Climate Funds Update

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Climate Finance Fundamentals 7

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Sub-Saharan Africa is the region least responsible for global climate change and most vulnerable to its impacts. A multitude of actors are involved in directing climate finance to the region, both to support low-carbon development and to help countries adapt to the severe impacts that are already being felt. The Least Developed Countries Fund (LDCF) and the World Bank administered Clean Technology Fund (CTF) are the biggest cumulative multilateral climate funds active in the region, but the Green Climate Fund (GCF) approved the most new funding in 2017 (for the second year in a row). For those funds tracked, CFU data indicates that USD 3.6 billion has been approved for 506 projects and programs throughout Sub-Saharan Africa since 2003. Almost half of the approved funding from these multilateral climate funds has been provided for adaptation measures. Grant financing continues to play a crucial role, especially for adaptation actions, in ensuring that climate actions secure multiple gender-responsive benefits for the most vulnerable countries and population groups.

Introduction

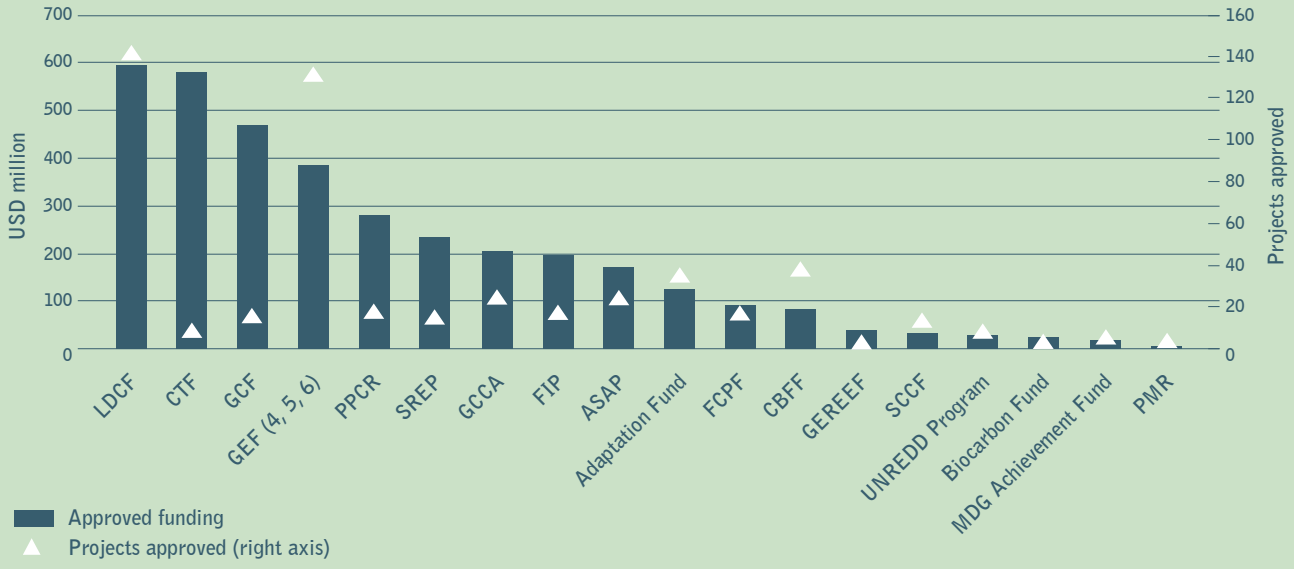
Although Sub-Saharan Africa (SSA)[1] is responsible for only 4% of annual global greenhouse gas emissions, it is the region most susceptible to the dangerous impacts of climate change, some of which are already being experienced. Of particular concern is the relationship between climate change, food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

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

Table 1: Climate Funds supporting Sub-Saharan Africa (2003-17)

Fund	Amount Approved (USD millions)	Projects approved
Least Developed Countries Fund (LDCF)	595.1	141
Clean Technology Fund (CTF)	580.2	8
Green Climate Fund (GCF)	470.0	15
Global Environment Facility (GEF 4, 5, 6)	384.3	131
Pilot Programme for Climate Resilience (PPCR)	280.6	17
Scaling-up Renewable Energy Program (SREP)	236.8	14
Global Climate Change Alliance (GCCA)	205.8	24
Forest Investment Programme (FIP)	195.6	16
Adaptation for Smallholder Agriculture Programme (ASAP)	170.0	23
Adaptation Fund	126.2	34
Forest Carbon Partnership Facility (FCPF)	91.2	16
Congo Basin Forest Fund (CBFF)	83.1	37
Special Climate Change Fund (SCCF)	33.5	13
UN-REDD Program	29.2	7
Biocarbon Fund	26.0	2
MDG Achievement Fund	20.0	4
Partnership for Market Readiness (PMR)	5.4	2

Figure 1: Funds supporting Sub-Saharan Africa (2003-17)



Where does climate finance come from?

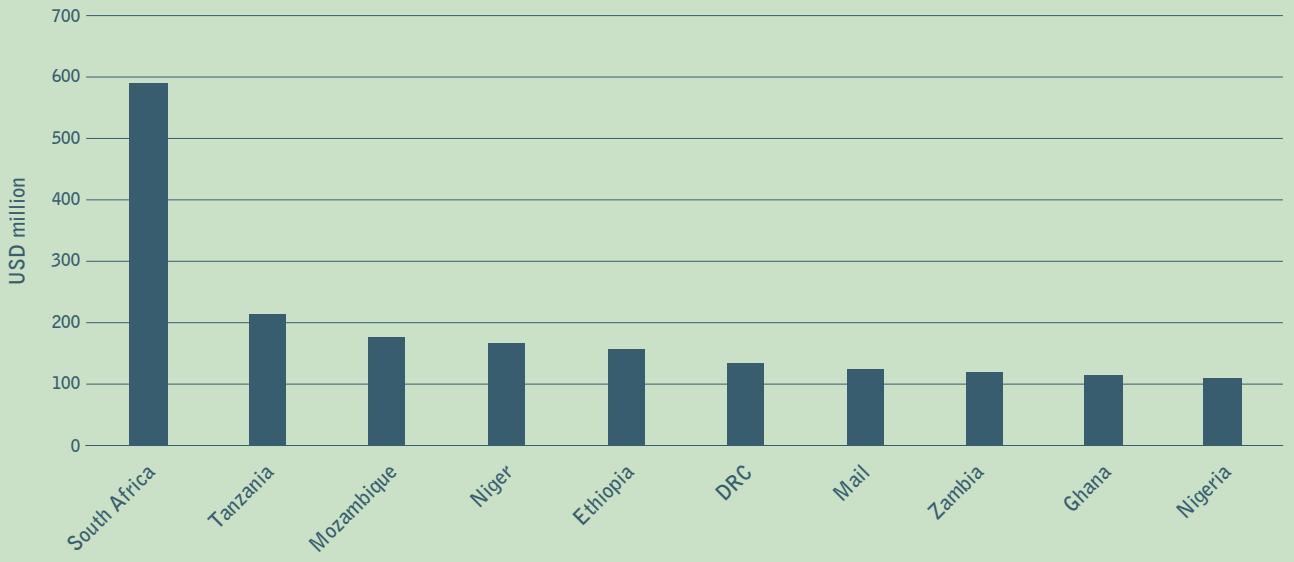
Table 1 and Figure 1 present the multilateral climate funds tracked by Climate Funds Update in the region. The Least Developed Countries Fund (LDCF), which implements urgent adaptation activities prioritised by LDCs under National Adaptation Programmes of Actions (NAPAs), narrowly surpasses the Clean Technology Fund (CTF) as the largest contributor. It has now approved USD 595 million in grant funding for 141 projects. The CTF has meanwhile approved a total of USD 580 million for eight large renewable energy and energy efficiency projects in South Africa, Nigeria and Kenya, demonstrating a clear difference in fund remits and investment strategies. The Green Climate Fund (GCF) has rapidly become a major source of climate finance for SSA since its first project approvals in late 2015, with USD 470 million approved to-date for 15 projects.

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

Who receives the money?

A large share of climate finance for SSA has been directed to South Africa, which has received 17% percent of funding approved by the multilateral climate funds since 2003 (Figure 2). Much of the finance South Africa received has supported the CTF Eskom renewable energy program. Although forty-two countries in SSA have received some

Figure 2: Top ten recipient countries by amount approved (2003-17)



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

Least Developed Countries (LDCs) are some of the countries most vulnerable to the impacts of climate change. A number of LDCs in SSA are also fragile and conflict affected states that make spending more complex and can often require context specific solutions. The multilateral climate funds have tended to focus finance in the LDCs within the SSA region. 31 LDCs have been supported with USD 2.2 billion since 2003, representing 63% of overall approved finance for the region. Tanzania, Mozambique, Niger, DRC, Mali, Zambia, Madagascar and Rwanda are all LDCs due to receive more than USD 100 million for approved project activities.

The Green Climate Fund's (GCF) target of dedicating 50% of approved finance to adaptation projects, and half of this amount to LDCs, SIDS and African States, means that the fund will become an increasingly important source of climate finance to African LDCs. In 2017, African LDCs Ethiopia, Senegal and Tanzania secured approved GCF funding.

funding, approximately half of the region's approved funding has gone to the top ten recipient countries. However, climate funds are also reaching fragile or conflict affected states such as Liberia, Chad, Burundi and Somalia (Box 1).

What is being funded?

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

2017 saw positive developments in international climate finance going to the Sub-Saharan region. The GCF continued as the largest international funding source of climate finance for the region, with USD 176 million approved for three new GCF adaptation projects. Support focused on LDCs, including the largest grant approved by the GCF to-date: the USD 120 million Simiyu Climate Resilient Development Programme that aims to safeguard water supply and farming conditions in the Simiyu region of Tanzania.

The Climate Investment Funds also saw significant project development this year, with a major new CTF investment approved in Nigeria to support a utility-scale solar PV programme, whilst the SREP program approved three large mitigation investments in Liberia, Rwanda and Tanzania. Forest conservation in Mozambique also benefited from new project approvals under the Forest Investment Program.

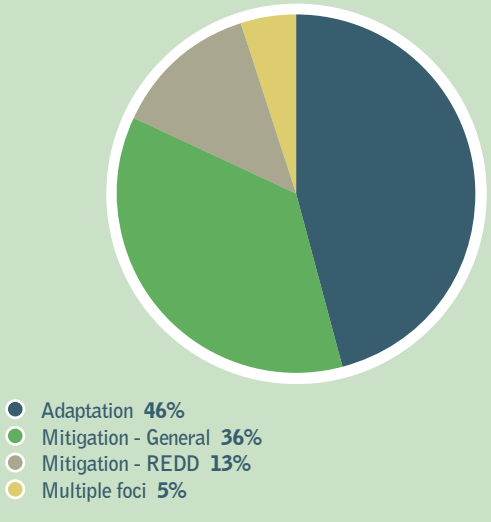
Ten new grant finance projects were approved by the GEF, with support also continuing from the Adaptation Fund, with five new projects approved, and the LDCF.

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

Table 2: Approved funding across themes (2003-17)

Theme	Amount Approved (USD millions)	Projects Approved
Adaptation	1,637	256
Mitigation	1,288	129
REDD	455	81
Multiple foci	193	40

Figure 3: Approved funding across themes (2003-17)



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

- **Six development finance proposals to expand climate investment**. Ilmi Granoff, Darius Nassiry, Neil Bird, Chris Humphrey, Paddy Carter, Alberto Lemma and Annalisa Prizzon describe six promising finance proposals to support greater ambition for low-carbon development. Available at: **http://bit.ly/2n4VLm8**
- **Budgeting for NDC action: initial lessons from four climate-vulnerable countries**. Neil Bird examines the evidence of resourcing NDC policies and actions in four sub-Saharan African countries; Ethiopia, Ghana, Kenya and Uganda. Available at: **http://bit.ly/2EtPkWC**
- **Resource Guide for NDC Finance**. James Rawlins with Matthew Halstead and Charlene Watson present a selection of resources on financing nationally determined contributions (NDCs). Available at: **http://bit.ly/2EbuPKU**
- **Financing our shared future: navigating the humanitarian, development and climate finance agendas**. Charlene Watson outlines what we know about the financing targets and needs, where there is agreement between the agendas on financing issues and where tensions may emerge. Available at: **http://bit.ly/2FTADcD**
- **Promoting Rights-Based Climate Finance for People and the Planet.** A joint discussion paper by hbs and the OHCHR's Right to Development Division outline how existing climate financing mechanisms, including the GCF as a case study, can strengthen their integration of human rights considerations. Available at: **http://bit.ly/2nQPsFq**
- **Financing Loss and Damage: A Look at Governance and Implementation Options.** Julie-Anne Richards and Liane Schalatek discuss categorizations of loss and damage approaches, financing options and whether existing climate funds could channel loss and damage financing. Available at: **http://bit.ly/2nT55wa**
- **Contracts for Sustainable Infrastructure.** In this joint publication by hbs and IISD, Martin Dietrich Brauch outlines how public private partnership (PPP) contracts need to be constructed to ensure the economic, social and environmental and climate co-benefits of infrastructure investments. Available at: **http://bit.ly/2nQNBjQ**

Contact us for more information at **info@climatefundsupdate.org**

References

Climate Funds Update Website: www.climatefundsupdate.org (data accessed in December 2017)

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

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

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

End Notes

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

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

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