Workshop report - Financing workshop
Climate Chance Africa Summit
Abidjan – 28 June 2018
Roadmap of the coalition
Access to finance for African non-State actors

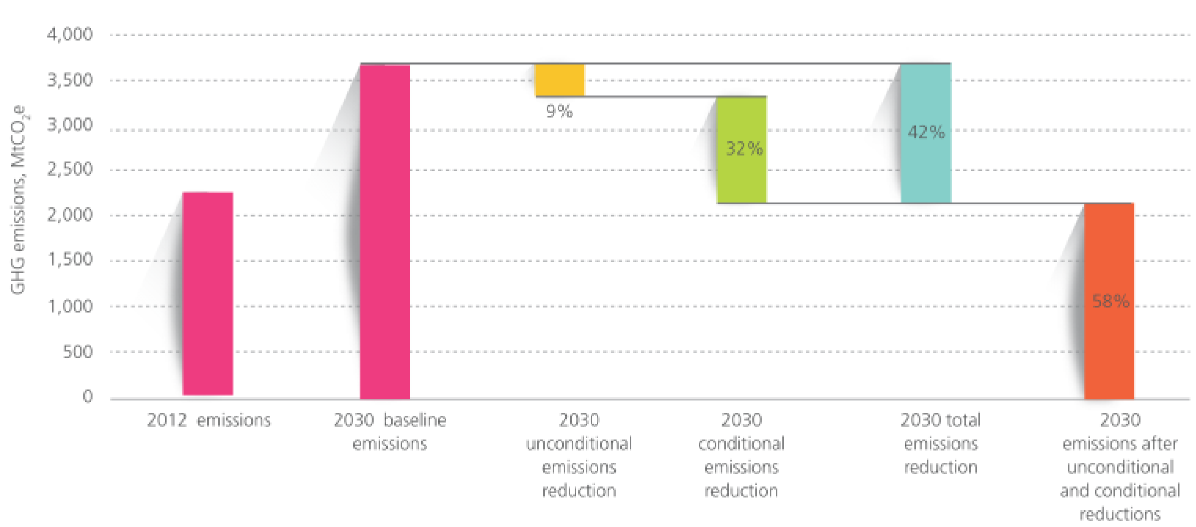
UCLG / UCLG-A, FMDV, GERES, Mali – Folkecenter – Neytaa, WECF

I – WHERE ARE WE?

The lack of financial resources for the implementation of African NDCs is expressed by all as a major barrier. International climate financial flows to sub-Saharan Africa are stable at USD 12 billion (with about 20% going to South Africa).
The costs of adaptation could represent up to 6% of the African continent's GDP in a world at +4°C (1% in a world below +2°C). They are estimated to represent between 50 and 95 billion USD per year by 2050.

Conditional or unconditional efforts
Many African countries submitted mitigation commitments through their NDCs in 2015, provided that they have access to international climate finance. Only a quarter of these commitments are not conditional.

Figure 2-4: Quantified conditional and unconditional GHG emissions reductions in African INDCs



Note: This analysis includes data for 36 countries for which a quantified 2030 business as usual baseline and quantified emissions reductions are available in their INDSs: Angola, Benin, Burkina Faso, Cameroon, Central African Republic, Comoros, Congo, Cote d'Ivoire, Democratic Republic of Congo. Djibouti, Eritrea, Ethiopia, Gabon, Gambia, Ghana, Guinea, Kenya, Liberia, Madagascar, Mail, Mauritania, Mauritius, Morocco, Namibia, Niger, Nigeria, São Tomé and Príncipe, Senegal, Seychelles, Tanzania, Togo, Tunisia, Uganda, Zambia, Zimbabwe.

Source: Adapted from AfDB / Vivid Economics

However, the total costs expressed by the 44 African countries that have registered their NDC amount to USD 2,350 billion by 2030 (i.e., in relation to the continent's population, about USD 2,000 per capita), far from the current figures for international climate finance flows. Among the countries that have clearly expressed the distribution between external and internal sources of financing, about 70% of the costs should be covered by international climate finance[1]. In other words, African countries are willing to invest only 600 USD/inhabitant over 15 years (40 USD/year/inhabitant) to commit their country to low-carbon and resilient trajectories.

This is consistent with an observation made during the workshop: States must be encouraged to assume their responsibilities and non-state actors must put pressure on States to ensure that budgets are based on good practices at all territorial levels.
IED Africa presented its project (2015-2018; funded by UK Aid) to decentralize climate finance to rural local authorities in the Kaffrine department of Senegal (https://www.neareast.org/braced/). Several important points were highlighted, including the need to work simultaneously on several frameworks and territorial levels, in particular:

i) the use of existing decentralisation financing channels has made it possible to operationalise certain aspects of the legal provisions on decentralisation, by making the competences of recently created local authorities (departments and municipalities) operational with additional funding and by clarifying the relations between administrative authorities and local authorities;
ii) support for municipalities in climate territorial planning (and related budgeting);
iii) creation of a platform of national stakeholders on decentralized climate change financing (including the Ministry of Environment, the Ministry of Decentralization, the Directorate of Environment and Classified Institutions (DECI), the PNDL, the Ecological Monitoring Centre (EMC), FAO, Enda and IED Africa).

Access to climate finance for non-state actors

While African states have difficulty accessing international climate finance, the situation is even more complex for non-state actors. For example, in 2016, only 3% of multilateral adaptation funding (USD 197 million out of USD 6.2 billion worldwide) was allocated to recipients from the private sector.
Several observations are made :

- The weakness of the definition of institutional frameworks for NSAs' access to climate finance,
- The poor financial structure/engineering of projects, which does not "reassure" donors, especially when it comes to loans
- In the case of local authorities, political difficulties may arise,
- Lack of trust in NSAs: "it takes the signature of the whole world to be able to submit a project". These donor requirements sometimes run counter to the laws and decentralization dynamics of the States themselves.
- Etc.

These difficulties are exacerbated in rural areas, where the size of projects is too small. This is the case, for example, in Benin in the Department of Collines, where 6 communes have been grouped together

[1] Source: African NDCs Gap Analysis Report, African Development Bank, 2018

in inter-municipality since 2009 around a Territorial Project for 2040, led by the Groupement Intermunicipal des Collines (GIC). Despite several years of technical support by national and international experts, the GIC is struggling to mobilize multilateral climate financing and it has been refused funding from the African Development Bank's Adaptation Fund and Climate Fund.

In addition, stakeholders point out gaps in the dissemination of information on multilateral donors' calls for projects, as the channels are often informal/intermediate. When projects are submitted, feedback is limited, except from some more exemplary donors (European Union, Green Climate Fund), which hinders the ability to learn from mistakes.

II – WHERE WE WANT TO GO?

A l'issue de la première partie de l'atelier portant sur les constats, deux objectifs généraux ont été proposés et discutés ; il s'agit essentiellement d'activer des synergies.

OBJECTIVE 1:
Improve the dissemination of information on climate financing available to non-state actors.

OBJECTIVE 2:
Improve the partnership framework between state and non-state actors (legal, financial, etc.) calling for urgent action by all.

There was general consensus on these objectives. The proposals to implement them are numerous and require further reflection, in particular:

Objective 1
Regarding the objective of disseminating information, several proposals were made in the workshop, but require in-depth reflection on the means and coordination with existing initiatives:

- Create a network of climate focal points in local governments (even on a voluntary basis), and train them to share information => such an initiative can build on existing community networks (e.g. Covenant of Mayors-Sub Saharian Africa)
- Create regional environmental agencies to disseminate information on funding, particularly at the local level => possible role of ECOWAS/CILSS regional model institutions?
- Promote/enhance existing guides: for example, the Cross-border Operational Mission (http://www.espaces-transfrontaliers.org/la-mot/missions-mot/) will be issuing a practical guide in September/October 2018 and may also put a database on existing financing tools online (especially for the territories).
- Climate Chance will make available, on its climate action portal, bibliographic resources in French and English on available funding sources (by the end of 2018 www.climate-chance.org)

Objective 2
Several participants stressed the importance of disseminating information; in particular, they considered that territorial actors do not understand the language of the NDCs and that they should be translated into more tangible objectives (jobs, etc.).

The role of African States themselves was also highlighted as well as the fact that mobilization of local sources of financing should be a priority (e. g. through the levying of taxes on polluting companies). Sometimes legal and regulatory frameworks are in place; however, they are not applied (see the example of the new Mining Code in Guinea). There is therefore a need to work on the advocacy messages of non-state actors in countries to advance this issue of NDC funding by states themselves.

Donors regularly point out that they have difficulty identifying good climate projects. This is due on one hand to the submission of projects that "do not speak the language of the donor", including on financial engineering and refer to the capacity building needs of project leaders. On the other hand, there is an insufficient connection between project leaders and funders. The organisation of match-making events between project leaders and funding providers could be a way to improve contacts. In addition, on capacity building for structuring "bankable" projects, several important initiatives should be highlighted:

- The Adapt'Action Facility of the French Development Agency
- The launch of the Africa NDC Hub by the African Development Bank (https://www.afdb.org/fr/topics-and-sectors/initiatives-partnerships/africa-ndc-hub/)
- The services and programmes developed and provided by the FMDV in Africa to help to meet needs of locating climate financing at the territorial level: training of actors on the availability of financing tools and models, technical and financial preparation of projects, creation of appropriate investment environments, strengthening of financial intermediation or even matchmaking between project leaders and the technical and financial solutions of public, private and institutional actors.
- Climate KIC: preparation of online training modules and physical workshops to be held at the end of the year in Africa on the financing of urban infrastructure dealing with climate change consequences; and proposal for coaching project leaders by technical and financial experts.
- Etc.

III – HOW TO GET THERE?

It is necessary to be realistic about the capacity of the actors to be mobilized in collective efforts, without a leader dedicating 100% of his/her time. The Climate Chance Association cannot provide a full-time human resource and relies on the actors involved in the coalition.

1. As such, it is proposed to initially target only two or three initiatives, which are to be included in the 2018/2019 roadmap in order to be realistic and to be able to measure progress.

- Mapping

We propose that coalition members continuously carry out a mapping of interesting actors, good practices and projects that have a particular impact and can be replicated on a large scale.

Coalition members will be able to communicate these elements to the Climate Chance Association Team, which will showcase them in its Climate Action Portal, in its Library of thematic documentary resources and in the Observatory's annual report.

- Dissemination of information

To facilitate communication, a mailing group financements.climat.Af@climate-chance.org was created in order to encourage exchanges between actors who participated in the workshop. It will gradually accommodate new members. This is not necessarily the final tool, and a discussion will be conducted to determine which collaborative tool could be the most effective in the context of a multi-stakeholder approach in Africa.

A mailing list will allow to share all relevant information in the sector, such as: funding opportunities, calls for projects, training opportunities, interesting events, etc. It will be able to gradually welcome new members on request to the Climate Chance association team.

- Common Agenda

Define the common agenda of the coalition in question, the next steps to evaluate the progress made, the next events to meet or present progress, etc.

The coalition supporting this roadmap is co-managed by the following organizations:

UCLG / UCLG-A, FMDV, GERES, Mali – Folkecenter – Neytaa, WECF