



## Climate Finance Regional Briefing: Sub-Saharan Africa

Smita Nakhoda, Sam Barnard, Alice Caravani, ODI and Liane Schalatek, HBF

## Climate Finance Fundamentals 7

NOVEMBER 2013

Sub-Saharan Africa is both the region least responsible for global climate change and most vulnerable to its impacts. A variety of actors are involved in directing climate finance to the region, both to mitigate and support low-carbon development and help countries to adapt to these impacts. CFU data indicates that USD 1.730 billion<sup>1</sup> has been approved for 381 projects and programs throughout the region since 2003, including USD 93 million newly approved over the last year. But finance delivered is substantially less than the USD 18 billion per year that is estimated to be required in the region until 2050.

### Overview

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 and have the potential to produce serious famines across the region.

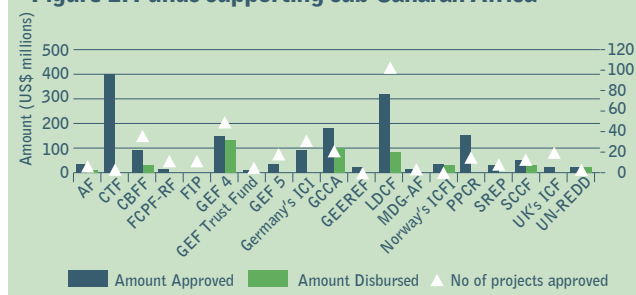
Current levels of climate finance directed to SSA are likely to be insufficient to meet the region's demonstrated need for adaptation finance, estimated by the World Bank to be at least USD 18 billion per year until 2050. The most disenfranchised and therefore the most vulnerable population groups in 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, and the difficulty of designing and implementing such programs in ways that are financially viable and replicable. Public sector grant finance will play a crucial role in realising the significant environmental, developmental and social, including gender, co-benefits of climate actions in the region, particularly for adaptation measures.

### Who provides the finance?

Table 1: Funds supporting sub-Saharan Africa

Fund <sup>3</sup>	Amount approved (US\$ M)	Amount disbursed <sup>4</sup> (US\$ M)	No projects approved
AF	42.17	14.66	6
CTF	401.00	Unknown	5
CBFF	95.37	35.50	37
FCPF-RF	18.91	5.42	13
FIP	5.90	0.31	13
GEF4 (and SPA)	155.79	144.89	57
GEF 5	42.54	1	20
Germany's ICI	96.35	Unknown	32
GCCA	184.69	99.27	22
GEEREF	26.96	Unknown	2
LDCF	320.14	84.82	103
MDG AF	20	20	4
Norway's ICFI	36.49	Unknown	1
PPCR	154.60	4.48	16
SREP	33.51	0	10
SCCF	49.66	31.33	14
UK's ICF	23.42	Unknown	21
UN-REDD	24.17	23.13	5

Figure 1: Funds supporting sub-Saharan Africa<sup>2</sup>



Fifteen multilateral funds are active in the region (see table 1). The largest contribution is from the CTF, which has approved a total of USD 401 million for five projects, primarily in South Africa. However, the amount disbursed is largely unknown. The USD 320 million approved by the LDCF is also of note: an increase of USD 129 million since 2012. The GEF 4, also through the Strategic Priority on Adaptation (SPA), leads in terms of disbursed finance, with USD 144.89 million provided to projects. Germany (ICI), Norway (ICFI) and the UK (ICF) have all invested in SSA through their respective bilateral

country climate funds. The USD 96.35 million approved by the ICI for 32 projects represents the largest source of bilateral funding, but the amount disbursed is unknown.<sup>3</sup>

### What is getting funded?

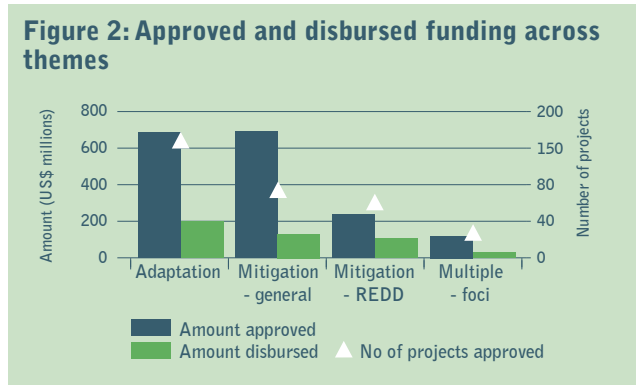


Table 2: Approved and disbursed funding across themes

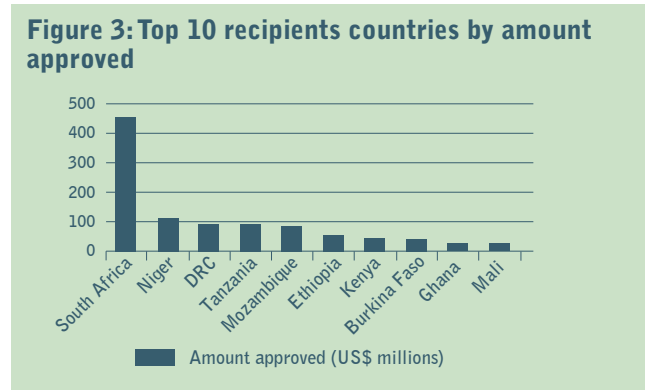
Theme	Amount Approved	Amount Disbursed	Projects Approved
Adaptation	682.01	293.43	165
Mitigation	687.64	132.26	96
REDD	236.88	115.60	81
Multiple foci	123.12	44.56	39

Figure 2 and Table 2 above illustrate that 40% of climate finance in SSA is directed towards mitigation activities; however a closer look at CFU data suggests that this spending is concentrated in just a few countries to the detriment of low-carbon development options in other SSA countries. 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. According to CFU data, however, adaptation projects have received only 40% of funding approved since 2003.

While this represents a balancing of funding priorities since 2012, when approvals were skewed towards mitigation, and thus a step in the right direction, more funding for adaptation in SSA is needed.

The largest project approved in SSA is the USD 350 million *Eskom Renewable Energy Support Program* in South Africa through the CTF, which seeks to promote the development of large-scale renewable energy. The amount of funding disbursed so far, however, is unclear.

### Who receives the money?



A large share of climate finance for SSA has been directed to South Africa, which has received over 25% percent of funding approved since 2003 (see figure 3). Much of the finance South Africa received has supported the Eskom renewable energy program mentioned previously. Although each of the forty-nine countries in SSA except for Somalia and Swaziland have received some funding, outside of a few countries approved finance has been spread quite thinly. While most funding is at the country level, USD 75.47 million has been approved for 14 regional projects. The amount approved for the largest 25 projects range from USD 10 to 350 million, with the remaining projects at a much smaller scale with an average of USD 2.73 million. These small projects are unlikely to achieve impact at scale without significant additional and integrated spending.

#### References

- Climate Funds Update Website: [www.climatefundsupdate.org](http://www.climatefundsupdate.org) (data accessed in October 2013)
- EACC (2010) 'The Economics of Adaptation to Climate Change' World Bank.

#### End Notes

- Excludes contributions to multiple countries but includes regional projects.
- Japan's bilateral FSF is excluded here as what it counts as climate finance is not comparable with other bilateral contributors of climate finance. For a detailed analysis of Japan's FSF and other top contributors of climate finance see: <http://www.climatefundsupdate.org/global-trends/fast-start-finance>
- The Climate Investment Fund (CIF) figures only include projects approved by both Trust Fund Committees and implementing Multilateral Development Banks.
- Detailed project level disbursement data for the GEF 4, 5, LDCF and SCCF are limited: the figures here may be overestimates.

The Climate Finance Fundamentals are based on Climate Funds Update data and available in English, French and Spanish at [www.climatefundsupdate.org](http://www.climatefundsupdate.org)