Climate Funds Update

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Climate Finance Regional Briefing: Sub-Saharan Africa

Climate Finance Fundamentals 7

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Sub-Saharan Africa is both 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 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 funding providers in the region, but the new Green Climate Fund (GCF) approved the most new funding in 2016. CFU data indicates that USD 3.3 billion has been approved for 517 projects and programs throughout Sub-Saharan Africa since 2003. Only 45% of approved funding 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

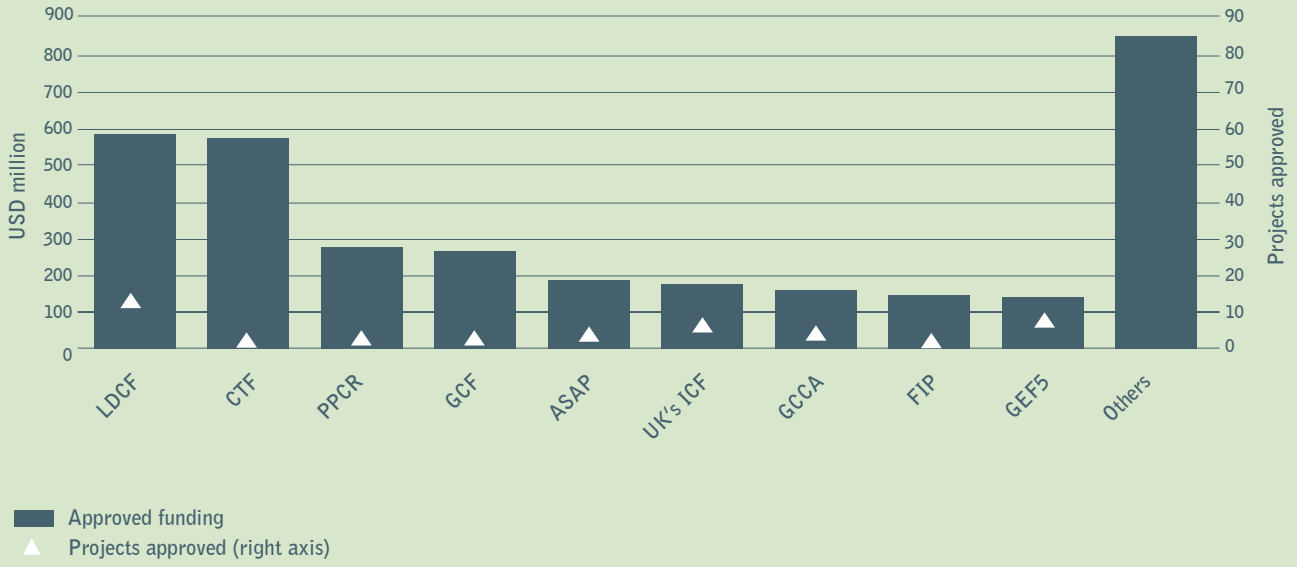
Although Sub-Saharan Africa (SSA) is responsible for only 4% of annual global greenhouse gas emissions, it is the region most susceptible to the dangerous impacts of climate change, some of which are already being experienced. Of particular concern is the relationship between climate change, food production and 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 adaption measures.

Table 1: Funds supporting sub-Saharan Africa region (2003-16)

Fund	Amount Approved (USD millions)	Projects approved
AF	97.4	13
ASAP	180.0	24
Biocarbon	28.0	2
CBFF	83.1	37
CTF	555.0	7
FCPF	80.8	17
FIP	140.5	8
GCCA	155.2	20
GCF	257.9	10
GEF4	116.9	45
GEF5	134.8	50
GEF6	78.1	25
Germany's ICI	98.1	26
LDCF	566.6	137
MDG AF	20.0	4
Norway's ICFI	36.5	1
PMR	5.4	2
PPCR	266.9	14
SCCF	33.5	13
SREP	117.2	10
UK's ICF	169.2	39
UN-REDD	29.2	7

Figure 1: Funds supporting sub-Saharan Africa (2003-16)



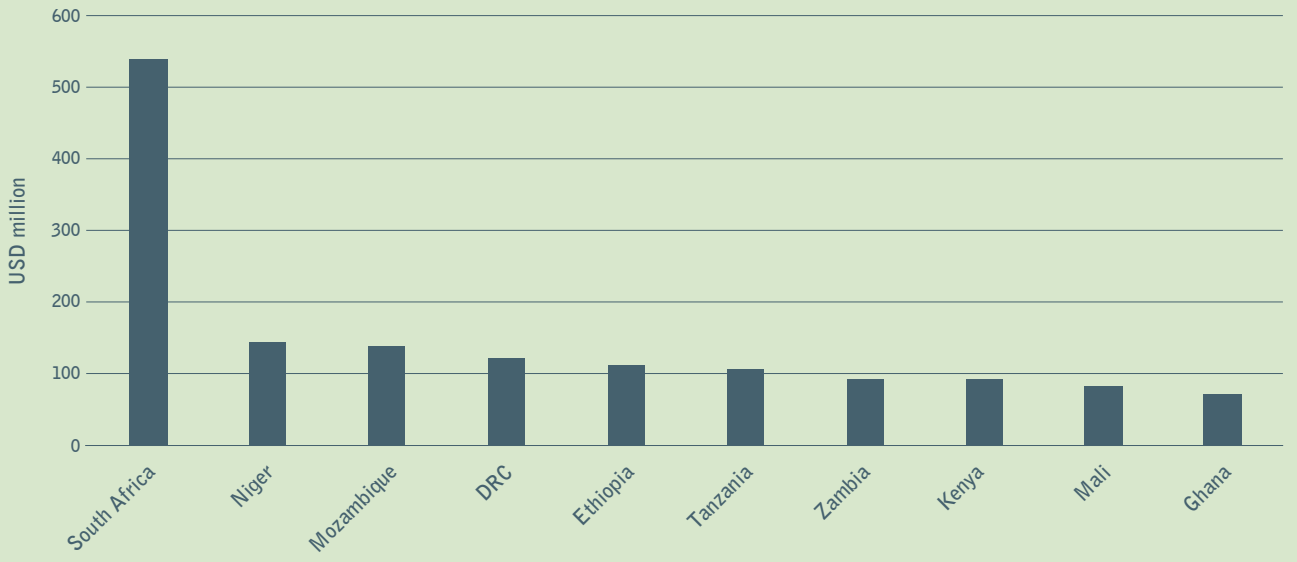
Where does climate finance come from?

Twenty climate funds are active in the region (Table 1; Figure 1). This year the Least Developed Countries Fund (LDCF), which implements urgent adaptation activities prioritised by LDCs under National Adaptation Programmes of Actions (NAPAs), narrowly surpassed the Clean Technology Fund (CTF) as the largest contributor. It has now approved USD 567 million in grant funding for 137 projects. The CTF has meanwhile approved a total of USD 555 million for seven large renewable energy and energy efficiency projects, primarily concentrated in South Africa, demonstrating a clear difference in fund remits and investment strategies.

Who receives the money?

A large share of climate finance for SSA has been directed to South Africa, which has received 19% percent of funding approved 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 funding, outside of a few countries this money has been spread quite thinly. While most funding is at the country level, USD 342 million has been approved for over 60 regional or multi-country projects. This reflects the strategy of bilateral contributors such as Germany or the UK as well as multilaterals such as the GEF and the GCF to support similar climate change objectives across multiple countries. The Congo Basin Forest Fund (CBFF) has similarly tended to support projects that aim to reduce emissions from deforestation and forest degradation across several of the Congo basin countries, but is now winding down to be replaced by a new Central Africa Forest Initiative which will offer results based finance to the region.

Figure 2: Top ten recipient countries by amount approved (2003-16)



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. At least 31 LDCs have been supported with almost USD 2 billion since 2003, representing 62% of overall approved finance for the region. Niger, the DRC, Ethiopia, Tanzania, Mozambique and Zambia are all LDCs due to receive more than USD 100 million for approved project activities.

Agriculture is the most financed sector in the LDCs of SSA, with USD 401 million in funding approved to date. While the LDCF has provided SSA's LDCs with the greatest amount of finance, the Pilot Programme for Climate Resilience (PPCR) has approved the largest individual projects in its support to Niger, Zambia and Mozambique.

The recently established 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 likely become an increasingly important source of climate finance to African LDCs. In 2016, African LDCs The Gambia, Mali, Senegal, and Benin profited from four GCF projects approved for the region.

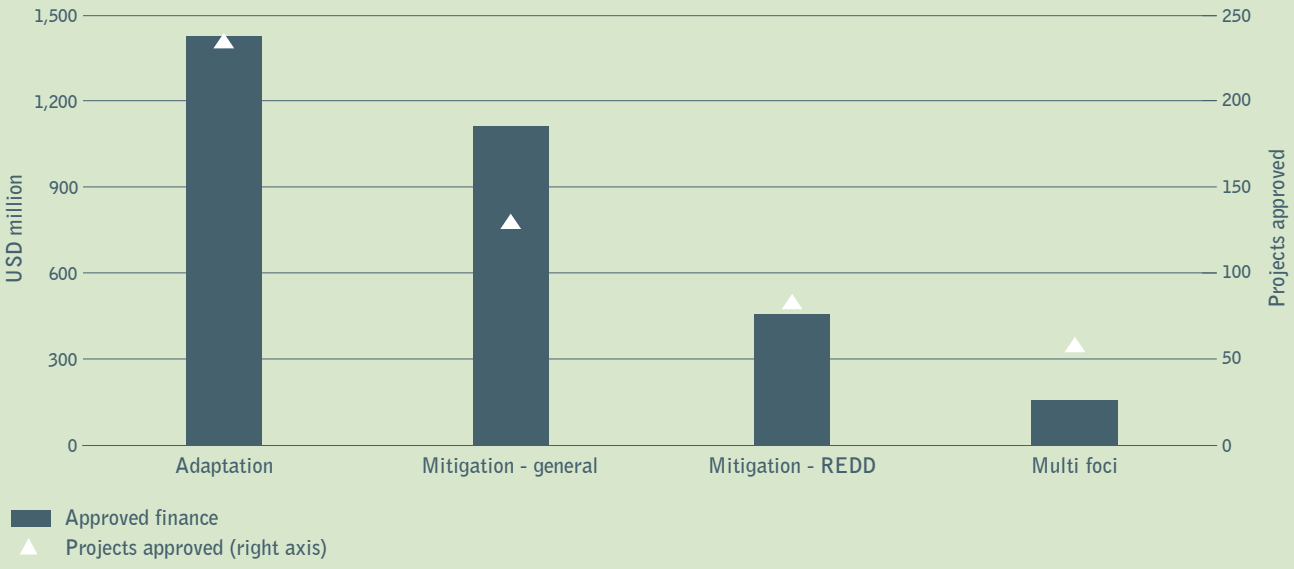
What is being funded?

Figure 3 and Table 2 illustrate that 50% of climate finance in SSA is directed towards mitigation and REDD+ activities. However this spending is concentrated in just a few countries to the detriment of low-carbon development options in other SSA nations. In addition, while it is certainly important to assist developing countries in integrating climate mitigation into their development strategies, the extreme vulnerability of many sub-Saharan countries to the likely impacts of climate change means that adaptation should be seen as a higher funding priority. GCF funding will likely help to address this imbalance in the future. In 2016, the fund approved USD 79.5 million for five adaptation projects in Mali, The Gambia, Senegal, and including two via direct access for Namibia. The largest of these, in Mali, aims to develop hydro-meteorological weather warning services to improve the ability of the 80% of that country's population dependent on rain-fed agriculture to plan and adapt to floods and droughts. The GCF also funded a further USD 53.5 million for a cross-thematic project in Madagascar and a Universal Green Energy Access Programme for USD 80 million that will benefit Benin, Kenya, Namibia, Nigeria and Tanzania.

Table 2: Approved funding across themes (2003-16)

Theme	Amount Approved (USD millions)	Projects Approved
Adaptation	1422	241
Mitigation	1159	133
REDD	455	83
Multiple foci	216	61

Figure 3: Approved funding across themes (2003-16)



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

- **Adaptation finance and the infrastructure agenda**. Smita Nakhooda and Charlene Watson review international efforts to support adaptation and their linkages with efforts to mobilise new finance for infrastructure. Available at: **http://bit.ly/2dMu8P3**
- **The AIIB and investment in action on climate change**. Darius Nassiry and Smita Nakhooda explore how the AIIB can expand markets for solar, wind and grid technologies, and extend China's leadership in the region in a manner consistent with the commitments to take ambitious action on climate change made by its member countries and prospective member countries as signatories to the Paris Agreement. Available at: http://bit.ly/2fk5Exe
- **Financing sustainable development: The critical role of risk and resilience**. Charlene Watson and Jan Kellett make the case that better risk management and the building of resilience are imperative for sustainable development. Available at: **http://bit.ly/2efIUtX**
- **Mutually Reinforcing: Climate Justice, Equitable Climate Finance and the Right to Development**. Liane Schalatek explores the ramifications of the right to development as an inalienable human right for the global challenge of climate change more broadly and more specifically for the concept of climate justice and its application to climate finance provision. Available at: **http://bit.ly/2eWfuRw**
- **In Search of Policy Coherence: Aligning OECD Infrastructure Advice with Sustainable Development.** Motoko Aizawa and Waleria Schuele discuss the privileged relationship of the OECD with the G20 in acting as a powerful voice on policy related to infrastructure investment and development globally and call for the OECD to use its political clout to demonstrate full policy coherence for investment in sustainable development. Available at: **http://bit.ly/1YeHkeE**

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

References and useful links

Climate Funds Update Website: www.climatefundsupdate.org (data accessed in October 2016)
EACC (2010). The Economics of Adaptation to Climate Change. Washington DC: World Bank.
FAO (2016) The state of food and agriculture. Rome: FAO.

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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