Climate Funds Update

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Climate Finance Regional Briefing: Sub-Saharan Africa

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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 variety of actors provide climate finance to the region, both to mitigate and adapt to these impacts. Since 2003, USD 2.094 billion[1] has been approved for over 350 projects and programs throughout the region. CFU data indicates that the total amount approved for projects in SSA has increased about USD 300 million since 2011.

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, 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 as at least USD 18 million per year until 2050. The most disenfranchised and therefore the most vulnerable people 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 adaption measures.

Who provides the finance?

Figure 1: Funds supporting sub-Saharan Africa

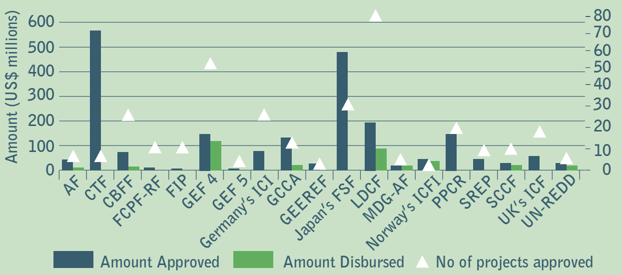


Table 1: Funds supporting sub-Saharan Africa

Fund	Amount approved (US$ M)	Amount disbursed (US$ M)	No projects approved
AF	42.17	8.5	6
CTF	577.5	unknown	6
CBFF	72.79	11.35	27
FCPF-RF	12	3.03	12
FIP	5.94	0.13	12
GEF4 (and SPA)	148.24	120.89	55
GEF 5	7.18	2.45	4
Germany's ICI	75.70	unknown	28
GCCA	136.74	24.73	13
GEEREF	26.96	unknown	2
Japan's FSF	478.04	unknown	34
LDCF	191.94	84.82	80
MDG AF	20	20	4
Norway's ICFI	33.24	31.22	2
PPCR	142.50	1.87	20
SREP	33.51	0	10
SCCF	23.85	18.2	10
UK's ICF	41.7	unknown	19
UN-REDD	24.17	19.13	5

Nineteen funds are active in the region (see table 1). The largest contributions are from the CTF which has approved a total of USD 577.5 million for six projects, most in South Africa. However, the amount disbursed is largely unknown. The GEF 4 also through the Strategic Priority on Adaptation (SPA) leads in terms of disbursed finance, with USD 127.14 million provided to projects. Germany (ICI), Japan (FSF), Norway (ICFI) and the UK (ICF) have all invested in SSA through their respective bilateral country climate funds (see figure 1). Japan has approved USD 478.04 million for 34 projects across 32 countries, which represents the largest source of bilateral funding.

What is getting funded?

Figure 2: Approved and disbursed funding across themes

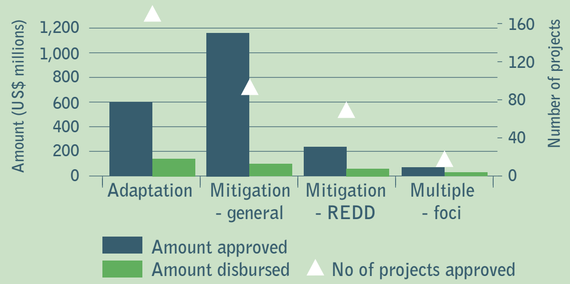


Table 2: Approved and disbursed funding across themes

Theme	Amount Approved	Amount Disbursed	Projects Approved
Adaptation	958.28	137.33	164
Mitigation	1181.98	110.71	93
REDD	235.79	68.86	73
Multiple foci	79	29.42	20

Figure 2 and Table 2 above illustrate that a majority (56%) of climate finance in SSA is directed to mitigation activities. While it is certainly important to assist developing countries to integrate 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 priority. Adaptation projects have only received 28% of funding approved since 2003, although they have received 40% of funding disbursed.

The largest projects approved in SSA are the USD 350 million Eskom Renewable Energy Support Program in South Africa and the USD 256 million Olkaria I Unit 4 and 5 Geothermal Power Project in Kenya, through the CTF and Japan's Fast Start Finance programme, respectively. These projects both seek to promote the development of large scale renewable energy. Neither fund appears to have disbursed funding for either of these projects so far.

Who receives the money?

Figure 3: Top 10 recipients countries by amount approved

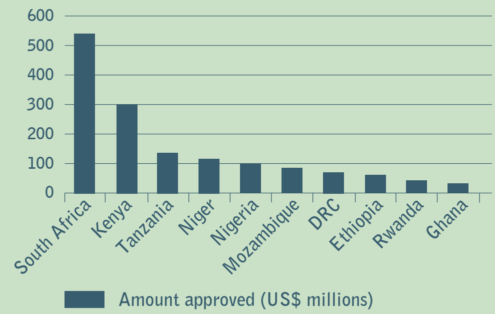
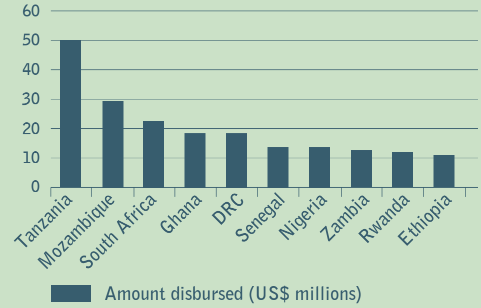


Figure 4: Top 10 recipients countries by amount disbursed



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 received has supported Eskom renewable energy projects mentioned previously. However, disbursement of finance suggests a different trend. Finance has been approved for each of the forty-nine countries in SSA but, outside of the top recipients, this money is spread quite thinly. While most funding is at the country level, USD 86.39 million has been approved for 20 regional projects (Figure 4).

References

Climate Funds Update Website: www.climatefundsupdate.org (data accessed in October 2012)

EACC (2010) 'The Economics of Adaptation to Climate Change' World Bank.

End Notes

1. Excludes contributions to multiple countries but includes regional projects.

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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