission on Adaptation estimates the cost of adaptation at $180 billion annually from 2020 to 2030. This adds up to an average of $2.9 trillion annually, nearly five times the average of $580 billion made available in 2017/2018.

The volume and trend of climate finance flows to Africa far from meets the financial needs. According to the Climate Policy Initiative's 2019 report, despite considerable progress, climate finance flows to Africa accounted for an average of 3.2% ($19 billion) of global climate finance flows during 2017 and 2018. A recent NDC gap assessment by the Bank shows that African countries will need over $3 trillion in investments by 2030 in order to implement their NDCs. It is thus evident that there is an enormous gap between the funding currently available and the funding required to secure low-carbon and climate-resilient development in Africa and beyond.

The Bank is making steady progress towards attaining its 40% climate finance target by 2020 (Figure 9).

FIGURE 9: THE BANK'S TRAJECTORY TOWARDS 40% CLIMATE FINANCE

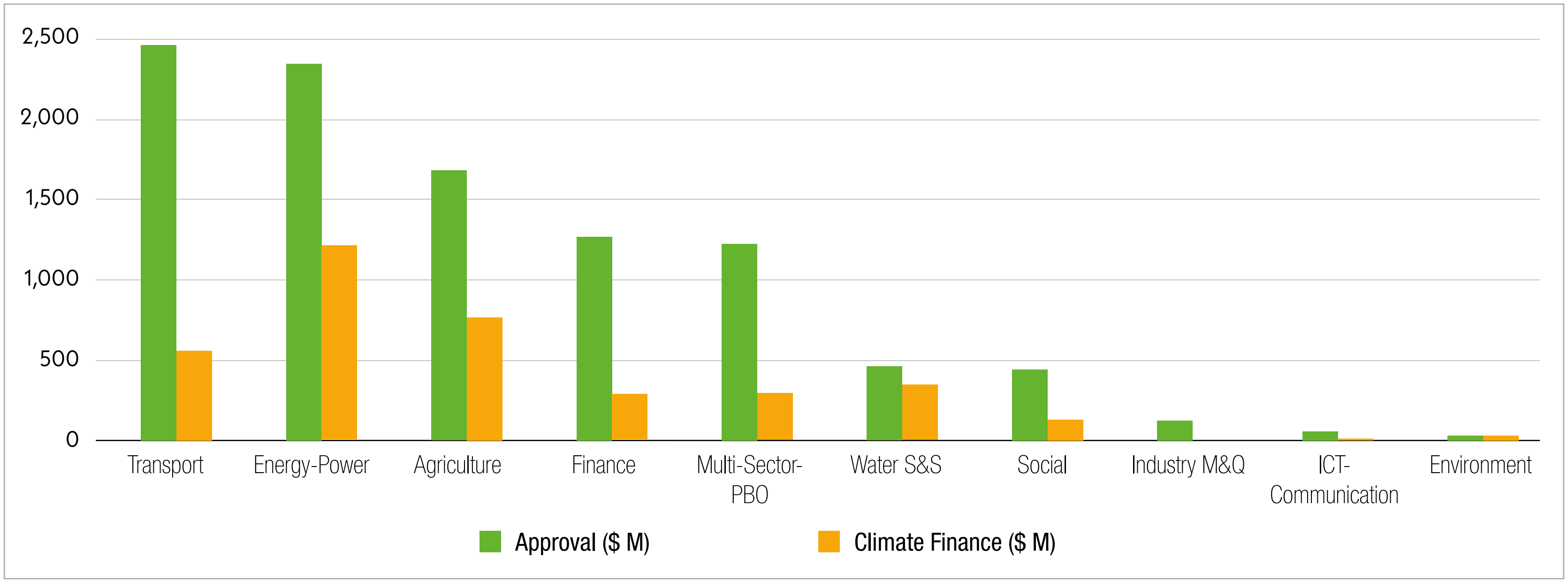


Approximately 83% of the Bank's climate finance resources come from internal sources, mainly the windows of the African Development Bank and the African Development Fund. The remaining 17% have come from external climate finance and trust funds, as presented in Table 4. Moreover, 2/3 of the Bank's climate finance has come from public funds while only 1/3 came from private resources. In 2021-2025, the Bank aims to allocate a record $25 billion of climate finance. This ambitious target will be supported by an updated climate change framework in the shape of a Climate Change & Green Growth Policy, Strategy and Action Plan to be developed in 2020. The efforts will be further enhanced by identifying additional opportunities for resource mobilization and engaging with potential donors with the aim of securing more funding.

In 2019, the Bank approved 172 projects with a total value of $10.2 billion, of which $3.6 billion (35%) was allocated as climate finance. The largest part of the Bank's mitigation finance was allocated to the energy sector and $2 billion (55% of climate finance) was allocated to adaptation projects. This far exceeded the Bank's parity goal.

In 2019, 64% of total approvals were committed to three sectors: transport, energy-power, and agriculture, representing 24%, 23%, and 17% of the total approvals respectively. The same sectors also received the majority of climate finance (71%), accounting for 13%, 32%, and 26% respectively. Figure 10 presents the sectoral breakdown of climate finance allocations.

FIGURE 10: TOTAL APPROVALS VS CLIMATE FINANCE BY SECTOR



Mauritania: On track to beating drinking water shortages

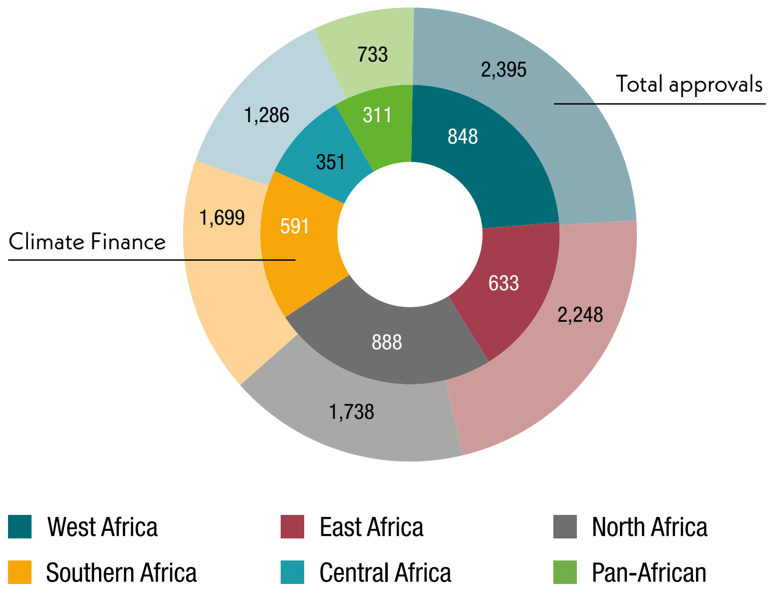
Table 4: Climate finance mobilized in 2019

SOURCE	APPROVAL $M		CLIMATE FINANCE $M		ADAPTATION $M		MITIGATION $M	
	PRIVATE	PUBLIC	PRIVATE	PUBLIC	PRIVATE	PUBLIC	PRIVATE	PUBLIC
Internal	2,931	5,879	1,160	1,833	355	1,297	805	535
External	187	1,172	139	469	—	316	139	153
Grand total	**3,118**	**7,051**	**1,299**	**2,302**	**355**	**1,613**	**944**	**689**

2.4.2 Internal climate finance

In 2019, West Africa (24%) and East Africa (22%) received the highest shares of total approvals, while the highest shares of climate finance were allocated to North Africa (25%) and West Africa (24%), see Figure 11.

FIGURE 11: TOTAL APPROVALS VS CLIMATE FINANCE BY REGION (2019)



Note: Total approvals in a lighter shade of the same colour.

In the year 2020, the Bank will work towards a double target, one based on the second climate change action plan and the other, emanating from the senior management commitment, of investing $25 billion in climate finance by 2025. These ambitious targets reflect the widespread realization that efforts will need to be scaled up in order to achieve full alignment with the Paris Agreement.

Watershed management, Cape Verde

2.4.3 External resource mobilization

In 2019, the Bank mobilized $682 million from external climate finance instruments, as detailed in Table 5.

Table 5: 2019 external climate finance flows (dedicated climate change funds and other funds)

SOURCE OF FINANCE	ADAPTATION FINANCE	MITIGATION FINANCE	DEDICATED CLIMATE FUNDS	EXTERNAL SOURCES	TOTAL EXTERNAL CLIMATE FINANCE
Africa Climate Change Fund	12		12		12
Africa Growing Together Fund	94	49		143	143
Climate Investment Funds		57	57		57
EU Africa Investment Facility	3			3	3
EU Africa Investment Platform	32	53		86	86
EU-Africa Infrastructure Trust Fund	2	11		13	13
European Union – European Fund for Sustainable Development		55		55	55
Global Environment Facility	54		54		54
Multi-Donor Trust Fund for Zimbabwe	4			4	4
Private Sector Credit Enhancement Facility		9		9	9
Rural Water Supply & Sanitation Initiative	5			5	5
Special Relief Fund	6			6	6
Transition Support Facility	141	54		195	195
European Commission	11	6		16	16
Sustainable Energy Fund for Africa		4	4		4
Green Climate Fund		20	20		20
Grand Total	**364**	**318**	**147**	**535**	**682**

Climate Investment Funds

The Bank is an implementing partner of Climate Investment Funds (CIF), with a growing portfolio of renewable energy, sustainable forestry, and resilience solutions across four of the CIF programmes: the Clean Technology Fund, the Scaling Up Renewable Energy Programme in Low Income Countries, the Forest Investment Programme, and the Pilot Programme for Climate Resilience.

Since the Funds' inception, the Bank and CIF have played an important role in accelerating climate-related investments in Africa. As of the end of 2019, the Bank has mobilized a total of $866 million from the CIF and leveraged a further estimated $10.7 billion in co-financing from public and private sources. In 2019, the Bank mobilized $90 million from its own resources and $57.2 million as co-financing from CIF.

The funds mobilized from CIF in 2019 were allocated to the projects presented in Table 6.

Box 9 provides a spotlight on the Facility for Energy Inclusion, one of the key investments by the CIF, and discusses its important role in promoting low-carbon development in the continent.

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Table 6: 2019 AfDB/CIF approved and project preparation funding

PROJECTS FINANCED IN 2019	AMOUNT MOBILIZED (MILLION $)
Facility for Energy Inclusion – On grid Window	20
Renewable Energy for Electrification in Liberia	23.5
Kopere Solar PV Project in Kenya	11.6
Project preparation grant to finance the Zambia Wind Power Promotion project	1.15
Project preparation grant to finance the Mali Solar PV IPP project	0.95

BOX 9: SPOTLIGHT ON THE FACILITY FOR ENERGY INCLUSION

The Facility for Energy Inclusion (FEI) is a $500 million debt financing platform for small-scale renewable energy projects (off-grid solar, small independent power producers, and mini-grids) with the objectives of aggregating capital, structuring bankable projects, and accelerating their delivery so as to increase access to clean energy across Africa. FEI will provide long-term debt for project finance through its On-grid Window and support pay-as-you-go system companies and other innovative off-grid energy access companies through the Off-grid Window.

Both windows will be designed to embrace innovation and are expected to play an important role in providing financial technologies to the energy access sector, whether through new lending models, payment mechanisms or data analytics to improve credit scoring. FEI aims to create a viable market for long-term commercial funding by, among others, financing local commercial banks and allowing them to build their capacity while developing a credit history for the sector in order to ensure long-term financial sustainability.

FEI is expected to yield positive gender and social outcomes by facilitating 3.3 million new connections, mostly in rural areas, and improving the reliability of energy supply, thereby significantly enhancing the climate resilience of beneficiaries, especially children and women.

The facility will contribute to the avoidance of around 1.5 Mt CO_2e over its lifetime and set an example for private sector involvement in meeting the objectives of the Paris Agreement in the target countries.

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Sustainable Energy Fund for Africa (SEFA)

SEFA is a multi-donor facility administered by the Bank designed to unlock private investments in renewable energy and energy efficiency across the African continent. SEFA aims to transform energy markets through programmatic interventions and strategic investments in the areas of:

- Green baseload: deployment of greener power alternatives to fossil fuel-based options to meet baseload requirements;
- Green mini-grid: programmatic interventions to scale-up mini-grid solutions for providing electricity access to underserved populations in rural areas;
- Energy efficiency: integration of energy efficiency opportunities in power systems and deployment of more efficient infrastructure and appliances.

The SEFA technical assistance window is administered through the following instruments:

- Reimbursable grants for project preparation, to be repaid at financial close or commencement of commercial operations;
- Grants for enabling environment, with a focus on activities that will directly unlock investments (*eg* IPP procurement schemes).

SEFA equity is provided through the Africa Renewable Energy Fund (AREF) Concessional Investment window:

- investment grants (including RBF grants);
- junior equity in intermediated structures (*eg* Funds);
- concessional debt in project finance structures.

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NOOR solar complex project in Ouarzazate, Morocco. Co-financed by the African Development Bank and the Climate Investment Funds

Global Environment Facility

Over the past year, the African Development Bank-GEF Partnership has continued to support the Bank's Ten-Year Strategy and High 5s. Bank-GEF resources have been invested in projects addressing a range of environmental problems, including severe climate change adaptation challenges and natural resources degradation.

The year 2019 saw further progress in the Bank's ability to mobilize GEF resources to co-finance its own operations through pipeline identification, project preparation and engagement with regional member countries. The 56th Global Environment Facility Council and the 26th Least Developed Countries Fund (LDCF) Council approved total funding amounting to $44 million to support the Bank's work in key areas such as chemicals and waste management and climate change adaptation. Further business development also led to project approvals at the 57th GEF Council and 27th LDCF Council for a total amount of $10.7 million, to co-finance the Bank's activities in support of urban development planning, sustainable land management, urban resilience to climate extremes, rural livelihoods improvement, and fisheries protection. This funding will benefit 14 countries across the continent.

In addition, the following LDCF projects will be implemented: i) In the Gambia, a project will help enhance water supply to rural and peri-urban communities for domestic and agricultural use; ii) In Uganda, the project will strengthen the adaptive capacity and resilience of communities in the country's watersheds in the face of climate extremes; and iii) The multi-trust fund project in Tanzania will combine sustainable management action with improved early warning systems to enhance Dodoma City's resilience to climate change impacts.

The 56th GEF Council meeting in June 2019 approved a $23.5 million project dealing with chemical and waste management, the first project by the African Development Bank-GEF Partnership in this sector. This intervention will scale up investments and technology transfer in 11 countries across Western, Eastern, and Southern Africa to facilitate capacity strengthening and technical assistance for the implementation of the Stockholm Convention on Persistent Organic Pollutants and the Minamata Convention on Mercury in African LDCs. The objective of the project is to promote circular economy approaches within national development frameworks to achieve economic development while scaling up investments and promoting the use of Best Available Techniques/Best Environmental Practices (BAT/BEP) to eliminate, reduce, and control sources of persistent organic pollutants and mercury pollution in the target countries.

In 2019, five African Development Bank-GEF projects worth $26 million were formally approved by the Bank's Board. These five projects will integrate climate change and sustainable land management practices in Angola, build resilience to food insecurity in the Sahel in Chad, strengthen transboundary cooperation and integrated natural resource management in the Songwe River basin in Malawi and Tanzania, and contribute to climate-resilient and sustainable water supply in Lesotho and Malawi.

In 2019, the Bank secured a total of $54 million in GEF funding, the highest amount since 2013 (during GEF-5). Going forward, the Bank will continue working with member countries to mobilize even more resources from the GEF to address global environmental concerns.

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Green Climate Fund

The Green Climate Fund's (GCF's) operations in 2019 were severely constrained by a lack of resources before the Fund's replenishment cycle. The GCF's commitment authority for approvals in 2019 amounted to just $1.2 billion. The GCF Board allocated about $1.1 billion of its funds to 32 funding proposals. The Bank submitted seven funding proposals for a total of $400 million to the GCF Secretariat.

Only the Programme on Affirmative Finance Action for Women in Africa: Financing Climate Resilient Agricultural Practices in Ghana was approved and allocated $20 million (Box 10). At the GCF pledging conference in France on 25 October, 2019, 27 countries pledged to replenish the Fund with $9.8 billion. These resources will be available for approval of funding proposals in 2020.

Coming into effect of the Accredited Master Agreement
The Bank submitted its certificate of accreditation to the GCF Secretariat on 16 August, 2019, while a team including the Director of PECG were in attendance at the Global Programming Conference in Songdo, South Korea. The Bank received the Notice of Acceptance from the GCF on 7 November, 2019, triggering the coming into force of the Accredited Master Agreement. This completed the process of the Bank's accreditation and the Bank can now channel GCF funds to projects addressing the Fund's five investment priorities.

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BOX 10: PROGRAM ON AFFIRMATIVE FINANCE ACTION FOR WOMEN IN AFRICA (AFAWA): FINANCING CLIMATE RESILIENT AGRICULTURAL PRACTICES IN GHANA

Location: **Ghana**
Approved: **July 2019**

Empowering vulnerable women groups in the country's most vulnerable agricultural zone by improving their participation in low-emission climate resilitent agricultural practices.

IMPACT

- Program dedicated to women
- Theme
  - + Cross-cutting
- GCF Results Area
  - + Energy generation access
  - + Forests and land use
  - + Health, food and water security
  - + Livelihoods of people and communities
  - + Ecosystems and ecosystem services
- CO_2 equivalent avoided 3.2m anticipated tonnes

INVESTMENT DATA

- GCF Financing
  - + Loan $18.5 million
  - + Grant $1.5 million
- Co-Financing
  - + African Development Bank Loan $5 million
  - + Local Financial Institution $600 thousand

PROJECT BENEFICIARIES

- The total direct and indirect beneficiaries are 373,720.
- Component 1: 400 women-led farm-based associations (FBAs) and agribusiness MSMEs practicing low-emission climate resilient agricultural activities.
- Component 2: Local financial institutions and about 400 women-led FBAs and agribusiness MSMEs practicing climate resilient agricultural activities.

AFRICA CLIMATE CHANGE FUND

Africa Climate Change Fund

In 2019, the Government of Flanders committed €1.046 million to the Africa Climate Change Fund (ACCF).[1] This contribution will enable the ACCF to advance waitlisted projects which were retained in the pipeline after the second call for proposals. The commitment follows an initial contribution of €2 million in November 2016 and is a testament to the performance and an acknowledgement of the relevance of ACCF's work to advancing the climate change agenda in Africa. Moving forward, ACCF will strengthen its resource mobilization initiatives by engaging with other potential donors to secure further funding to grow its portfolio and its geographic coverage on the African continent.

In September 2019, the ACCF Oversight Committee approved the following seven projects from its second call for proposals, for a total amount of $4.7 million:

i. Local Climate Adaptive Living Facility - Benin and Lesotho: This project will contribute to improving the climate resilience of communities and local economies by increasing investments in climate change adaptation in target areas; it will be implemented by the United Nations Capital Development Fund (UNCDF);

ii. Syntrophic agriculture as strategy to foster resilience, climate adaptation and recovery of vulnerable communities living in degraded marine and coastal ecosystems in Zambezia (Mozambique): This project will improve the environmental resilience and economic sustainability of smallholder farmers and their households in Zambezia through a gender-oriented eco-governance productive model; it will be implemented by a consortium of partners led by the NGO ICEI (Istituto Cooperazione Economica Internazionale);

iii. Building climate resilience through youth and women farmers in Sudan: This project will contribute to building an inclusive and climate-resilient ecosystem for food security and sustainable growth in Sudan; it will be implemented by the NGO Zenab for Women in Development (ZWD);

iv. Removing barriers to climate finance access by local governments/municipalities - Senegal: This project will seek to remove barriers hindering local governments' access to climate finance, in particular to global funds; it will be implemented by the Ministry of Territorial Governance, Development and Land Planning of Senegal through the National Programme for Local Development;

v. Green energy for women and youth resilience in Uganda and Kenya: This project will build the resilience of women and youths, support Kenya and Uganda's transition to low-carbon development and scale up access to climate finance;

vi. Cocoa Livelihoods Resilience - enhancing the resilience of smallholder cocoa farmers in Côte d'Ivoire through piloting the Adaptation Benefits Mechanism (ABM): To be implemented by the African Development Bank in collaboration with the World Agroforestry Centre (ICRAF) and other partners;

vii. The Africa NDC Hub: Supporting NDC Implementation in Africa: to be implemented by the African Development Bank.

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1 http://tiny.cc/ACCF

2.4.4 Green finance initiatives

Green banks and national climate change funds (NCCFS)

Green banks and national climate change funds have recently received a significant increase in attention from the international finance community, with successful initiatives established in countries including the UK and the USA.[2] These instruments have the potential to catalyse domestic and private sector investment in low-carbon and climate-resilient infrastructure. They can raise funds in local currencies through levies (*eg* on fossil fuel or the import of cars) and use those funds to crowd in additional finance in both hard and soft currencies.

In 2019 the Bank received a grant from the Climate Investment Funds Country Programming Budget to investigate the potential for the development of green banks and national climate change funds in Africa, with a view to establishing and capitalizing funds that may then implement CIF-approved investment plans. The GCF expressed interest in a programmatic initiative to capitalize the funds. In 2019, the NGO Coalition for Green Capital, based in the USA, was appointed to undertake a study on the state of green banks and NCCFs in Africa and worldwide, highlight lessons learnt and provide guidance on the advantages and disadvantages of forming a green bank from an existing institution or starting anew. The report will be completed in 2020 and is expected to lead to the preparation of a funding proposal for GCF.

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2 For a list of active initiatives, see https://www.nrdc.org/media/2019/191210.

Green bonds

Between 2016 and 2019, the Bank issued 10 new bonds, for a total outstanding of $1,282,817,596 in 2019. The Bank also signed a partnership with Japan's Government Pension Investment Fund, the largest pension fund in the world, to provide unique investment opportunities in climate mitigation and adaptation projects in Africa, as well as projects contributing to poverty reduction, job creation, and inclusive green growth.

The energy sector still accounts for the largest share of the Bank's green bonds portfolio, followed by transport, water management and ecosystem conservation (Figure 12).

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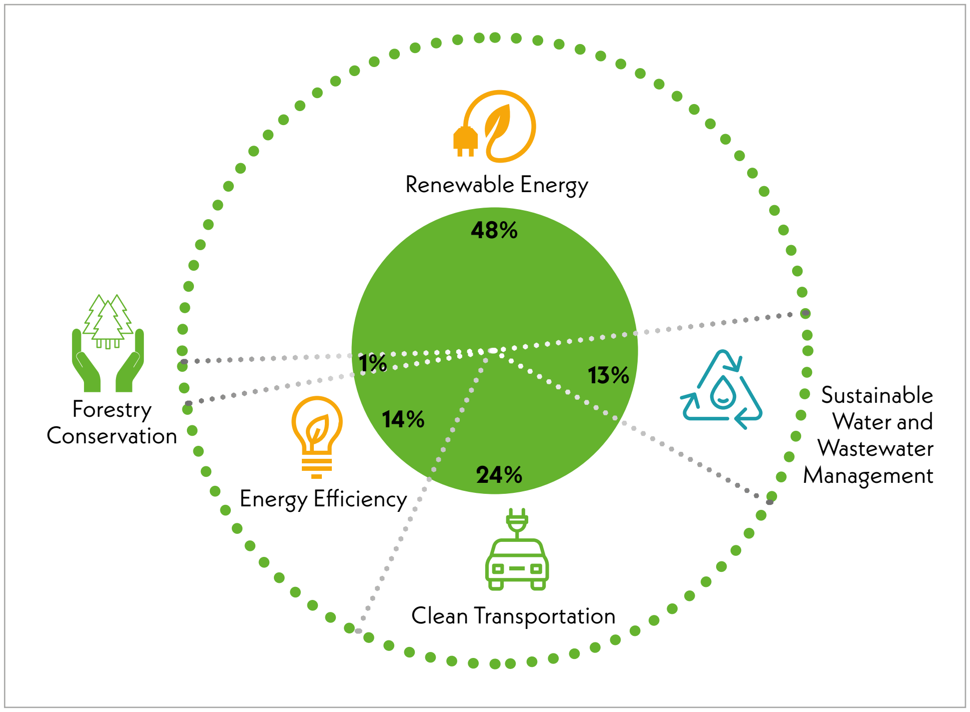
FIGURE 12: BANK GREEN BONDS PORTFOLIO



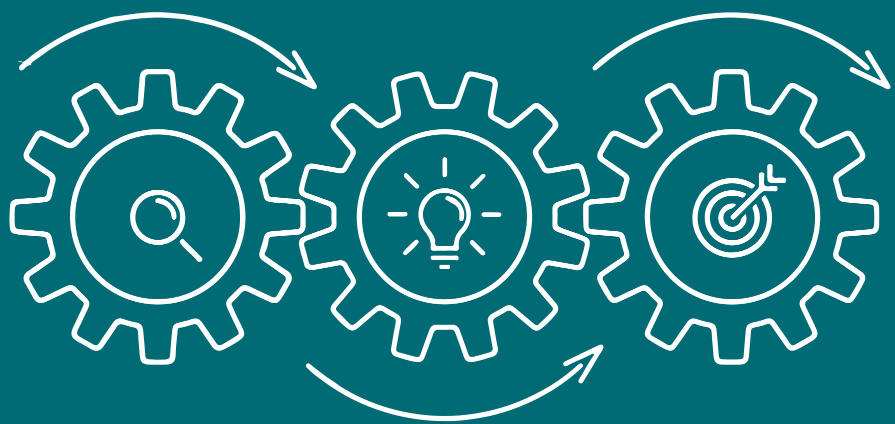
A woman with her children is seen sieving cassava at one of The New Association for the Marketing of Agro-Food Products (NSCPA) sites

2.5 Pillar 4 | Fostering an enabling environment for climate action in Africa

2.5.1 Introduction

Creating an enabling environment for green investment is key to promoting climate action in Africa. The African Development Bank will continue to build on its already considerable experience to develop a positive regulatory and policy environment, an instrumental precursor for climate change action and for achieving the objectives of the CCAP2. An enabling environment will both provide the conditions for effective climate change action to flourish within African countries and signal to the market that climate change action offers viable investment opportunities by:

- Building readiness to access climate funds: The Bank helps to build the capacity of countries to access and manage finance from a variety of climate funds, including the GCF. Through its ACCF, the Bank also assists countries in building a pipeline of bankable projects. In addition, the Bank provides support throughout the project cycle and helps countries apply the required fiduciary, environmental, and social safeguards;
- Providing NDC support: The Bank hosts the Africa NDC Hub Secretariat, a platform of 18 institutions that supports African countries to translate the targets in their NDCs into concrete actions, mainstream NDC goals into their national development plans, and create awareness among various actors (eg African parliamentarians and private sector operators) of NDC investment opportunities;
- The development of methodologies and tools that RMCs can use to design and implement climate change interventions, such as screening tools and accounting methodologies;
- Technology transfer and innovation across different sectors: A prominent feature of African NDCs, improvements to and transfer of technology will be an essential element in tackling climate change. The CCAP2 aims to achieve better uptake of hard and soft technologies, the establishment of support structures such as legal and regulatory frameworks, and the removal of barriers, as well as the scale-up of successful pilots such as the Africa Climate Technology Finance Centre and Network.
- Participation in high-level events to promote climate action: The Bank also engaged with other MDBs to pilot climate-resilience metrics and develop the MDBs' six building blocks for Paris Agreement alignment and participated in the UNFCCC's COP25 in Madrid.



In 2019, the Bank carried out several important non-lending activities addressing climate change and green growth, such as technical assistance, capacity building, and knowledge initiatives, including the following.

2.5.2 Technical assistance

Africa Nationally Determined Contributions Hub (Africa NDC Hub)

In 2019, the Africa NDC Hub, which now counts 18 partner institutions, continued its efforts to support African countries in the elaboration of long-term low-carbon development strategies and National Adaptation Plans aligned with the objectives of the Paris Agreement. The Hub functions as a resource pool and collaborative platform that builds partnerships to ensure the implementation of African NDCs (see Box 11 for NDC Hub capacity-building activities).

Throughout the year, the Bank provided assistance to Angola and Cabo Verde for the mainstreaming of NDC targets in their National Development Plans. Three countries (Cameroon, Namibia, and Uganda) received support for the development of NDC investment plans that will help them access international climate funds to implement their NDC strategies.

Finally, in collaboration with the UNDP and AUDA-NEPAD, PECG published the 'Integrated Planning Guide' for the mainstreaming of NDCs in National Development Plans, a resource intended to guide African policymakers in the design of climate-informed national development strategies.

Through the NDC Hub, the Bank supports efforts to engage key government ministries (including ministries of Finance, Planning, and the Presidency), to raise awareness of the importance of NDC implementation and support the mainstreaming of climate change and green growth actions into national development plans and budgets. As NDCs are revised and updated, the NDC Hub will also support African countries to ensure that the targets set are in line with national priorities and are ambitious without being unachievable, and to develop action plans for their implementation.

African Financial Alliance on Climate Change (AFAC)[1]

AFAC
African Financial Alliance on Climate Change

In 2019, AFAC gained 100 new members from the Organization of Eastern and Southern Africa Insurers. During the Africa Investment Forum, PECG advocated for greater private sector investment to support the implementation of African NDCs. At the same time, PECG launched a guide presenting AFAC as 'an innovative approach to impact investing and greening of Africa's financial industry'. The guide highlights how key players in Africa's capital market and financial services industry can stimulate climate-resilient and low-carbon investing on the continent.

Furthermore, the AFAC Secretariat supported the development of climate risk assessment tools for the insurance sector. Enhancing climate risk disclosure will enable African investors to assess the financial impacts of the climate crisis on the assets under their management and make informed decisions.

The Africa Circular Economy Support Programme (ACESP)

The circular economy[2] has emerged in recent years as a strategic development strategy to drive inclusive green growth based on the sustainable management of natural resources. It is of particular relevance to the Bank's Ten-Year Strategy (2013-2022), which prioritizes inclusive and green growth to drive sustainable development across the continent. The circularity model can boost innovation, promote the sustainable sourcing of raw materials, and enhance industrial processes while also creating new jobs and businesses.

In many African countries, implementation of circular economy practices is still limited to the recycling and remanufacturing of waste materials and circularity has yet to be adopted in a meaningful way in industries, value chains, and business models. As African economies remain commodity-oriented, a circular economy strategy could help to 'leapfrog' to a more resource-efficient production system and to avoid locking in resource-intensive practices and infrastructure.

In August 2019, PECG initiated the development of a €4 million multi-donor trust fund to support the implementation of the Africa Circular Economy Support Programme (ACESP), with contributions

1 https://afac.africa

2 The Bank has defined the circular economy as "an alternative to a traditional linear economy (make, use, dispose) in which resources are kept or used for as long as possible, maximum value is extracted from them whilst in use, the materials are recovered, and products are regenerated at the end of each life cycle." See http://tiny.cc/AfDB-CE.

BOX 11: THE BANK'S SUPPORT FOR INSTITUTIONAL CAPACITY BUILDING AND NDC IMPLEMENTATION

In 2019, the Bank undertook NDC support activities in several countries.

- **Zimbabwe NDC scoping mission:** PECG engaged with the Government of Zimbabwe on their NDC commitments. The Bank is providing financial support for a number of energy and agriculture projects in the country with clear adaptation and mitigation benefits, though these have not been explicitly aligned with NDC targets. The country is in the process of reviewing its 2020-2025 commitments and has requested institutional support from the NDC Partnership and the Africa NDC Hub to undertake this exercise;
- **ECOWAS NDC implementation facilitation workshop:** The Bank engaged with all ECOWAS countries to support the revision of their NDCs by 2020, taking into account the changing context and growing ambitions;
- **Central Africa financial sector policy dialogue:** PECG participated in this dialogue that took place in Libreville, Gabon to promote NDC implementation as part of financial sector reforms in Central Africa, by identifying innovative financial instruments and promoting domestic resource mobilization;
- **East Africa gender and NDC workshop:** PECG collaborated with the gender team to organize a capacity building and strategy workshop for Eastern African policymakers on Gender Mainstreaming in Climate Change Policies, Plans and Strategies;
- **Nigeria NDC Partnership Meeting:** The Nigerian Federal Ministry of Environment and the NDC Partnership held a National Stakeholders Workshop on 16 May 2019 in Abuja, aiming to develop a common understanding of Nigeria's NDC implementation efforts. In Nigeria, PECG also developed a concept note for hosting a three-day climate change knowledge deepening workshop for sub-national level stakeholders;
- **Sudan NDC scoping mission:** The PECG team liaised with the NDC Partnership for the planning of a workshop on Sudan's NDC;
- **Ethiopia NDC support request:** Based on an analysis of the Bank's project pipeline for Ethiopia, PECG has identified areas where it could support NDC processes, and these have been communicated to the government. Preparations are underway for an NDC Partnership mission to Ethiopia;
- **Guinea NDC dialogue:** PECG engaged in a country dialogue with Guinea to explore opportunities for NDC support as well as possibilities for cooperation with UNDP. The Bank and the Government of Guinea identified priority projects for possible inclusion in the Indicative Programme of Bank Operations in Guinea, as new projects or as environmental components of projects to be developed under ADF-15;
- **Morocco NDC dialogue:** PECG engaged with task managers at the local office and the Moroccan NDC focal point to discuss potential alignment between the Bank's pipeline and the country's NDC priority projects (as listed in the NDC Partnership's implementation plan). A large programme in the water sector was identified for Bank co-financing with the GCF.

from Finland's Ministry of Foreign Affairs and the Nordic Development Fund. ACESP aims to spur action on the continent by scaling up existing circular economy interventions, replicating good practices, and disseminating locally grown circular economy innovations and practices. The programme will also support policy reforms, institutional capacity-building, and business skills development for MSMEs in the cleantech industry.

ACESP will contribute to a growing portfolio of circular economy initiatives in PECG, which has leveraged resources from the GEF and the Korea-Africa Economic Cooperation (KOAFEC) fund to support projects related to sustainable waste management.

Going forward, PECG will also host the secretariat of the African Circular Economy Alliance, a pan-African governmental initiative launched by the African ministers of environment, and coordinate its various circular economy projects across the continent.

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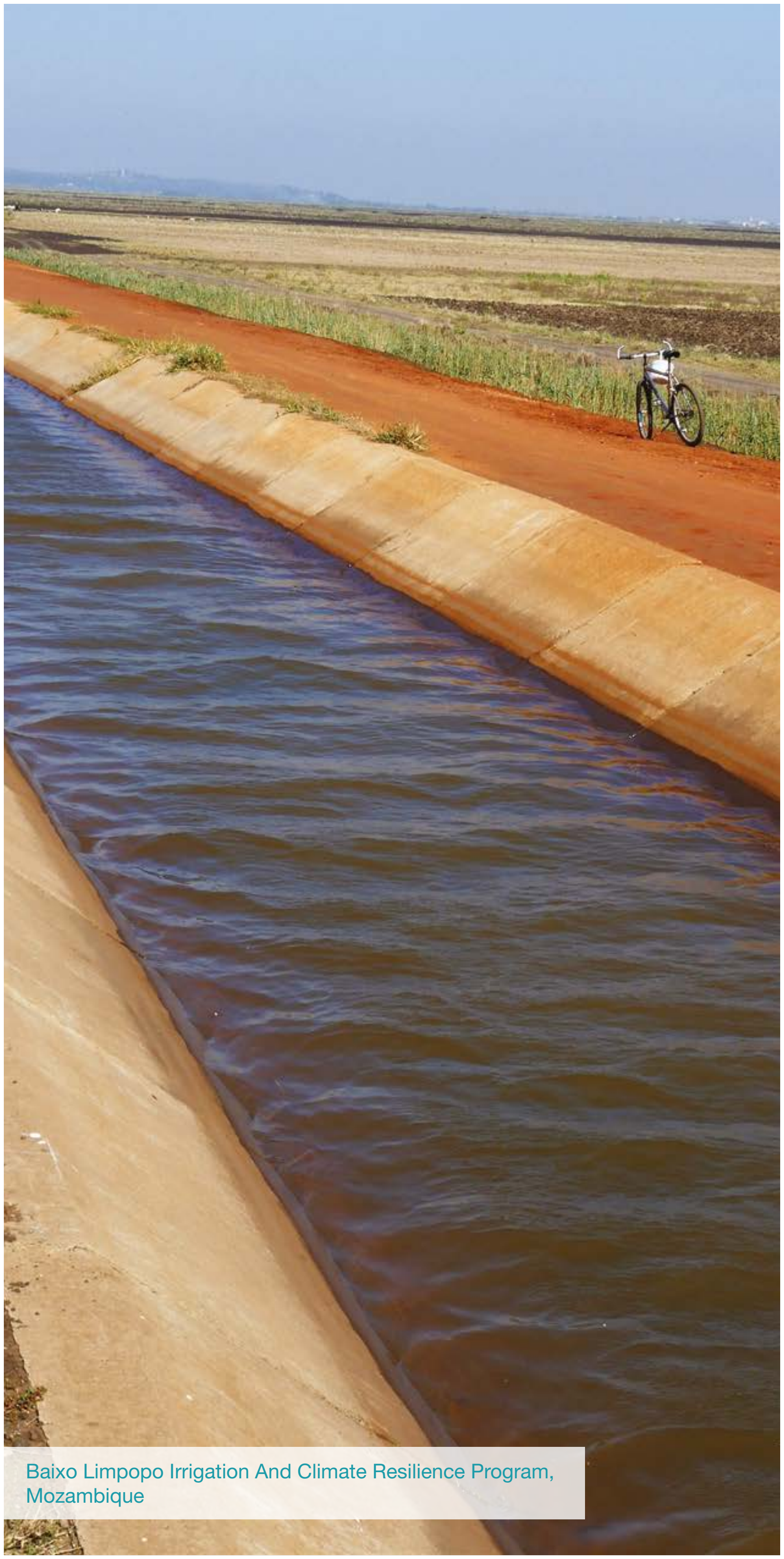


Baixo Limpopo Irrigation And Climate Resilience Program, Mozambique

2.5.3 Green growth strategic support

The Bank's support to green growth initiatives in Africa

Green growth offers considerable opportunities to address Africa's climate change-related and environmental challenges. Using its Green Growth Framework, the Bank developed a strategic approach to assist African countries' transitions towards green growth, by developing policies and investments to sustain and enhance Africa's natural capital assets. Over recent years, the Bank has supported many African countries to develop their green growth strategies and plans, including Gabon, Kenya, Morocco, Mozambique, and Zambia.

In Morocco, for instance, the Bank supported the transition to a green economy following the Green Morocco Plan, by significantly investing in sustainable forestry and climate-smart land and water management practices. The Bank's investment made agricultural water management in Morocco sustainable despite severe water stress. At the continental level, the Bank has demonstrated its commitment to promoting green through two key initiatives: the Africa Green Growth Readiness Assessment and the Africa Green Growth Index.

Developing Africa Green Growth Index

Building on a pilot version developed in 2015, the Bank is collaborating with the Global Green Growth Institute (GGGI) to develop the second phase of this Index, covering all 54 countries in Africa. The Index will measure African countries' performance and progress towards green growth.

Specifically, the Index will: (i) Provide a composite index to measure, track, and communicate green growth performance and progress of all 54 African countries; (ii) Improve knowledge on green growth and its drivers through a user-friendly index and policy tool to foster a data- and evidence-driven approach to identifying and developing strategies for green growth; and (iii) Inform governments, development partners, and businesses and demonstrate that green investment in (many) African countries is less risky than perceived.

The scoping study for the Index has already been completed. In the next phase, the Index will be developed through country consultations, development of composite indicators, and the identification of sustainability targets for benchmarking green growth on the continent, and built using updated datasets and targets.

Africa Green Growth Readiness Assessment

The Africa Green Growth Readiness Assessment (AGGRA) is a knowledge product resulting from a partnership agreement between the Bank and the Global Green Growth Institute (GGGI) (Figure 13). It will help to track Africa's progress towards sustainability and identify specific opportunities for achieving green growth on the continent.

The AGGRA places green growth at the centre of achieving the commitments made by African countries under the SDGs and in their NDCs, and outlines the benefits it can provide to the economy and the environment.

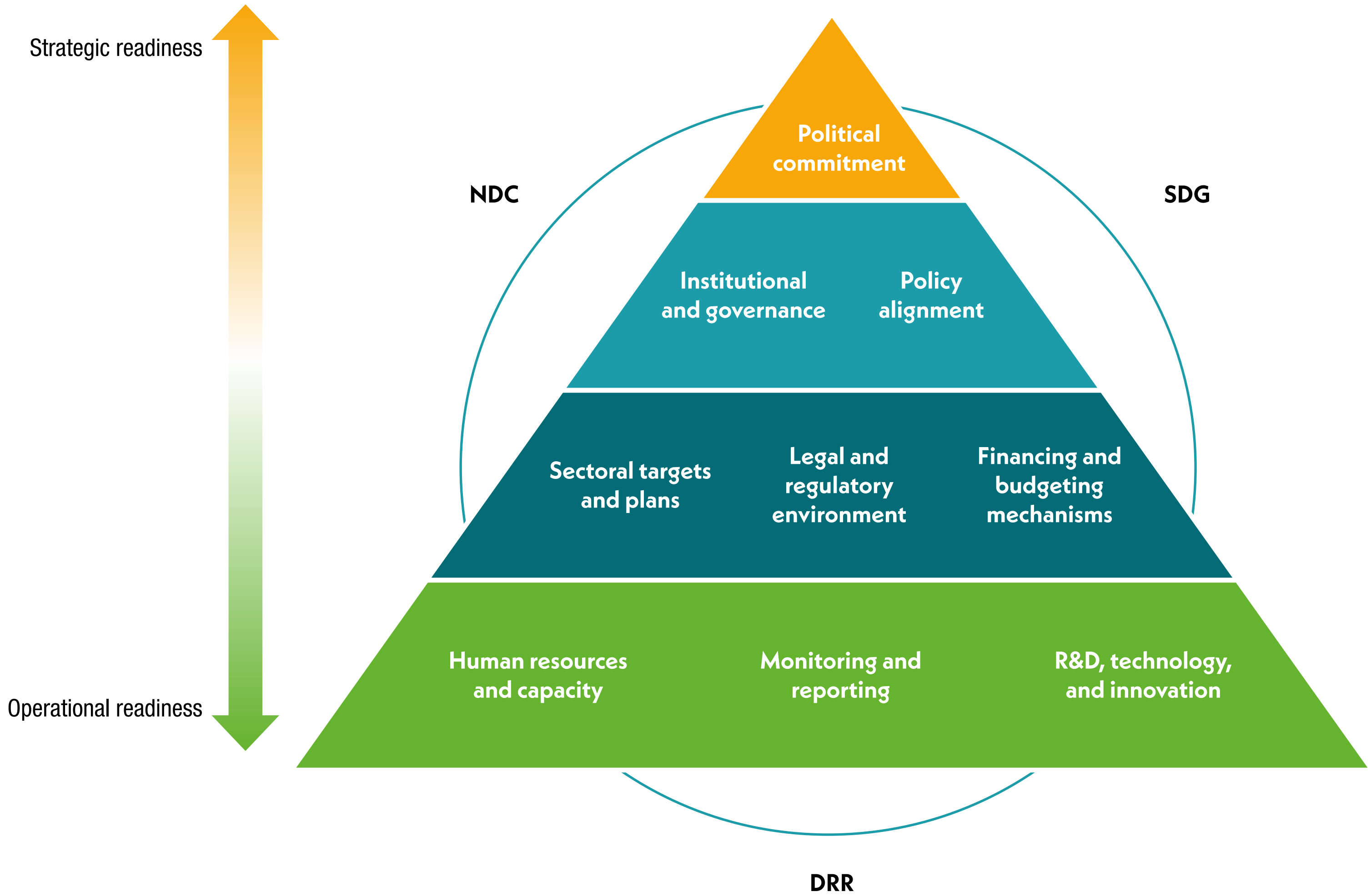
African countries were assessed based on nine readiness categories, with in-depth analysis conducted on seven countries: Gabon, Kenya, Morocco, Mozambique, Rwanda, Senegal, and Tunisia.

The following is a summary of key conclusions of the AGGRA.

Political vision and commitment

African countries demonstrate a high-level political commitment to green growth, as evidenced in Rwanda, Kenya, and Morocco with the active championing of the implementation of NDCs and SDGs by heads of state. In Kenya, for example, the president chairs the

FIGURE 13: GREEN GROWTH READINESS FRAMEWORK



Source: GGGI and African Development Bank

National Climate Change Council that oversees the National Climate Change Action Plan.

Institutional and governance readiness

In most countries studied, national institutions responsible for green growth had been established and were operational. These include, among others, sectoral ministries in charge of environment and climate change and environmental regulation, and natural resources management institutions. For instance, in Mozambique, the Ministry of Economy and Finance exercises oversight on all funds, including the National Fund for Sustainable Development. The findings also suggest that in some African countries, designated institutions exist but are not operational.

Policy readiness

Many African countries have developed national policies and action plans for green growth. For example, Gabon has a 'Green Gabon Plan', which is part of its 'Emerging Gabon Strategic Plan'. However, countries face various challenges in implementing these policies and action plans and aligning them with NDCs and national development plans.

Sector readiness

A significant number of countries (56% of respondents) indicated that state and private sector green investment plans were available, particularly for key sectors like renewable energy and resource-efficient manufacturing. For example, Senegal has put in place a $200 million Renewable Energy and Energy Efficiency Fund that provides incentives to private sector-led pilot projects. Similarly, through the PROSOL programme, Tunisia is scaling up residential solar water heating.

Legal and regulatory readiness

Most African countries lack key operational green growth regulations and/or incentive frameworks for promoting the implementation of NDCs and SDGs. These include subsidies for sustainable transport, clear regulations for off-grid renewables, green buildings, and others.

Financing readiness

A few African countries have established and operationalized their national green funds. For example, Rwanda has a $100 million National Fund for Climate and the Environment. Some of the countries studied have established such funds but have yet to operationalize them. In other countries, efforts to establish funds are ongoing.

Research and development readiness

Green technologies were identified and documented at the national level in various strategic and action plan documents, with priority given to climate change mitigation, adaptation, and resource-efficient technologies for selected sectors. These technologies could constitute an opportunity for research and development readiness at country and regional levels.

Human capacity readiness

The majority of countries studied (58%) have developed green growth curricula in technical and vocational education, institutions and universities, particularly in higher education. Morocco, for example, has established the Climate Change Competency Centre of Morocco for capacity building on climate change.

Tracking systems readiness

Half of the studied countries have integrated monitoring, evaluation, and reporting on NDCs and SDGs into national implementation plans, while the other half have yet to do so. Challenges cited include a lack of technical capacity and the need for financial support for the development and implementation of tracking systems for NDC and SDG implementation.

Preliminary recommendations to enhance green growth readiness

- Create a coherent policy environment in each African country to facilitate coordination among the key ministries involved in green growth, NDC and SDG implementation; and strengthen capacity for horizontal and vertical coordination;
- Ensure the implementation of green growth strategies and policies in an effective and integrated manner by mainstreaming NDCs and SDGs into national development plans and budgets; and prioritize sectors with green growth potential (*eg* climate-smart agriculture, renewable energy, climate-smart cities, sustainable transport);
- Promote robust regulatory reforms that facilitate green growth investments and ensure the enforcement of green growth legislation and standards;
- Enhance access to climate finance at scale, strengthen domestic resource mobilization including through national climate funds, and support SMEs and other private sector stakeholders to access climate finance;
- Develop the skills required to harness green growth opportunities, mainstream green growth in formal education systems, and promote public awareness;
- Strengthen monitoring, reporting, and verification systems to improve tracking and proper reporting of green growth investments in Africa.

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2.5.4 Special operations to promote climate action

Project Activity 1: Private Sector Investment Initiative for Nationally Determined Contributions (NDCs) in Africa

The goal of this project is to facilitate the participation of Africa's private sector in climate-related investments and support NDC implementation in six pilot countries: Angola, Egypt, Morocco, Mozambique, Nigeria, and South Africa. The project is divided into two components.

Component 1: Identification of NDC investment opportunities for the private sector
Under this component, the project seeks to address the challenges experienced by African public- and private-sector stakeholders in accessing climate finance flows. More specifically, the Bank will enhance the capacity of the NDC agencies and facilitate the implementation of adaptation and mitigation measures by the public and private sectors, financial sponsors and financiers. Concrete activities include: i) Identifying green investment opportunities and facilitating proposal development; ii) Linking the private sector to NDC investment opportunities and translating African NDCs into bankable and viable projects; iii) Creating an enabling environment for increased private sector investments in green business in Africa; and iv) Supporting mainstreaming of the NDCs within the Bank's private sector operations.

Component 2: Scaling up climate action through climate technology and innovation by SMEs
This component seeks to build on the work of AFAC by developing tools for SMEs and other private sector stakeholders to support them in assessing climate risks and opportunities for green investment.

The component includes the following concrete objectives:

- Develop a climate change screening tool and climate change mainstreaming toolkits for the use of private sector stakeholders in key sectors;
- Develop practical working materials to support private sector stakeholders in analysing climate change risks and opportunities and building solid adaptation strategies;
- Raise awareness and strengthen the capacity of private sector stakeholders to identify incremental costs due to climate change and identify climate finance and climate innovation opportunities;
- Support climate change mainstreaming at the Bank through lines of credit and develop toolkits for Bank staff and Investment Officers.

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Project Activity 2: Development of a green growth investment programme focused on waste management and the circular economy in Algeria, Ethiopia, and Rwanda

This KOAFEC-funded study seeks to illustrate the business case for waste management and circular economy activities in African economies and unlock opportunities for public, private, and public–private investment projects. Waste management constitutes one of the major developmental challenges for African countries and poor practices can have serious consequences for the environment, public health, fisheries, agriculture, and sustainable development in general.

Through an inclusive stakeholder consultation process, this study will identify key challenges and opportunities as well as priority areas for private and public sector intervention in waste management and circular economy sectors in African countries. This will result in a gap analysis report with a detailed list of priority areas and identified investment opportunities for public, private, and public–private partnership interventions. Finally, concept notes will be prepared for investment projects and/or technical assistance interventions and lessons learned will be shared.

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Project Activity 3: Building Africa's Capacity to Access Finance for Sustainable Energy Projects

Though the amounts of available climate finance continue to grow, sub-Saharan Africa (SSA) and Middle East and North Africa (MENA) still receive the smallest share of global climate finance of any continent (4.2% in 2018).[3] Among other issues, this is a result of the limited capacity of African countries to develop high-quality bankable project proposals. The Bank has been providing support to African countries to strengthen their institutions and capacities to access climate finance through various funds, including the Africa Climate Change Fund, the Sustainable Energy Fund for Africa, and the Africa Hub of the UN Sustainable Energy for All initiative.

3 https://www.climatepolicyinitiative.org/wp-content/uploads/2019/11/2019-Global-Landscape-of-Climate-Finance.pdf

Building on the experiences from the operation of these funds and based on the needs of African countries, the Bank has developed a funding proposal titled 'Building Africa's Capacity to Access Finance for Sustainable Energy Projects', which was approved by the India-Africa Technical Cooperation Fund. The Bank has received $306,540 to support African National Implementing Entities to access climate finance (specifically from the GCF) for small- and medium-scale renewable energy projects. This support will involve delivery of training sessions and south-south learning. Project beneficiaries will include African governments, institutions (government, private sector and non-governmental organizations) and communities.

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2.5.5 Capacity development and training

Box 12 provides an overview of key capacity building activities carried out in 2019.

BOX 12: SPOTLIGHT ON KEY CAPACITY BUILDING ACTIVITIES

GHG Accounting Training

PECG organized training on GHG accounting for Bank climate change officers and operational staff from 18-20 September, 2019 in Abidjan, Côte d'Ivoire. The aim of the training was to capacitate staff to better advise regional member countries on climate change mitigation and on the selection of technologies to meet their long-term commitments under the Paris Agreement.

Climate Finance Training

This seminar on 28 and 29 October, organized in collaboration with the Frankfurt School, aimed to raise staff awareness of the significance of climate finance and how to implement the mainstreaming of climate finance throughout the Bank's operations, in alignment with CCAP2.

Gender and Climate Change Workshop

On 30 October, PECG held a Gender and Climate Change Workshop as part of the African Development Bank/CIF Inclusive Climate Action Initiative. Organized in collaboration with the Bank's Department of Gender, Women and Civil Society (AHGC) and the International Union for the Conservation of Nature (IUCN), the discussions strengthened understanding among Bank staff of the linkages between gender and climate change.

GCF Operational Procedures Handbook workshop

The overarching objective of this session, held on 31 October and co-organized with Atkins, a leading project management consultancy firm, was to present the 'African Development Bank-Green Climate Fund Operational Procedures Handbook' to Bank operational staff, provide guidance on its use, and solicit feedback on its applicability. The training session provided a discussion platform on existing experiences in accessing GCF resources, as well as opportunities for increased alignment of both institutions going forward.

First meeting of the Community of Practice for Direct Access Entities to Climate Finance

At the initiative of the ACCF, the AF, and the GCF, over 30 representatives of Direct Access Entities and National Implementing Entities of the GCF and the AF, including 15 representatives from Africa and others from Asia and South America, met in Durban on 5-7 June, 2019. The aim of the meeting was to establish a Community of Practice for Direct Access Entities to build the capacity of the community's members to efficiently access, receive, and utilize funding from AF and GCF.

2019 African Youth Agripreneurs Forum in South Africa

One of ACCF's current strategic priorities is youth empowerment in climate-resilient sectors. The Fund collaborated with the Bank's Youth Entrepreneurship and Innovation Multi-Donor Trust Fund, the Korea-Africa Economic Cooperation Trust Fund and other partners to convene the African Youth Agripreneurs Forum (AYAF),[1] themed 'Climate Smart Agriculture: Business and Employment Opportunities for Africa's Youth', in Cape Town, South Africa. The event brought together many young entrepreneurs in the agri-tech space and provided them with a platform to brainstorm with experts, business leaders, investors, and policymakers on challenges and opportunities for youth employment in the sector.

CDSF at the Post-SAWIDRA Workshop

PCEG's ClimDev-Africa Special Fund participated in the Post-SAWIDRA Workshop, held from 11-13 December, 2019 at the headquarters of the European Organization for the Exploitation of Meteorological Satellites, in Darmstadt, Germany. The workshop provided an opportunity for the CDSF to share its experiences with the preparation, appraisal, and management of the SAWIDRA Programme. Representatives of the Fund also participated in the development of a concept note and road map for post-SAWIDRA activities as well as a brainstorm on a strategy to mobilize the resources required for the second phase.

1 http://tiny.cc/Agripreneurs-Forum

Rural drinking water supply and sanitation sub-programme, Senegal

2.5.6 Strategic partnerships and outreach activities

In 2019, the Bank has continued to expand its reach and impact through partnerships and co-financing arrangements with other lenders (MDBs, donors, private sector, and global climate funds) for a diverse range of climate change-related investments across the continent. In addition, partnerships have provided opportunities for the Bank to report its climate finance in a transparent and standardized manner through the Joint MDB Climate Finance Tracking and Reporting platform. The result of a joint effort with five other MDBs,[4] this platform has produced the 'Joint Report on Multilateral Development Banks' Climate Finance' since 2011. Meanwhile, the International Financial Institutions (IFI) platform for harmonization of GHG accounting practices, initiated in 2013, has allowed the Bank to leverage good practices from other financial institutions for climate change mainstreaming and the design and implementation of its GHG accounting tool. As an active member of the Joint MDB Working Group on Harmonization of GHG accounting tools, PECG participated in technical meetings to harmonize the Bank's greenhouse gas accounting and reporting tool with the existing IFIs' GHG accounting approaches and standards.

Other partnerships and MDB working groups which the Bank participated in include the MDB Directors Working Group on Climate Change, the Climate Finance Tracking Working Group, the Adaptation Working Group, the Mitigation Working Group, the Article 6 Working Group, the Mainstreaming Climate Action in IFIS Technical Working group, the Harmonizing of GHG Accounting in IFIS Technical Working Group, the Nairobi Framework Partnership, the African NDC Hub, and AFAC.

The Bank joined the founding institutions of the Nairobi Framework Partnership (NFP), created to increase participation of African countries in the carbon markets, in particular in the context of the Clean Development Mechanism. The NFP hosts the annual Africa Climate Week to enhance Africa's participation in climate action.

4 Asian Development Bank, European Bank for Reconstruction and Development, European Investment Bank, Inter-American Development Bank, World Bank Group (WB, IFC, MIGA).

BOX 13: SPOTLIGHT ON STRATEGIC PARTNERSHIPS

United Nations Environment Assembly (UNEA) and the One Planet Summit

In March 2019, the Bank participated in the 4^{th} session of the United Nations Environment Assembly (UNEA-4) and the 3^{rd} edition of the One Planet Summit, which took place concurrently in Nairobi, Kenya. These two events provided a platform for the Bank to highlight its climate change activities. During UNEA-4, the Bank engaged with UNEP on the need to provide training to African ministers of environment and ministers of finance on policy and financing implications of NDC implementation. At the One Planet Summit, the Bank's President announced the Bank's aim to mobilize $25 billion in climate finance over the next 5 years. This pledge will form the basis of the Bank's new climate change strategy and action plan post-2020.

Engagement with Canada

The Bank had fruitful discussions with the Government of Canada on the establishment of the African Development Bank-Canada Climate Facility to which the Government of Canada is considering committing C$135 million. Canada also expressed an interest in joining the ACCF and providing technical support and research on climate change in Africa.

G20 Climate Sustainability Working Group

The Bank presented its climate change initiatives at the meeting of this G20 Working Group in Japan. The Bank received emphatic commendations from G20 countries for its contribution to climate action. This meeting provided an opportunity to position the Bank's climate change work in the context of GCI and ADF replenishment. In Japan, the Bank also presented Africa's climate and renewable energy opportunities at a seminar ahead of the 7^{th} Tokyo International Conference on African Development.

Partnership with Finland

The Government of Finland invited the Bank to participate in the 3^{rd} World Circular Economy Forum that took place from 3-5 June, 2019 in Helsinki, Finland. PECG used this opportunity to showcase Africa's perspectives on the circular economy by ensuring effective participation of key African stakeholders, including the African Circular Economy Alliance, led by the Rwandan Minister of Environment, and young African entrepreneurs involved in circular economy technologies. On the sidelines of the Forum, PECG engaged in bilateral dialogues with various Finnish institutions and companies to highlight the opportunities for partnerships and investments. The Ministry of Foreign Affairs of Finland and the Finnish Innovation Fund are keen to strengthen their partnerships with the Bank.

Global Adaptation Commission

President Adesina is a Commissioner on the Global Commission on Adaptation, which was established to accelerate the implementation of adaptation activities in vulnerable developing countries, most of which are in Africa. PECG coordinates the Bank's engagement in these efforts and contributed to the development of the Commission report 'Adapt now: a global call for leadership on climate resilience', launched on 24 September at the UN General Assembly.

Africa Sustainable Development Report

Through PECG, the Bank also took an active part in the development of the 'Africa Sustainable Development Report', which was launched at the UN Summit in September. PECG took the lead on drafting the chapter on SDG 13: Climate Action.

Partnership with the Global Mechanism of the UNCCD

The Global Mechanism (GM) of the United Nations Convention to Combat Desertification (UNCCD) and the Bank are working together on new initiatives for a more sustainable future. Based on recent policy dialogues at the Bank and at the UNCCD COP14 in New Delhi, India, the two institutions hosted joint workshops, trainings, meetings, and missions to support the development of a pipeline of transformative projects across Africa.[1]

1 See https://www.unccd.int/news-events/global-mechanism-and-african-development-bank-meet-cop14.

2.5.7 Key outreach events

The Bank's contribution to the global dialogue on Climate Action

The Bank plays an active part in the global dialogue on climate action at the Conferences of Parties (COPs) of the United Nations Framework Convention on Climate Change (UNFCCC). It provides financial and technical support to the key African climate change stakeholders, including the Committee of African Heads of State on Climate Change, the African Ministerial Council on the Environment, and the African Group of Negotiators, enabling them to play an active role in the climate change negotiations.

In addition, PECG actively participates in leveraging the Bank's role as an observer to the COPs to advocate for Africa's concerns on climate change, desertification, biodiversity loss, pollution, and others, while contributing to delivering action on emerging issues such as the circular economy and blue economy.

25th Conference of the Parties to the UNFCCC – COP25

COP25, held Madrid, Spain, from 2-13 December, 2019, was the latest in a series of conferences providing a single platform for all nations to negotiate a globally agreed way forward to combat climate change. COP25 was a critical opportunity to advance the Bank's climate change objectives. The Bank has urged the continent's nations to stay the course on climate action following a marathon session of talks in Madrid.

The Bank hosted a joint pavilion in collaboration with the other MDBs and held a number of strategic side events on issues related to climate change and the Bank's High 5 priorities. Key activities included: (i) Bilateral meetings with key partners, donors, RMCs, and other stakeholders; (ii) The organization of Africa Day, in collaboration with the Africa Union Commission, the United Nations Economic Commission for Africa (UNECA) and the New Partnership for Africa's Development (NEPAD); (iii) Support for the African Group of Negotiators to engage effectively in the negotiations and to advance the needs and interests of the Bank's member countries; (iv) Following the negotiations, with a particular focus on issues of relevance to the Bank's climate change agenda.

BOX 14: SPOTLIGHT ON KEY OUTREACH EVENTS

KEY EVENTS IN 2019

Climate Investment Funds 10th Anniversary celebrations

PECG actively participated in the Shaping the Future of Climate Action Meeting organized in Ouarzazate, Morocco, from 27-29 January, 2019, on the occasion of the 10th anniversary of the CIF. The meeting provided an opportunity to learn about the latest developments in the on-going global debate on the potential of renewable energy, with a focus on Morocco's experience with the Noor III concentrated solar power station and solar photovoltaic projects.

Africa Climate Week 2019

Africa Climate Week 2019 took place from 18-22 March in Accra, Ghana. It was the first major climate-oriented event in 2019 to promote practical implementation guidelines for the Paris Agreement.

Attended by 3,000 participants, the event hosted a dynamic programme of activities focusing on actions to meet the 1.5°C temperature goal and building climate resilience, both of which are key commitments in the Paris Agreement.

Organizing entities: World Bank Group, AfDB, West African Development Bank (BOAD), UNEP, UNEP DTU Partnership, UNDP, International Emissions Trading Association (IETA), Marrakech Partnership, and UNFCCC.

Climate Change and Green Growth Days

The Climate Change and Green Growth Days took place from 27-28 May, 2029 at the Banks's headquarters, with the objective to showcase the Bank's progress in supporting climate-resilient and low-carbon development pathways in Africa and advocate for enhanced action in the context of the ADF-15 replenishment and the 7th General Capital Increase.

Activities included a symposium on the theme of 'Moving from emergency relief to building resilience', featuring two panels discussing the achievements made and challenges faced in addressing climate change through the Bank activities across all sectors. Participants were also invited to an exhibition in the foyer of the HQ building, which highlighted the Bank's work related to energy, agriculture and forestry, water, transport and cities, gender and human development, and climate information services.

- The symposium, attended by 225 external participants and over 100 Bank staff, explored approaches, opportunities, and challenges for building resilience in Africa, as well as financing and business models for building climate resilience across the continent;
- The exhibition on the Bank's products and activities provided an opportunity for Bank staff, in particular task managers and investment officers, to learn about access to climate finance and the screening of the Bank's projects for climate risks and opportunities;
- PECG published and disseminated a wide range of communications and knowledge products in English and French, including 7 sector brochures, a pocket booklet on the Bank's climate finance activities, a brochure on the Bank's contribution to SDG 13 (climate action), the PECG 2018 Annual Report, and various promotional materials;
- Other activities at the climate days included a photo exhibition, an interactive quiz on climate change in Africa, video interviews, and 11 clips of sector directors focusing on key messages and sectorial perspectives on climate change and green growth;
- Finally, the Bank's climate days were a climate neutral event and earned a Voluntary Cancellation certificate from the UNFCCC.

World Environment Day 2019

The Bank co-organized two weeks of activities from 5-17 June to celebrate World Environment Day on 5 June, 2019, with the theme of Air Pollution.

The Bank hosted a symposium with two panels on 'Air pollution, challenges and opportunities in Côte d'Ivoire' and 'Gender and the blue economy'. The events were designed to raise awareness among decision-makers and the general public of disaster risks and to discuss corrective measures to protect the environment and the wellbeing of populations. In addition, the Bank participated in the celebration of the World Days to Combat Desertification and Drought, which took place on 17 June in Toumodi and Agboville respectively and were marked by tree planting ceremonies.

Organizing entities: African Development Bank, the Ministry of the Environment and Sustainable Development of Côte d'Ivoire, UNEP and other partners.

Climate Change and Development in Africa conference

CDSF co-organized the 8th Climate Change and Development in Africa conference in August 2019, on the theme 'Stepping up Climate Action for a Resilient Africa: A Race We Can and Must Win'. A joint communiqué called for enhanced mobilization of resources to support the African Ministerial Conference in Meteorology's (AMCOMET's) Integrated African Strategy on Meteorology (Weather and Climate Services). CDSF is the lead partner in the creation of an AMCOMET facility. The conference brought together more than 600 participants,

including representatives of the UNFCCC focal points of each African country, civil society, the private sector, youth, and women.

African Leadership Forum

The Bank participated in the 6th African Leadership Forum, which took place in Dar-es-Salam from 29-30 August, 2019. Organized every year by the Uongozi Institute, this high-level forum for dialogue among former and current African heads of state examines key issues that require enhanced involvement of African leadership. This year, the Forum focused on the theme 'Promoting Good Natural

Resource Management for Socio-economic Transformation in Africa' and addressed key issues related to natural resources management, in particular land, wildlife, fishery and forestry, but also Africa's perspectives on climate change and climate impacts on natural resources. Key takeaways from the 2019 Africa Leadership Forum are the need for a renewed commitment from African countries to protect and invest in their natural resources by combating illicit practices, as well as the imperative for African leaders to devise an Africa Energy Vision for 2050 which will address the fossil fuel dilemma while also tackling climate change.

UNCCD COP14

The Global Mechanism of the United Nations Convention to Combat Desertification (UNCCD) and the Bank hosted a joint session at the UNCCD COP14 in New Delhi, India, to strengthen partnerships and cooperation for a more sustainable future. The two institutions have in the past hosted joint workshops, training, joint meetings and missions to support the development of a portfolio of transformative projects across Africa. They plan to sign a Memorandum of Understanding to strengthen their cooperation and expand their current activities in Africa.

UN Climate Action Summit

The 2019 UN Climate Action Summit was held at the headquarters of the UN in New York City on 23 September, 2019. The Bank and the UN held a first-of-its-kind bilateral meeting to discuss the accelerated, collaborative delivery of the SDGs and the Bank's High 5 development goals. Seven African presidents attended the meeting, which was part of the run-up to the international climate talks (COP25, in December 2019).

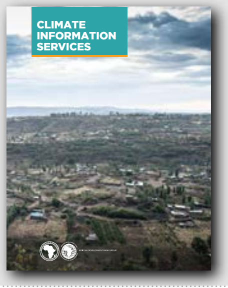
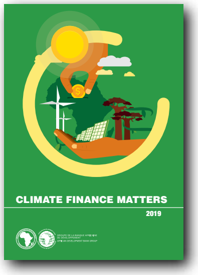
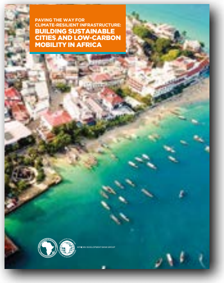
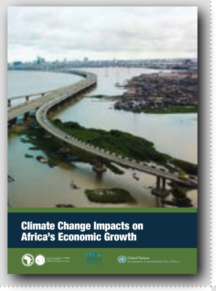
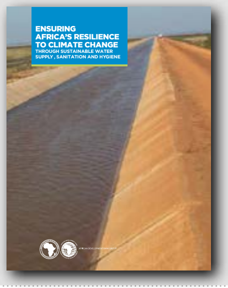
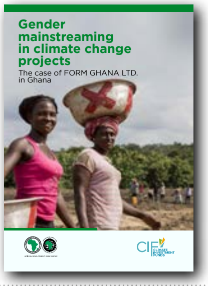
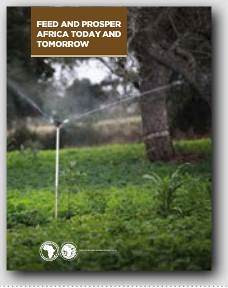
BOX 15: SPOTLIGHT ON TOOLKIT FOR PARLIAMENTARIANS ON THE IMPLEMENTATION OF AFRICAN NDCs

This toolkit is aimed to build the capacity of African parliamentarians to drive forward the implementation of the Paris Agreement. Following the adoption of the Paris Agreement and the development of the NDCs, parliamentarians are expected to play a leading role in ensuring that climate actions are 'domesticated' at national and local levels by using national legislation and policies, whilst also ensuring the coherence and convergence of implementation efforts across the global sustainable development agenda. The sensitization of parliamentarians is key to directing Africa towards a climate-friendly and climate-resilient development trajectory. In 2019, PECG contributed to the development of a parliamentary toolkit containing proposed actions and other recommendations for NDC implementation aimed at parliamentarians. This initiative was a collaboration between the Bank and various parliamentarians' networks, including ECOWAS, the Francophone Parliamentary Assembly, and the Climate Parliament and GLOBE International.

2.5.9 Knowledge products

The Bank is a knowledge bank. Implementing climate action requires a lot of technical information. The Bank is contributing in generating new knowledge to improve climate change information and dissemination in the continent. Table 7 presents a selection of knowledge products developed by PECG in 2019.

Table 7: Knowledge products developed by PECG in 2019

Climate Finance Newsletter 	Climate Change Country Profiles 	 Climate information services
 Climate Finance Matters	 Towards Large Scale Commercial Investment in African Forestry	Paving the way for climate-resilient infrastructure: Building sustainable cities and low-carbon mobility in Africa 
Climate Change Impacts on Africa's Economic Growth 	Clean energy to power Africa's future 	 Ensuring Africa's Resilience to Climate Change
 Gender mainstreaming in climate change projects – The case of Form Ghana LTD. in Ghana	 Feed and prosper Africa today and tomorrow	CIF Annual Report 2019 
Gender mainstreaming in climate change projects – The case of Noor Ouarzazate in Morocco 	Mainstreaming gender in our climate action for sustainable impact 	 ACCF Annual Report 2019

BOX 16: ANALYSIS OF THE ADAPTATION COMPONENTS OF AFRICAN NATIONALLY DETERMINED CONTRIBUTIONS

In 2019, the Bank commissioned an analysis of the adaptation components of African Nationally Determined Contributions, to provide guidance for a more robust and systematic approach to the treatment and presentation of adaptation components in African NDCs.

Key findings

- A strong commitment to adaptation was noted in each of the 48 African NDCs analysed, and the majority of Africa's NDCs identify current, short-term, and long-range adaptation needs, priorities, goals, and measures. These goals and priorities provide a strong basis for targeted resource mobilization efforts and immediate and future adaptation interventions. However, all countries stress increased knowledge sharing at the country and regional levels as a critical component for climate adaptation in Africa and an area where significant funding needs to be directed;
- A large proportion of African NDCs state their adaptation goals solely in qualitative, descriptive terms and fail to provide concrete numbers of, for example, projects to be completed, target numbers of beneficiaries, or amounts of funding required for adaptation projects. This is a concern from a resource mobilization perspective because the availability of concrete figures can help to communicate needs, which in turn can help galvanise efforts to mobilize climate finance. Quantitatively defined goals also make it easier to track progress, which is crucial for monitoring and reporting.
- The total cost of adaptation in Africa (derived from figures provided in 28 NDCs) is estimated at $7.4 billion a year by 2020. African governments expect that 36% ($2.7 billion) of this annual cost for adaptation will come from domestic sources, while 64% ($4.7 billion) will need to come from international sources. This estimate is based on figures provided in nine NDCs.
- All African countries recognize the close relationship between adaptation and mitigation and stress that some adaptation options, such as those in the sectors of agriculture, forestry and land use, can mitigate emissions. Conversely, there can be trade-offs between adaptation and mitigation, such as when bioenergy or reforestation encroach on land needed for agricultural adaptation and food security.

Recommendations

The following policy recommendations can be drawn from the report findings:

- There is an urgent need for a strong resource mobilization drive by individual African countries, the Bank and international development partners to close the significant adaptation funding gap in Africa;
- There is huge scope for private sector investment in climate adaptation in Africa, in areas such as flood defences, irrigation, and climate insurance. Results-based financing models suggest that encouraging private sector investment in adaptation (for example, by using the ABM) could help countries implement their NDCs. It is vital that private sector-led incentives are carefully designed to focus less on short-term profit maximization and more on facilitating long-term climate resilience and economic prosperity for communities and countries;
- African governments, with assistance from international partners, will need to revise their NDCs to provide clear numbers for the cost of adaptation measures and current spending on adaptation, as well as financing gaps and opportunities. African countries also need to be far clearer in categorizing and communicating their domestic spending on adaptation in their national budgets.
- It is vital that climate change adaptation policies and strategies are carefully designed to avoid any trade-offs with adverse impacts for sustainable development. It is especially important that national institutions such as ministries and agencies responsible for climate adaptation are equipped to increase synergies between sectors and reduce unnecessary overlaps;
- There is a need for international and continental development partners (including the Bank) to invest in building human and institutional capacity to enable countries to design and implement climate adaptation action;
- African governments need to work hard individually and collectively on policies aimed at generating and sharing high-quality data and information that can aid more effective climate adaptation in their jurisdictions;
- There is a need for continental and regional mechanisms to enhance systematic transfer and diffusion of climate adaptation knowledge and technologies in Africa.

The Cabeolica Wind Farm Project in Cabo Verde

Section 3
Looking forward

3.1 Achieving the Bank's corporate climate finance commitments

Looking forward, it is imperative for the Bank to ensure that it meets the climate change and green growth commitments recently made under the ADF-15 and GCI-7, including the objectives of allocating 40% of its investments as climate finance by 2020 (as indicated in the CCAP2) and mobilizing $25 billion of climate finance over the period 2020-2025. It is worth noting that climate change and green growth concerns were central to the successful outcomes of the ADF-15 and GCI-7 discussions. As the ADF and GCI commitments will be implemented in the next 3 to 10 years, climate change and green growth commitments should not be left behind.

It is evident that the Bank has come a long way since 2016, when the implementation of CCAP2 started and when only 9% of its investments were allocated as climate finance. The share of climate finance in the Bank's investments has grown steadily and the Bank is on track to achieving 40% in 2020 and beyond. Still, operationalizing the Bank's other climate change and green growth commitments over the next 10 years is critical to achieving both this 40% target and its goal of providing $25 billion of climate finance by 2025. In the meantime, there is a need to pay particular attention to the operationalization of African NDCs and the overall implementation of the Paris Agreement and to prioritize climate resilience as most African countries are already adversely affected by climate change-exacerbated extreme weather events.

3.1.1 The Paris alignment agenda

As publicly funded bodies, the MDBs have a key role to play in the mobilization of climate finance. Though the UNFCCC target of $100 billion of climate finance per year for developing countries by 2020 may have been met (in 2017/2018 non-OECD countries received on average $93 billion annually from international sources),[1] not enough of this finance reaches the countries and communities that need it most. In addition, the MDBs are tasked with assisting their regional member countries in meeting the goals of the Paris Agreement and with aligning their investments with its objectives. These two objectives are related but separate and through the MDB Working Groups, the Bank has been helping to revise the climate finance tracking methodologies for the $100 billion goal, to make them more stringent, and contributing to the development of new methodologies to define Paris alignment.

Whilst progress towards the $100 billion goal can be assessed on the basis of positive lists and project assessments based on their contributions to mitigation or adaptation, Paris alignment is more complex. Investments in coal-based technologies have been marked for potential automatic exclusion from any form of Paris alignment, but for other technologies it is necessary to assess the contribution of a given project to a country's NDC, long-term strategy or transition pathway. To date, only some countries have developed these documents (*eg* very few countries have published long-term strategies to achieve net zero emissions in this century) and countries have expressed differing levels of ambition. As a result, projects that contribute to climate finance may not be Paris-aligned (*eg* due to the requirement that Paris-aligned projects must pass both mitigation and adaptation screening tests) and projects that are considered to be Paris-aligned may not be considered as climate finance (*eg* natural gas power generation in a country which plans to meet its net zero goals whilst using natural gas in the short- to medium-term and/or through the use of domestic or international carbon accounting). Furthermore, whilst the MDBs should be Paris-aligned, that does not preclude them from financing non-aligned projects, though eventually, these should be excluded from entering the pipeline.

3.2 The Bank's post-2020 commitments

1. **Climate finance target, mitigation/adaptation target**
   As part of the Bank's ADF-15 and GCI-7 commitments, reaching parity between adaptation finance and mitigation finance is critical. In 2018, the Bank nearly reached parity and in 2019 it exceeded its parity goal by allocating 55% of its climate finance to adaptation. The Bank will ensure that parity is maintained post 2020, in support of both the 2°C goal and the global goal on adaptation under the Paris Agreement. Given the fact that adaptation is Africa's priority as stated in the African common position on climate change, boosting adaptation while promoting mitigation will be an important area of focus for the Bank's post-2020 agenda.

2. **Sectors/investment areas/anticipated outcomes**
   Post-2020, the Bank will prioritize adaptation and pay attention to climate-sensitive sectors at the core of Africa's development priorities, such as agriculture, water, infrastructure, and social sectors. The Bank will also focus on harnessing the significant low-carbon development and mitigation opportunities provided by renewable energy and energy efficiency in Africa, while strongly supporting mitigation actions in land use and land use change, which generate more than 65% of Africa's greenhouse gas emissions. Given that African countries have the lowest rate of climate finance access globally, the Bank will also put more emphasis on creating an enabling environment to facilitate their access to climate finance at scale in order to help them mobilize adequate resources to meet their NDC commitments. Due to the complexity of climate finance access, the Bank will enhance its capacity development programmes and policy dialogues in its member countries, with the view to catalyse climate investment across the continent.

3. **The Bank's main policy, action plan, and strategy post-2020**
   Given the importance of climate action over the next decade for the Bank, the African continent and the global community, and the fact that the Bank's CCAP2 is expiring in 2020, the Bank will develop a new climate change and green growth policy framework to help achieve its new climate change commitments and align its development interventions with the goals of the Paris Agreement. The new framework will consist of a 10-year policy which will set a clear vision and policy requirements for accelerating climate action and green investment in Africa. The policy will provide guiding principles and define the Bank's responsibility to achieve its climate change and green growth mandates. To succeed the CCAP2, a new climate and green investment action plan will be developed to operationalize the new policy. This new action plan will delineate the key approaches, entry points and specific interventions on climate change and green growth for the next 5 years. A Bank-wide Task Force has been established to ensure that the new policy framework is developed in consistency with the Bank's development priorities and in consultation with relevant Bank departments, regional member countries, and external partners.

4. **Six building blocks and principles to align investment with the Paris Agreement**
   In 2018, the MDBs committed to working together in pursuit of Paris Alignment and adopted a common approach based on six building blocks.[2] In 2019, the Bank worked with the other MDBs to develop screening tools to define adaptation and mitigation. Progress was presented at COP25 in Madrid and in 2020 the MDBs will start to pilot the developed tools, with a view to begin reporting on the extent of Paris alignment achieved. It must be stressed that at this time, Paris alignment is not a factor in the making of investment decisions, but eventually, non-aligned projects should be excluded from project pipelines (see Box 17: Status of African Development Bank activities with regards to Paris alignment).

   While developing its new climate policy, the Bank will also need to revisit its energy policy in light of recent developments (including the President's announcement to stop financing coal projects), so as to send a strong signal on its commitment to support clean energy in Africa. Externally, the Bank's climate performance assessed under the Environment and Social Governance (ESG) ratings by the financial agencies is heavily based on the Bank's current energy policy, despite last year's announcement. Similarly, ESG rating agencies are concerned about the recent support of gas technology by the Bank (as was the case with the LNG project in Mozambique) as well as by the push for the Bank to disclose GHG emissions from all its operations.

   In addition to screening projects for their contribution to adaptation and mitigation, by adopting the six building blocks the MDBs have committed to accelerating their contribution to the green growth transition through climate finance, engaging with RMCs and providing policy support, reporting, and aligning their internal activities. PECG is addressing these requirements through a number of activities including actions to increase access to climate finance, mainstreaming climate change and green growth into

2 http://tiny.cc/MDBs-Alignment

projects, training and capacity building, implementation of the NDC Hub, and enhanced reporting of GHG emission and adaptation information in the Bank's project cycle documentation. In addition, PECG has proposed a number of innovative initiatives designed to reduce the Bank's carbon footprint through INNOPitch, the Bank's first internal innovation programme. One of these projects was selected for implementation.

In 2020, the Bank will continue to work with the other MDBs to strengthen its understanding of Paris alignment. Areas of focus will include piloting the application of screening tools, establishing stronger positive and negative lists for Paris alignment, and further work to support African countries with the development of their NDCs and long-term strategies.

BOX 17: STATUS OF AFRICAN DEVELOPMENT BANK ACTIVITIES WITH REGARDS TO PARIS ALIGNMENT

- The Bank has significantly increased its involvement with the Paris alignment building blocks (BB) teams through the road-testing of BB1 and BB2. The Bank is also the leading BB6 MDB working group which is about "aligning internal activities – progressively ensuring that internal operations, including facilities and other internal policies, are in line with Paris alignment". This includes buildings, mobility, procurement, treasury, pensions, and governance.

Socializing the Paris alignment method and progress

- Paris alignment / low-carbon and climate-resilient development is a major component of the Bank's recent ADF 15 and GCI 7 and, as such, there is increased focus on mainstreaming these concepts throughout the Bank's operations.
- The Bank recognizes the need to embed these concepts throughout its operations. Key steps include:
  - Re-invigorating the Bank's Climate Change Coordination Committee (CCCC) and establishing decision-making and technical levels for directors and technical staff accordingly;
  - Integrating BB1 and BB2 into the Climate Safeguards Screening (CSS) processes – BB1 linked to the GHG accounting and reporting tool; and BB2 elements into the climate risk screening tool with generation of a unified Paris alignment report; integrating the processes throughout the project cycle (i.e. quality-at-implementation and quality-at-completion);
  - Continuing to train and raise awareness while accepting that most of the work will remain with the Climate Change and Green Growth team – which continues to need additional resources.

Strategic direction/ priorities for next year (*priorities for the Bank*)

- Define terminology for Bank target, adopt a Paris Agreement target instead of a climate finance target.
- **Aligning finance with a low-carbon and climate-resilient pathway** as articulated in the Paris Agreement Article 2, 1(c) "Making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development". Adaptation continues to be overlooked with Parties not devoting sufficient attention to means to support adaptation to climate change nor being sufficiently active in the provision of support to fulfil their commitments under the adaptation goal. Tracking finance will continue to be an important activity.
- **Assuring uniform implementation of Paris alignment evaluation.** There could be a deviation among different MDBs on the threshold or definition of what constitutes minimum standards during decision-tree screening. The Bank should focus on making sure that it does not have a system where one project will qualify as aligned in one MDB but be misaligned under another MDB.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3.3 The imperative for building back better from COVID-19

3.3.1 The Bank's $10 billion COVID-19 Response Facility (CRF)

The world is facing the unprecedented challenge of containing the COVID-19 pandemic and mitigating its devastating impact on people's lives and livelihoods and entire economies. The pandemic is exacerbating the challenges faced by communities, households, and businesses already affected by the impacts of climate change and other environmental challenges, such as droughts, flooding, pests, and the outbreak of other diseases. The combined threats from the pandemic and climate and environmental changes remain dire in Africa. Weak social protection and safety nets will likely result in increased poverty, food insecurity, reduced child protection, reduced access to education and healthcare, and increasing vulnerability, including climate vulnerability.

This situation underscores the urgency of building resilience not only to any future pandemics but also to other systemic risks such as the climate crisis and environmental degradation. As a zoonotic disease, the appearance of COVID-19 and potential future, similar diseases, is intrinsically linked to the environment and climatic changes. For example, the loss of biodiversity and human encroachment on natural ecosystems increases human-wildlife interaction and consequently increases the chances of pathogen transmission. Environmental problems such as air pollution contribute to chronic respiratory and heart conditions that increase risks of severe complications from diseases such as COVID-19. Climate change has also been highlighted as a contributing factor to increased incidence of zoonoses. Though COVID-19 has revealed the capacity of people to adapt quickly to a common threat, it has also shown the fragility of human health. The pandemic may also result in the accumulation of medical and otherwise hazardous waste. This requires specific waste processing facilities to prevent contamination of the environment. Meanwhile, measures to contain the spread of the disease such as prolonged lockdowns would have a disastrous effect on weak economies in Africa.

The pre-COVID-19 world was marked with a business model that could not adequately address inequality, widespread poverty, fragility, impacts, and drivers of climate and environmental challenges. The updated *African Economic Outlook* supplement report by the Bank presents Africa's gross domestic product (GDP) losses at between $145.5 billion for baseline scenario and $189.7 billion for worst-case scenario, from the pre-COVID-19 estimated GDP of $2.59 trillion for 2020. The size, scope, and pace of the pandemic will require the allocation of large investment capital, posing a significant risk that most of the limited financial and technical resources in Africa will be diverted to address COVID-19.

As the COVID-19 pandemic is exerting economic pressures and further compromising the weak health systems in Africa, it has clearly reinforced the need for a multi-dimensional and integrated response – both for immediate response and for longer-term recovery.

The Bank's CRF package therefore presents a great opportunity to address the emerging COVID-19 challenges and support Africa's desire for building better and greener. To support the 'Building Back Better' approach, measurable climate change and green growth indicators have been built into the results framework of the CRF such that projects satisfy the requirements of being inclusive and promoting fairness and equity; enhancing preparedness for projected changes and extreme climates; contributing to building of national capacities and skills; creating the enabling environment for green business and entrepreneurs and availing employment opportunities; supporting economic recovery and livelihood regeneration, and finally reducing potential risks and building resilience.

For example, the Bank's 'Feed Africa' strategy is a game changer, with the 'Feed Africa Response to COVID-19 (FAREC)', which paves the way for a comprehensive intervention to build resilience, sustainability, and regional self-sufficiency in Africa's food systems and help farmers cope with COVID-19-related disruptions to the agricultural value chain, while encouraging the penetration of climate-smart technologies that ensure climate resilience and avoid GHG emissions. The energy sector also presents some good opportunities for building back better and greener in Africa, as some CRF projects promote the deployment renewable energy solutions to power and light up health facilities (*eg* rooftop solar for health) and energy efficiency options. To help Africa build back better, it is critical for the Bank to continue to ensure that the implementation of the CRF is aligned with climate change efforts.

3.3.2 Need for a multi-dimensional and holistic response to COVID-19

The Bank's COVID-19 response measures take a multi-dimensional and whole-of-system approach to simultaneously address the pandemic on the one hand and climate change, environmental protection, and environmentally induced health risks on the other hand. Managing the ‘double crisis’ posed by the COVID-19 pandemic and climate change is critical to avoiding undoing the progress made towards a sustainable development trajectory in Africa.

The Bank’s CRF will help Africa respond to the health crisis by addressing multiple stressors simultaneously and sustainably restoring jobs, securing livelihoods, and growing economies. The facility’s goal is to ensure positive results for the most vulnerable communities in order to minimize the impacts of both the pandemic and climate change. The CRF will continue to promote a green growth pathway and help African countries to maintain their momentum for the achievement of SDGs and the Paris Agreement.

It is worth noting that despite the challenges posed by the COVID-19 pandemic, the Bank continues to be committed to promoting climate-resilient inclusive green growth in Africa, as articulated in its Ten-Year Strategy 2013-2022, its second Climate Change Action Plan (CCAP2, 2016-2020), and its green growth framework. The Bank has further committed to supporting at least 15 countries to mitigate the risks of climate-related threats to health, environment, prosperity, and human capital by 2022, while supporting five ADF countries with biodiversity conservation (including restoration of degraded ecosystems) and five other ADF countries with combatting desertification by 2022.

To achieve reliable power in rural Zambia, the African Development Bank loaned the country more than $37 million for a clean energy hydroelectric power station, built in Itezhi Tezhi

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