



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 World Bank administered Clean Technology Fund (CTF) and the Least Developed Countries Fund (LDCF) are the biggest funding providers in the region. CFU data indicates that USD 2.309 billion¹ has been approved for 453 projects and programs throughout Sub-Saharan Africa since 2003, including USD 600 million newly approved over the last year. However, only 45% of approved funding is delivered for adaptation measures, substantially less than the USD 18 billion per year that is estimated to be required in the region until 2050 for adaptation alone.

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 could lead to further destabilisation of the social, economic and political fabric of many states in the region.

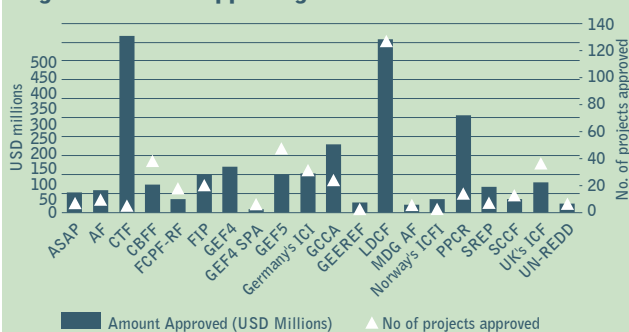
Current levels of climate finance directed to SSA are likely to be insufficient to meet the region's demonstrated need for adaptation finance, estimated by the World Bank as at least USD 18 billion per year until 2050 (EACC, 2010). The most disenfranchised and therefore the most vulnerable population 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 continue to 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 region (2003-14)

Fund	Amount approved (USD M)	No projects approved
ASAP	53.91	6
AF	58.60	8
CTF	466.08	4
CBFF	72.79	37
FCPF-RF	34.73	17
FIP	100.75	19
GEF4 (and SPA)	130.49	50
GEF 5	100.77	46
Germany's ICI	102.45	30
GCCA	180.35	22
GEEREF	26.96	2
LDCF	458.43	126
MDG AF	20	4
Norway's ICFI	36.49	1
PPCR	257.50	13
SREP	69.00	6
SCCF	36.53	12
UK's ICF	79.78	36
UN-REDD	24.17	5

Figure 1: Funds supporting sub-Saharan Africa (2003-14)²



Twenty climate funds are active in the region (see table 1). The largest contribution is from the CTF, which has approved a total of USD 466 million for four large renewable energy and energy efficiency projects, primarily concentrated in South Africa. It appears that the Least Developed Countries Fund (LDCF) may soon surpass the CTF however; the close to USD 130 million approved in the last year for 23 projects increases the LDCF's total funding for adaptation in the region to just under USD 460 million. The LDCF, which implements urgent adaptation activities prioritized by LDCs under National Adaptation

Programmes of Actions (NAPAs), is now funding 126 projects in 34 countries. Germany (International Climate Initiative – ICI), Norway (International Climate and Forests Initiative - ICFI) and the UK (International Climate Fund - ICF) have all invested in SSA through their respective bilateral country climate funds. The USD 102.45 million approved by the ICI for 30 projects represents the largest source of bilateral funding.

What is getting funded?

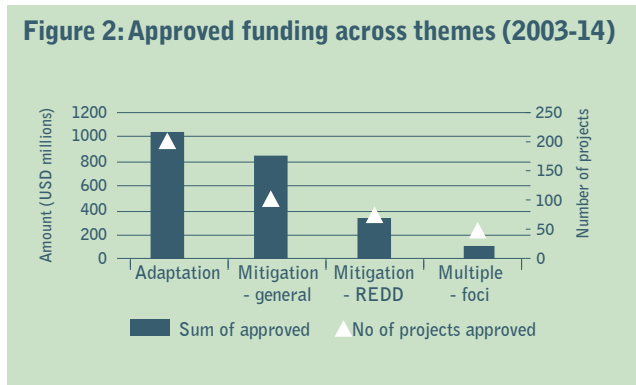


Table 2: Approved funding across themes (2003-14)

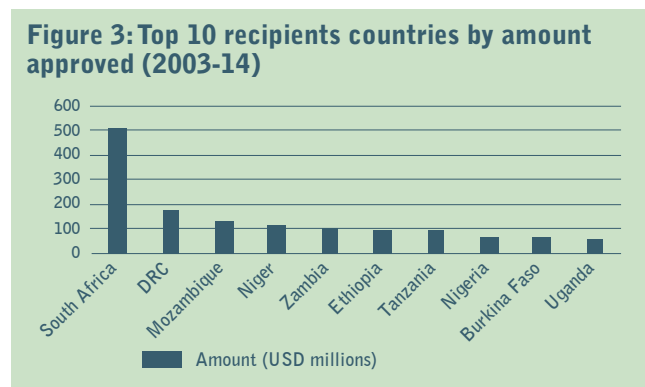
Theme	Amount Approved	Projects Approved
Adaptation	1028.23	200
Mitigation	834.44	102
REDD	334.57	76
Multiple foci	112.73	48

Figure 2 and Table 2 above illustrate that 50% 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 45% of funding approved since 2003. While the balance of adaptation to mitigation funding is improving, aided by the

almost USD 350 million approved for adaptation projects in the last year, this trend needs to continue to prioritize adaptation in SSA.

To date the largest project under implementation in SSA remains the USD 350 million Eskom Renewable Energy Support Program in South Africa approved in 2010 through the CTF, which seeks to promote the development of large-scale concentrated solar power and wind energy. The largest single adaptation project in SSA is the USD 63 million Community Action Project for Climate Resilience in Niger, approved in 2011. The primary aim of this project is to increase the food security of rural communities by improving the resilience of their agricultural systems to climate variability and change.

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 CTF 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 50.51 million has been approved for 11 regional projects. The amount approved for the largest 25 projects range from USD 24.5 to 350 million, with the remaining projects at a much smaller scale with an average of USD 3.81 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 (data accessed in November 2014)
 EACC (2010) 'The Economics of Adaptation to Climate Change' World Bank.

End Notes

1. Excludes contributions to multiple countries but includes regional projects.
2. 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 Finance Fundamentals are based on Climate Funds Update data and available in English, French and Spanish at www.climatefundsupdate.org