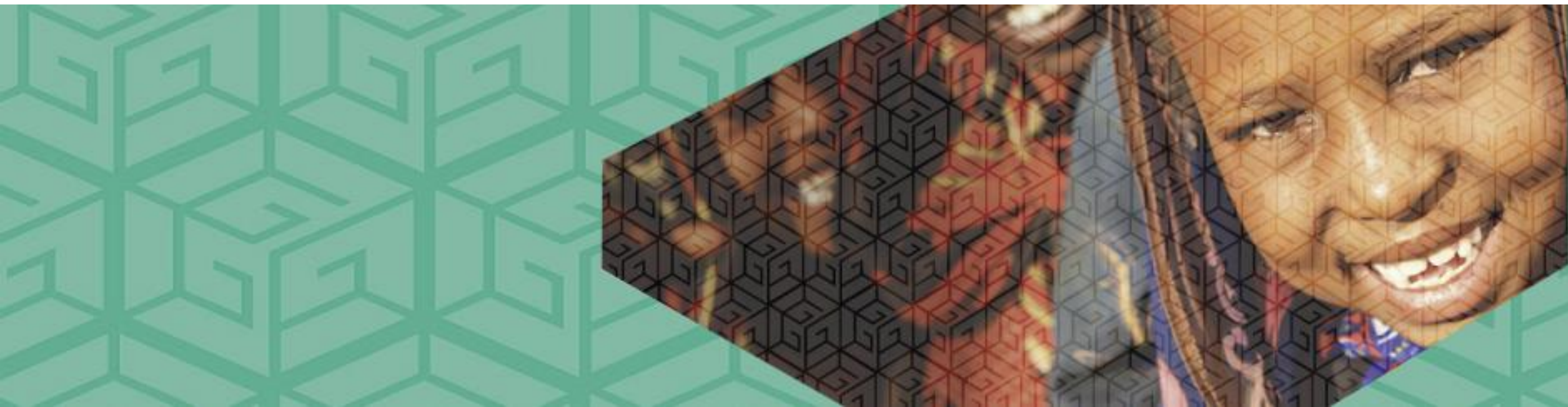


Financing mechanisms and opportunities for investments on Adaptation projects/programs in Africa

Dr. Omar Diouf

Regional Lead Africa, Climate-smart Agriculture & rural Energy

16 April, CORAF General Assembly – Side event : increasing access to private finance for NARS to drive Resilient Agricultural innovation in Africa



GGGI at a Glance



- GGGI is a treaty-based international, inter-governmental organization dedicated to supporting and promoting **strong, inclusive and sustainable economic growth** in developing countries and emerging economies.
- GGGI supports a “**green growth transformation**” that also promotes deep decarbonization and climate resilience



GGGI's Global Operational Priorities & Programmatic Solutions 2021–2025

1. CATALYZING AND ACCELERATING ACCESS TO CLIMATE FINANCE/GREEN INVESTMENTS

Green Investments

Green bankable investment projects, national financing vehicles, green and climate finance instruments, carbon-transactions



2. STRENGTHENING POLICY, planning and regulatory frameworks, and institutional capacity to achieve green growth outcomes

Climate Actions

Inclusive green growth plans, LT-LEDS, NDC support, NAP development, MRV system design, climate diplomacy



3. ACHIEVING A SUSTAINABLE AND CIRCULAR BIOECONOMY

while securing healthy natural systems

Climate Resilient Agriculture

Solar-powered irrigation, renewable energy in agri-value chains, climate resilient cropping practices, agroforestry

Sustainable Forests

REDD+, forest economy, landscape financing mechanisms, natural capital market innovation

Coastal Resilience

Mangrove restoration, sustainable aquaculture, blue carbon



4. MAKING CITIES AND COMMUNITIES SUSTAINABLE, LIVABLE AND RESILIENT,

supported through green jobs, services and green infrastructure capital markets innovations

Waste Management

Circular economy, urban and agricultural waste, wastewater, FSM, waste to resource, bio-CNG

Sustainable Mobility

E-Mobility, charging infrastructure, non-motorized transport

Green Buildings

Green urban infrastructure norms/standards/ policies, energy efficiency in residential and commercial buildings

Renewable Energy

Accelerated solar and wind energy adoption, storage systems, geothermal energy, green hydrogen

Green Industries

Green industrial parks, green supply chains, energy efficiency in SMEs, labelling and standards



5. ACCELERATING POVERTY ERADICATION AND GENDER EQUALITY

Cross cutting

in all programmatic solutions



6. CARBON PRICING

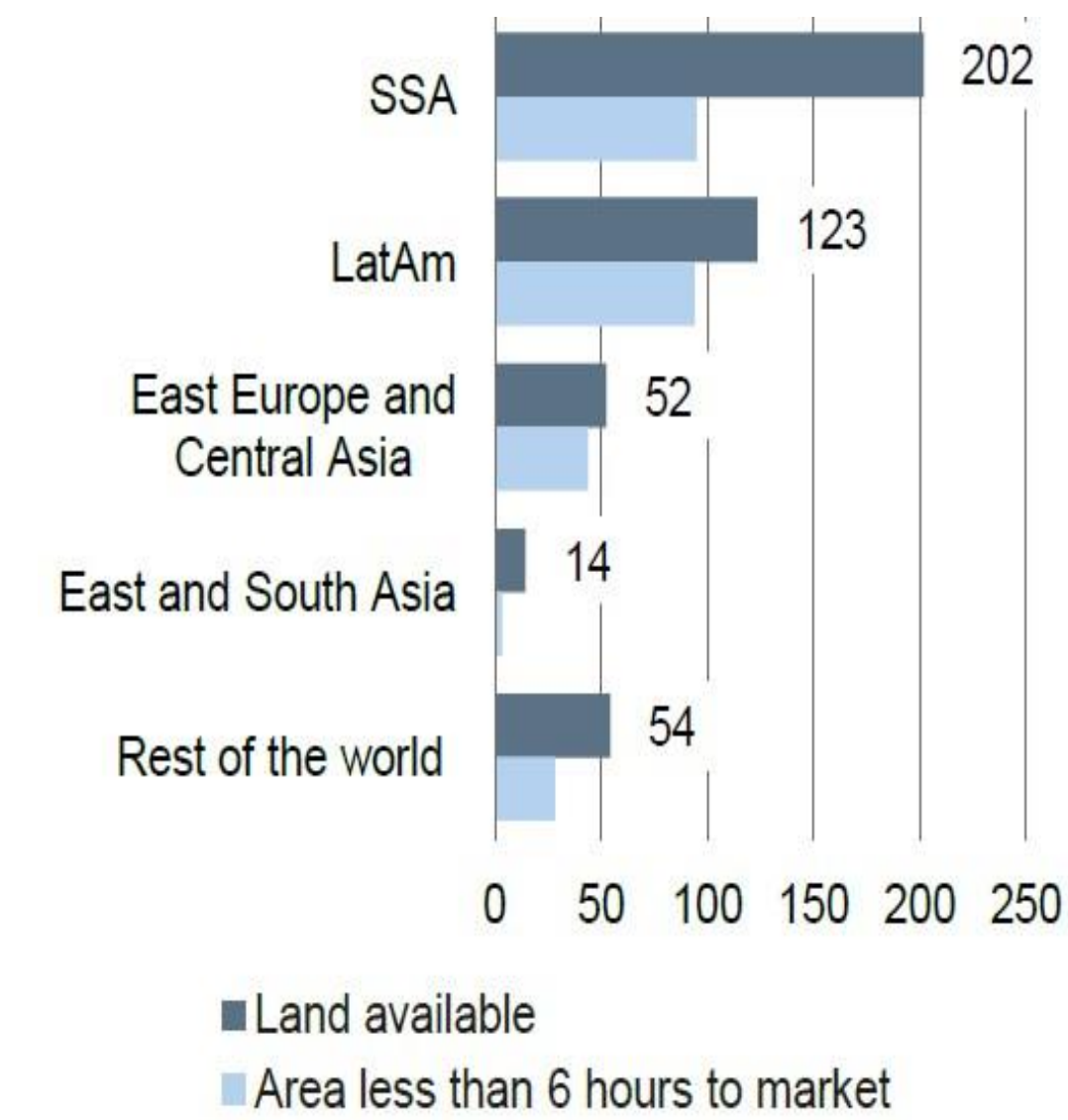
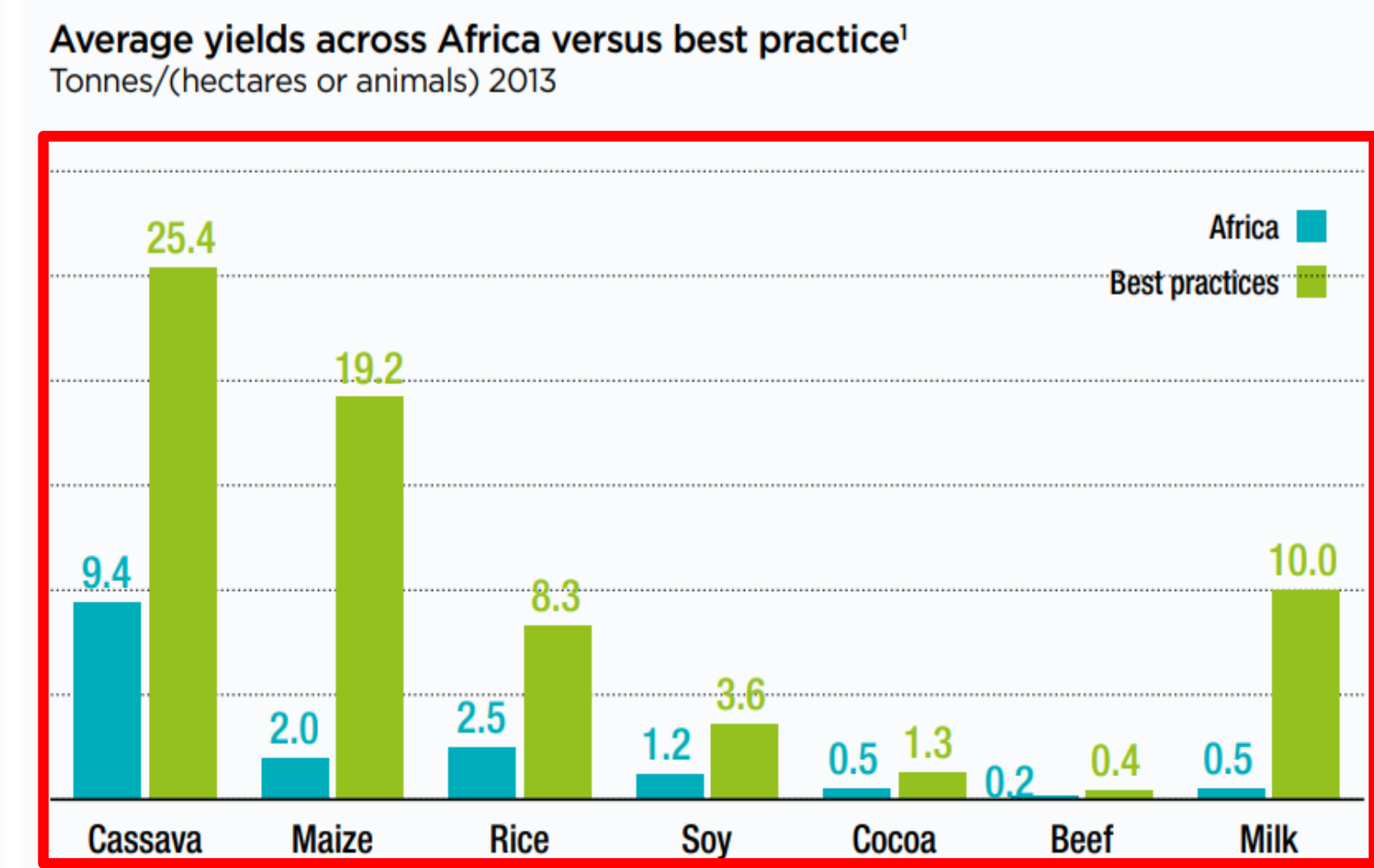
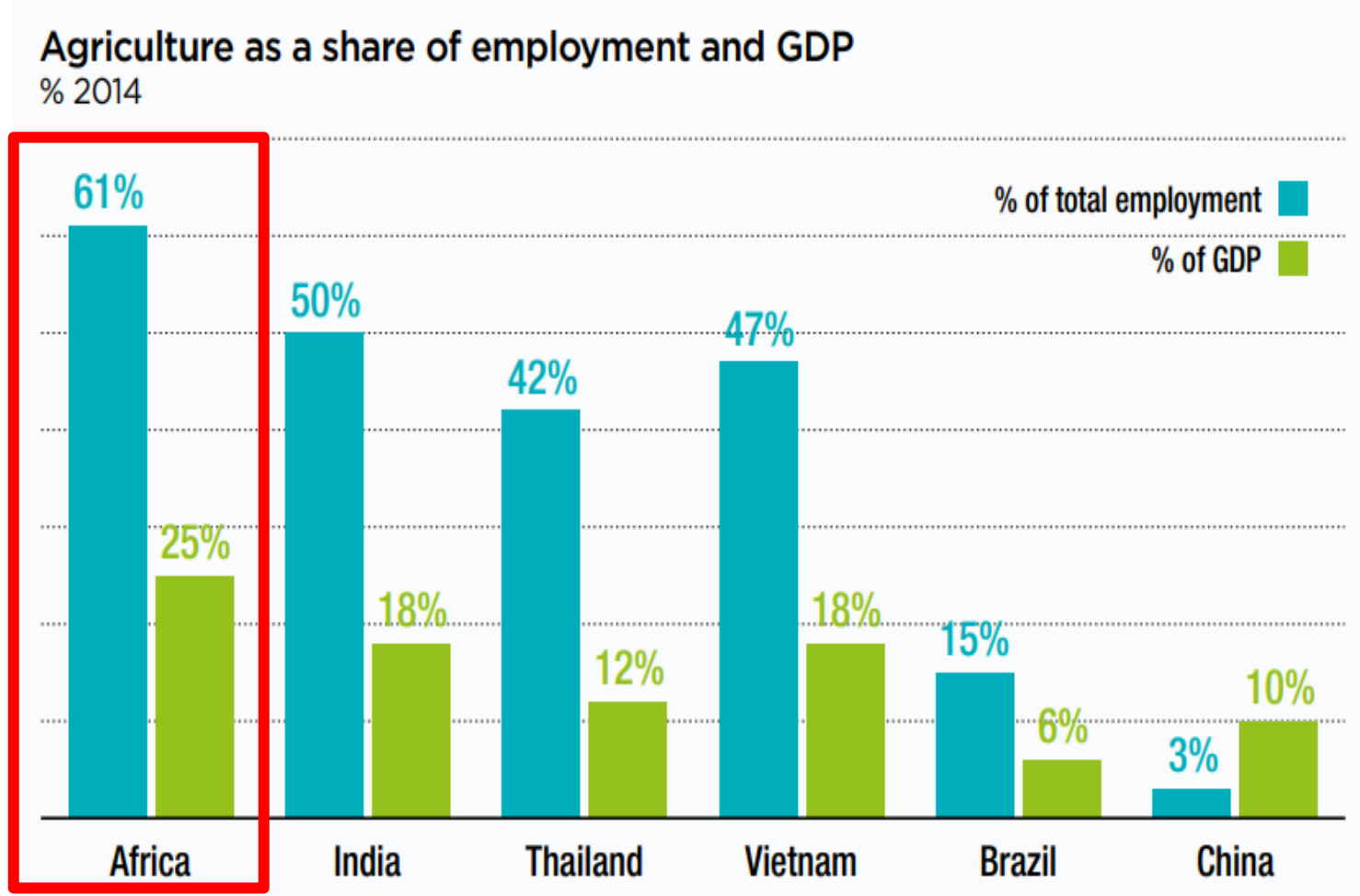
Article 6

Readiness, policy design, transactions, and trading

Trends, challenges and opportunities

Gap between employment and income...

Relatively low productivity...



"The future of African agriculture is promising. Climate-smart agriculture will play a crucial role in economic growth."

- ❑ 10% of renewable fresh water sources
- ❑ Around 50% of land available globally

Key drivers of GGGI intervention



- Area under irrigation (Globally 20%, Africa 5%)
- Untapped fresh water sources and arable lands
- Low crop yield relative to potential yield
- Low access to productive energy (diesel pumps)
- Need to reduce carbon footprint
- **Land restoration & biodiversity conservation**

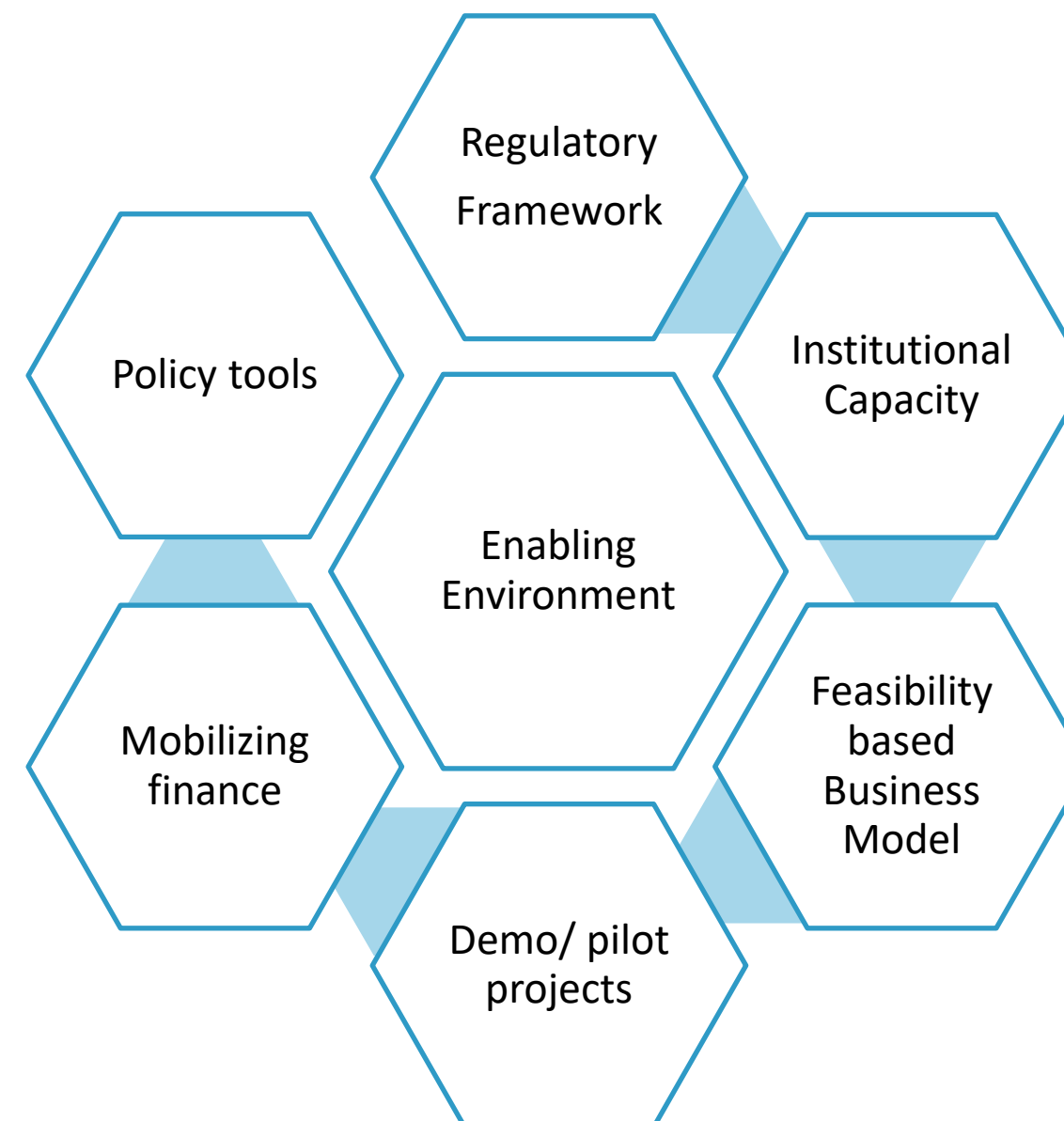
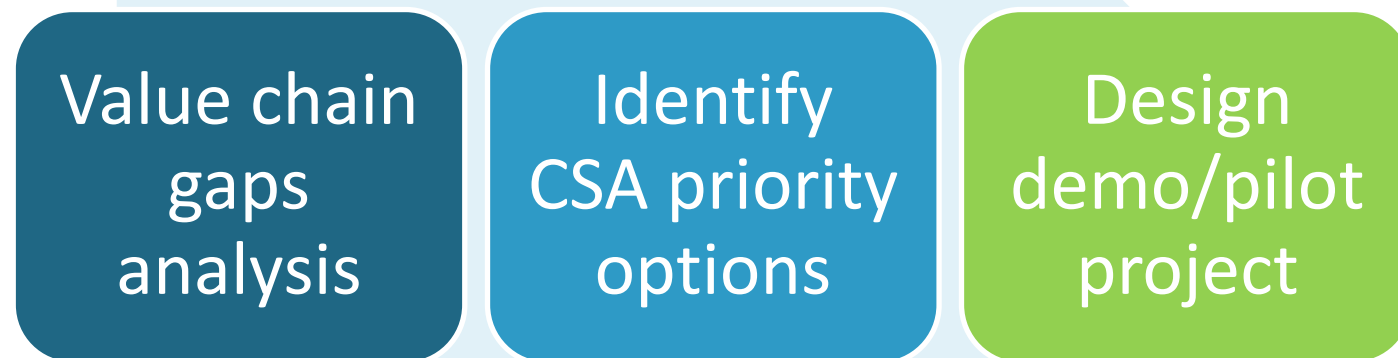


Landscape approach & Climate-smart enhancing-yield practices combined with solar pumping irrigation system emerge as potential solution

Needs for Technologies and innovations:

- Increasing productivity
- Post-harvest handling & Processing
- Agriculture/market digital advisory services

Climate Resilient Agricultural Market Value Chain approach



Business plans/market linkage/private engagement at scale

GGGI Growing Portfolio of CSA project



01

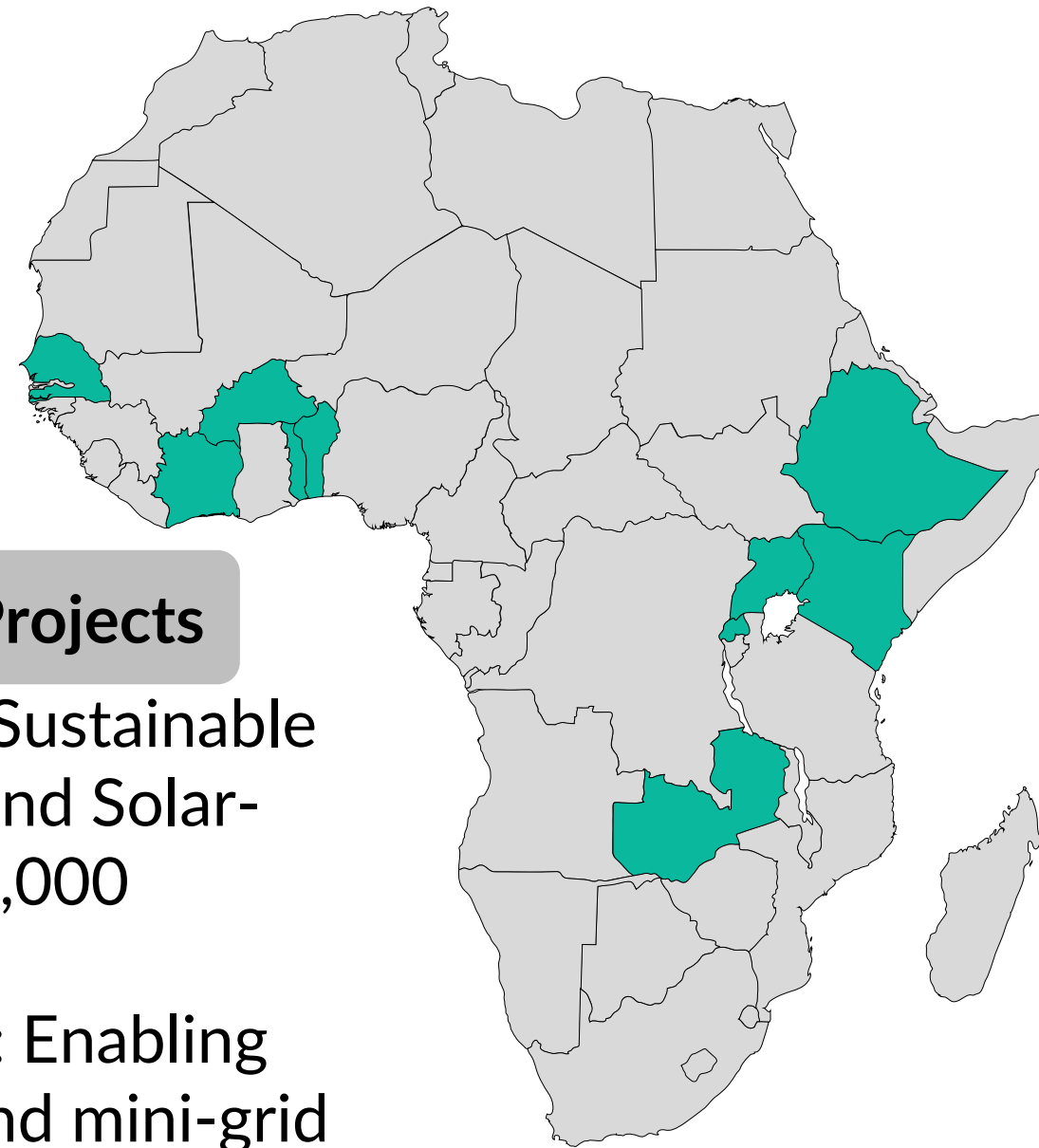
Project Preparation for GCF Funding

- ❑ GGGI in partnership with BMGF.
- ❑ Focus on **Cote d'Ivoire, Togo, Zambia, Kenya.**

03

Implemented or Under Implementation Projects

- ❑ **Senegal:** Climate-Smart Agriculture and Sustainable Value Chains (2,000 farmers, 120 jobs) and Solar-powered irrigation for rice production (3,000 smallholder farmers).
- ❑ **Senegal, Burkina Faso, Ethiopia, Uganda:** Enabling environment for solar-based irrigation and mini-grid systems.
- ❑ **Cote d'Ivoire:** Technical assistance in collaboration with Adaptation Fund (70,095 farmers).
- ❑ **Rwanda:** Optimizing agricultural productivity with Agrivoltaics and Solar-powered Cold Storage.
- ❑ **Ethiopia:** Climate Resilient Forest and Landscape Restoration (CRFLR) Programme.

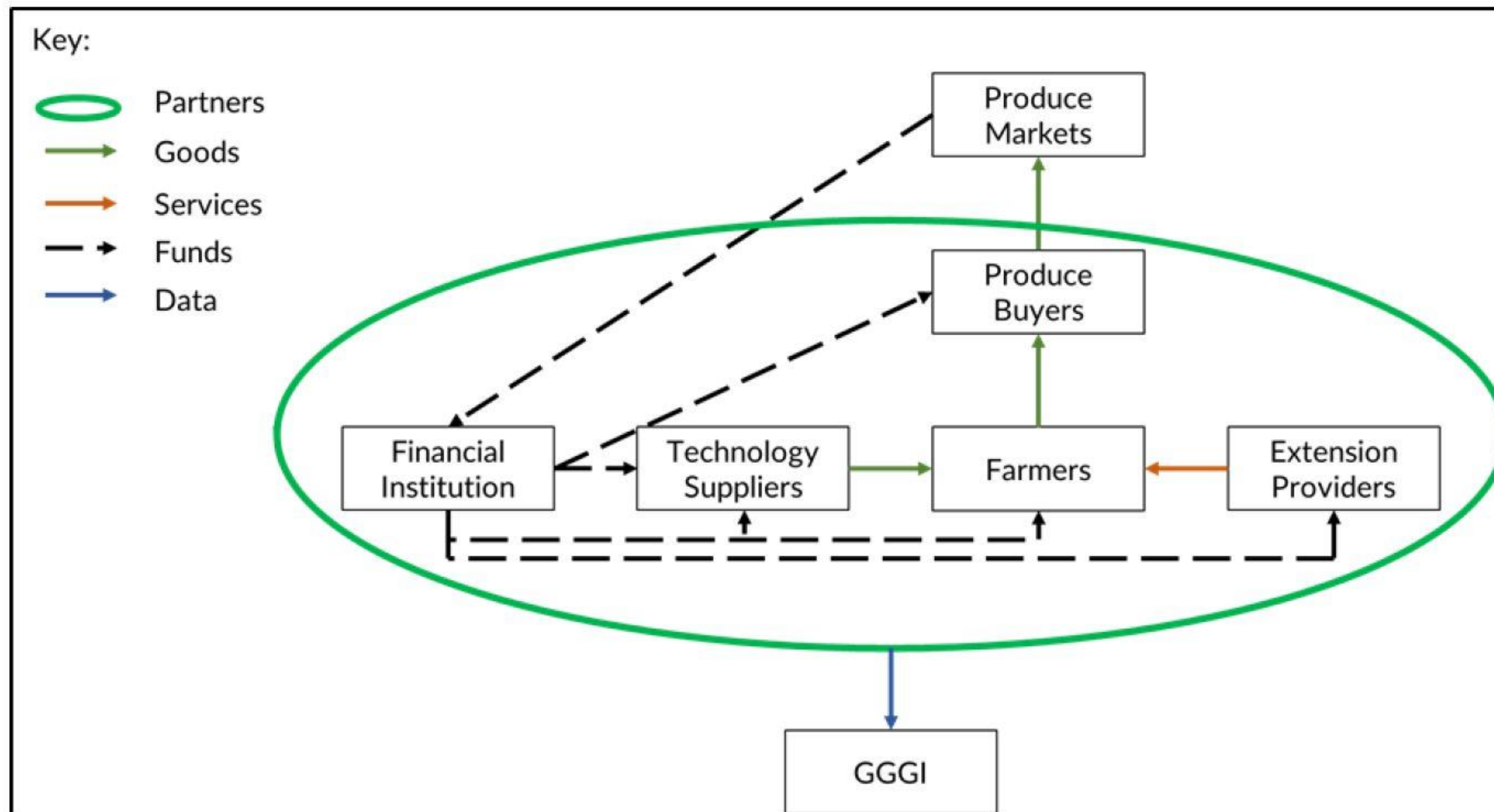


02


Regional Africa Program: Access to Climate Finance

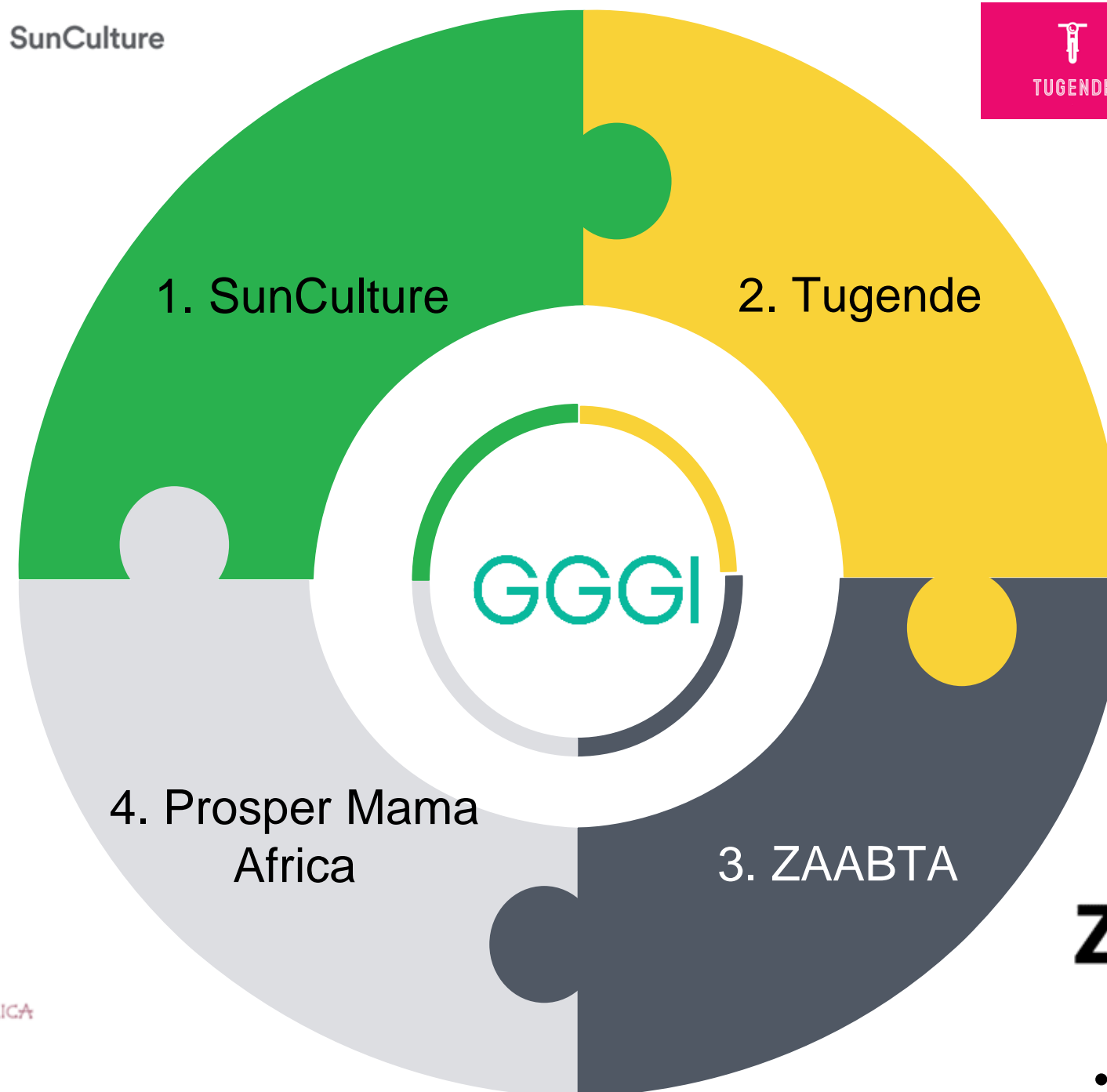
- ❑ **Cote d'Ivoire:** Enhancing Sustainable Land Management and Climate Resilient Agri-food Systems.
- ❑ **Togo:** Promoting Transformative Change Through Agrifood Systems and Climate-Resilient Enterprises
- ❑ **Zambia:** Enhancing the Climate Resilience and Adaptive Capacity of Smallholder Farmers in Zambia
- ❑ **Kenya:** Enhancing Climate Resilience and Food Security to Empower Vulnerable Communities in Kenya
- ❑ **Togo:** Strengthening Resilience to Climate Change through Sustainable Forestry Resources (KFS) and Developing Socio-Economic Infrastructure to Sustain Rural Communities (MAFRA).

Partnership-based Business Model



Investment Setup

- 
- Leading CSA provider in Kenya, seeking expansion to Uganda
 - Served over 10,000 farmers with a portfolio of approximately 9mUSD
 - Offering tenors of up to 36 months, tailored to harvest seasons
 - Systems cost between \$850 and \$2,500
 - In 2020 raised in 2020 \$25m in debt (11m) and equity (15m)
 - **Role:** Identify farmers in collaboration with the farmer groups, supply pumps, O&M, monitor

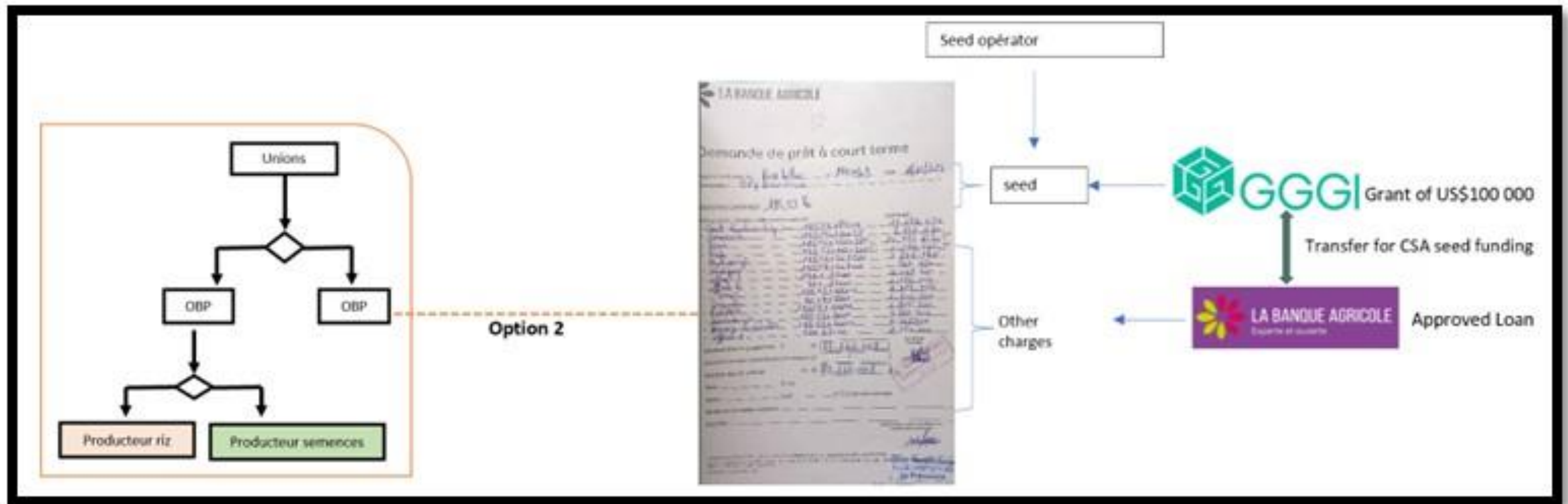


- 
- Asset financier founded in 2012.
 - Started off with financing motorcycles
 - Overall portfolio of USD 30m
 - Average annual portfolio growth of 116% and less than 1% write-offs (2018 to 2020).
 - Proven lease to own financing model, large pool of existing clients, guarantors
 - Tugende looks to expand their portfolio to USD 60,000,000 by 2025 through introduction of a new line of products focused on the agricultural sector
 - **Role:** Conduct due diligence, disburse payments to Sun Culture, collect installments from farmers

Zaabta

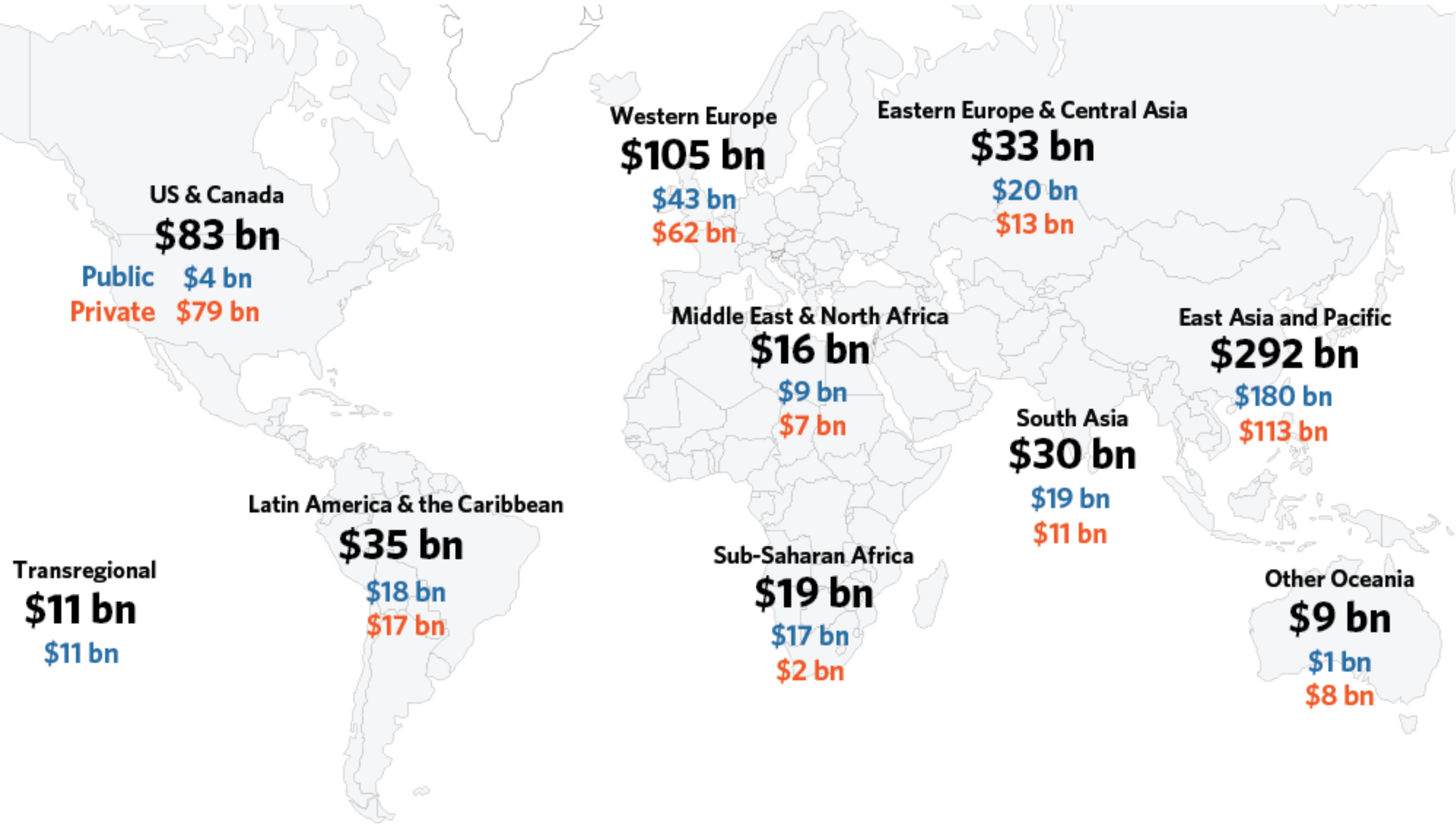
- 
- Farmer organization founded in 2004 with 25,000 member farmers and 14,000 active members (paying monthly fees and supplying produce)
 - Farmer group with access to 15,000 smallholder farmers through **Resilient Village Model** (not membership based but links farmers with produce off-takers)

Financing mechanism for improved seed access



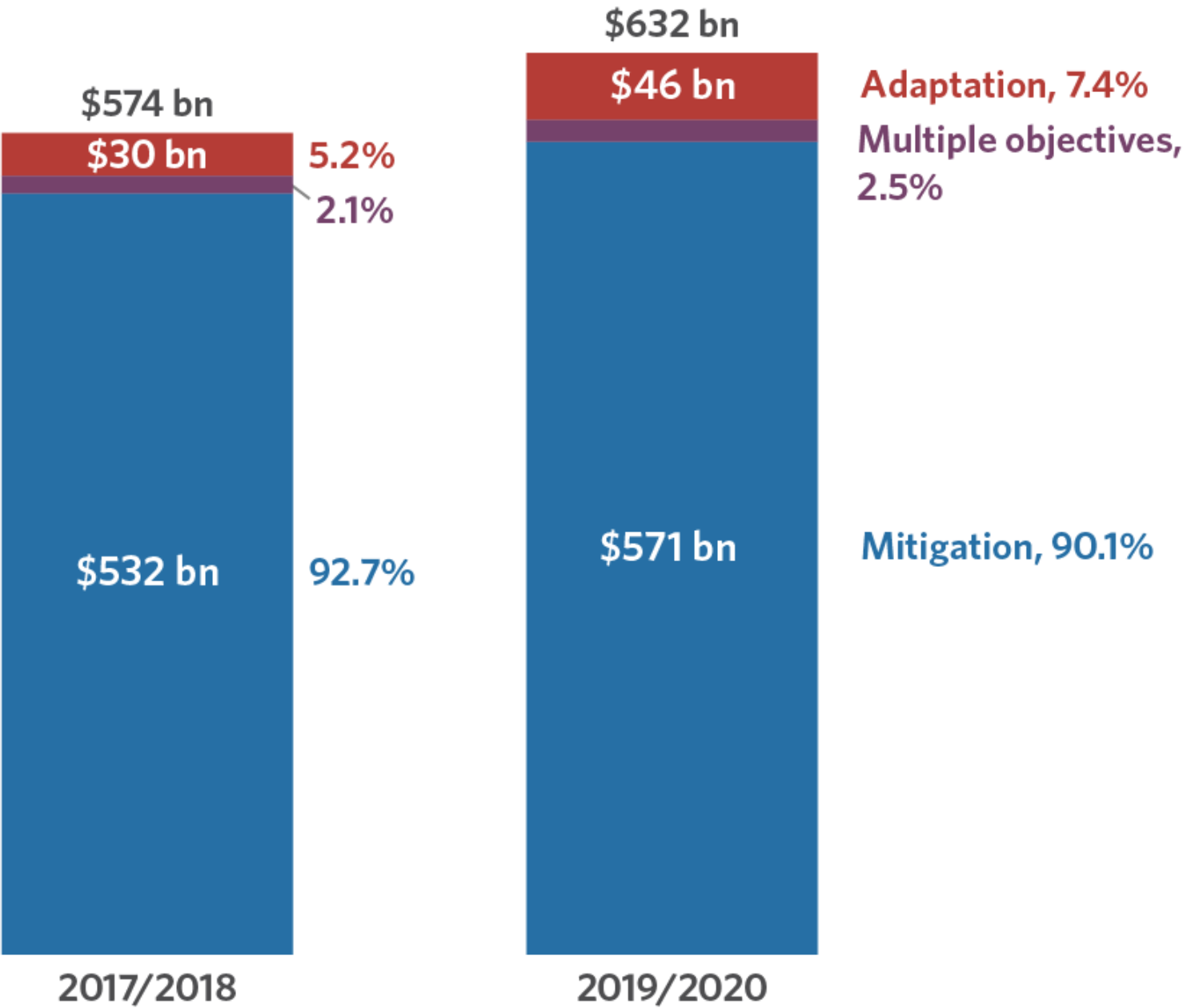
Global Climate Finance Landscape

Destination region of climate finance, by public/private US\$ bn 2019/2020



Biannual average climate finance by mitigation, adaptation and dual objectives

Adaptation only accounted for 7%

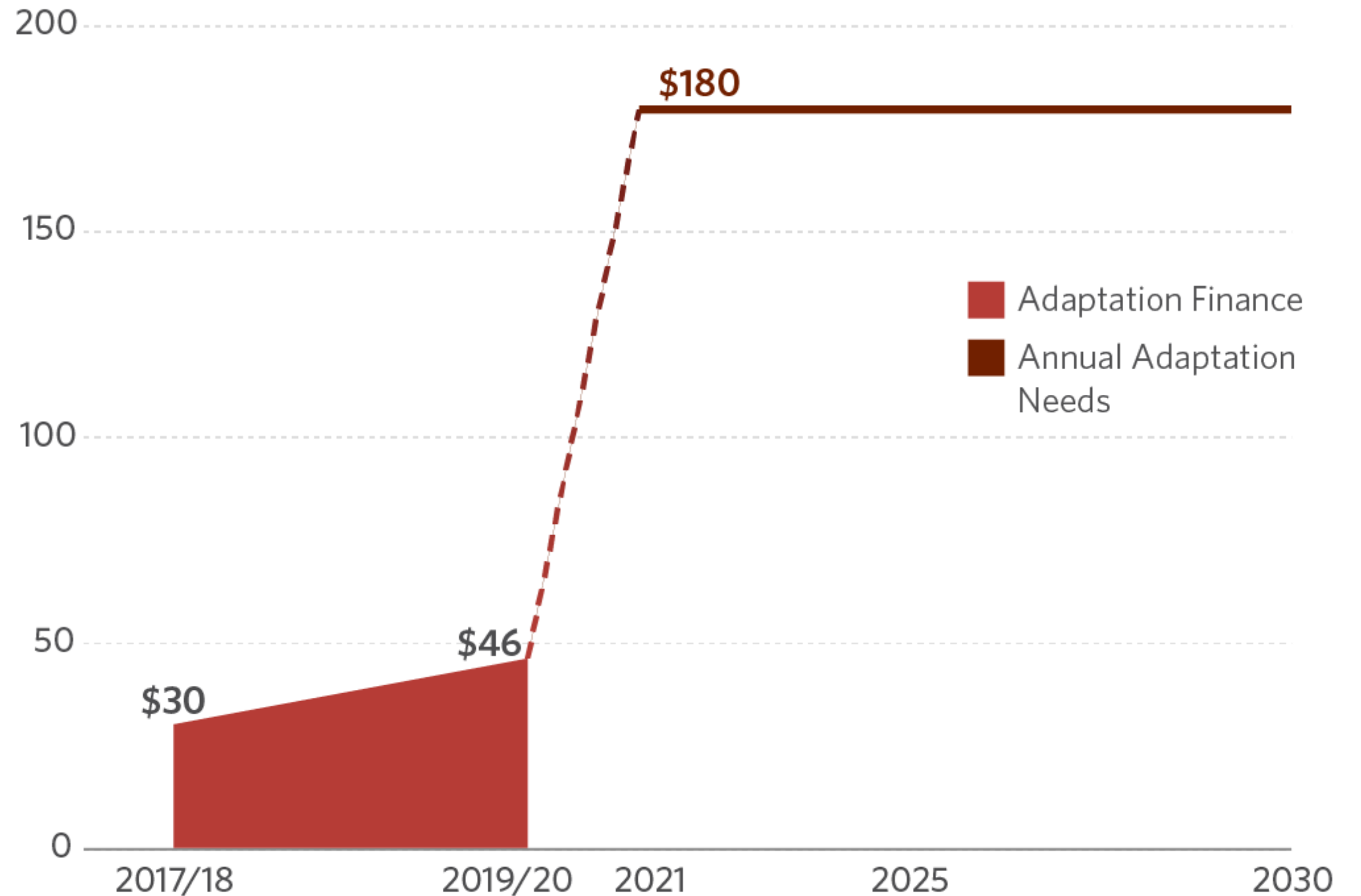
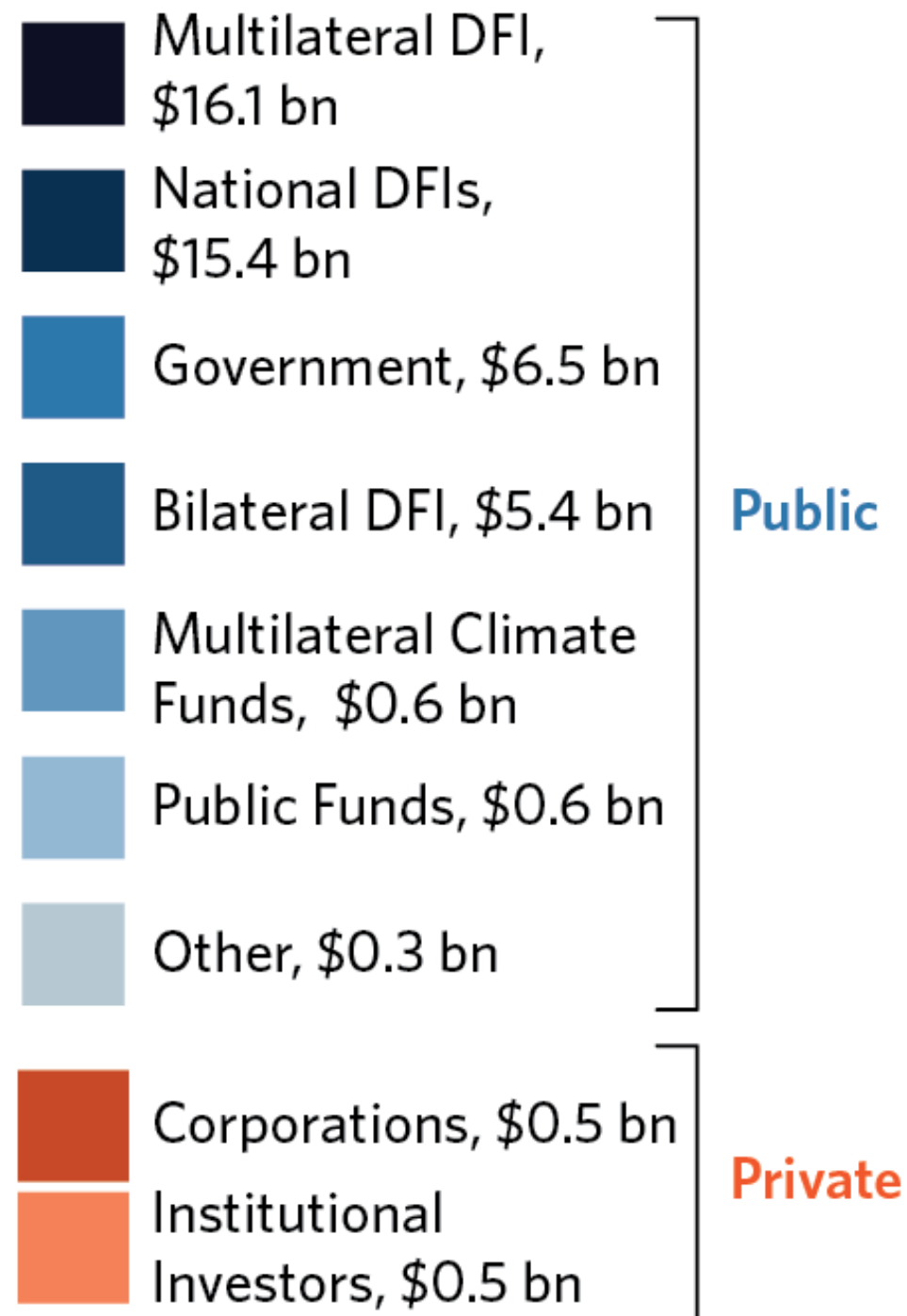


Source: Climate Policy Initiative 2021

Financing Adaptation to Climate Change

Financial flows sources and needs

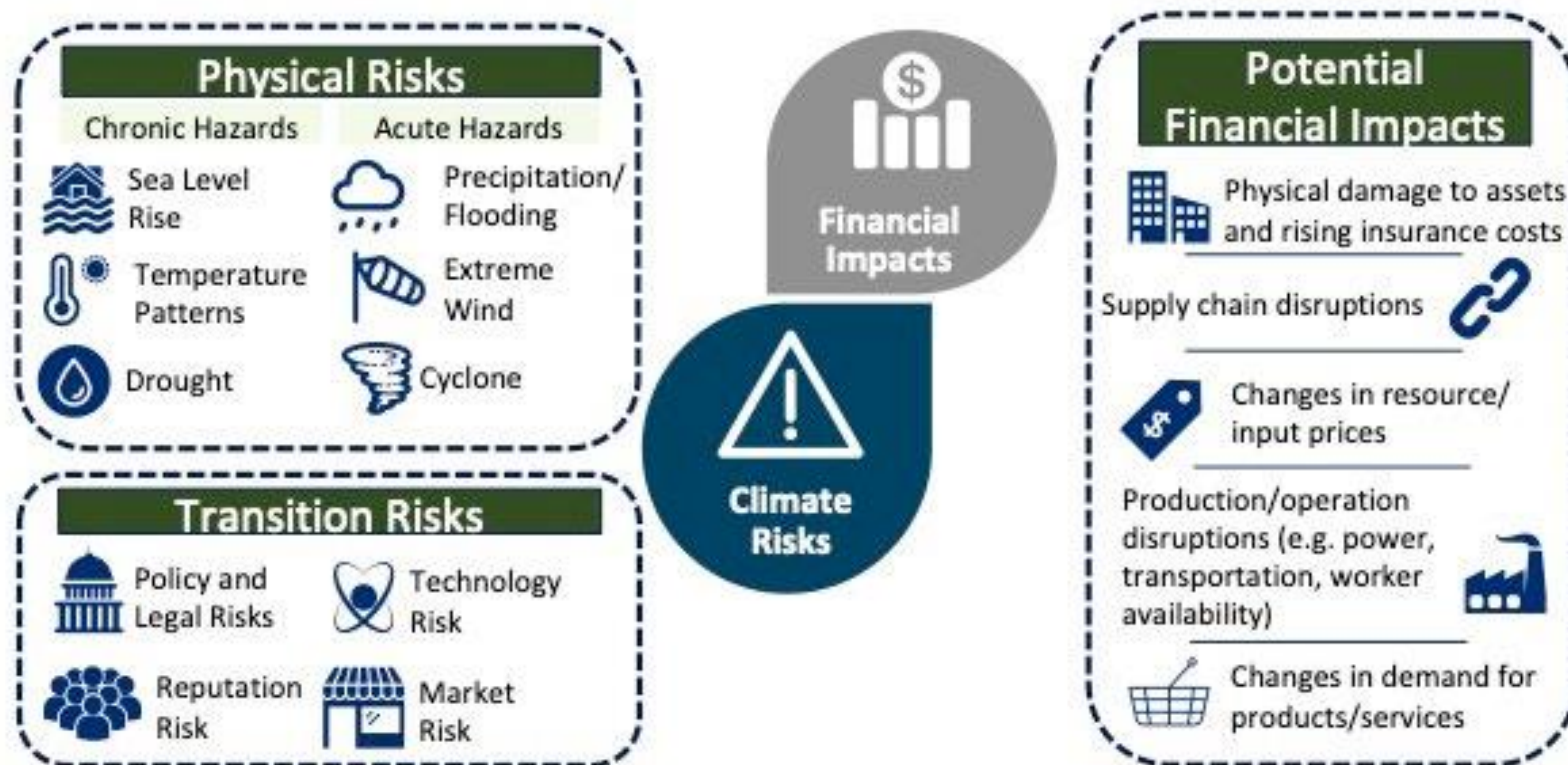
10 of the most vulnerable countries to climate change are in SSA, it is the region with the highest needs



Adaptation investment sources by actor (USD bn, 2019/2020 annual average)

Financing Adaptation to Climate Change

Climate-Related risks and Financial Impacts



Financing Adaptation to Climate Change

Barriers and obstacles

1 Lack and/or insufficient support

- Insufficient public financial support due to limited national budgets
- Lack of or insufficient incentives to attract private financing
- Lack of appropriate measures to consider/address moral hazard surrounding physical climate risks

2 Inadequate regulatory and policy framework

- Lack of guidance and inadequate legal and regulatory frameworks
- Lack of disclosure of relevant data on climate risks
- lack of a reliable methodology and harmonized standards

3 Financiers' unwillingness to lend

- A very high-risk perception
- Projects and programs perceived as not commercially viable or investment ready
- Income generation not always clearly identified

4 Lack of proven risk and management tools

- Nascent market with weak management of climate risks
- Unavailability of data and risk management tools

5 Low capacity for climate governance

- Low capacity at the level of governing bodies within financial systems
- Low capacity within the financial actors

Financing Adaptation to Climate Change

Solutions

Adopt a regulatory framework adapted to the challenges of climate change

Develop climate risks management practices

Develop and publish adaptation measures and standards

Capacity building for stakeholders from public and private sectors

Advocate investment opportunities

Use public funds to attract additional private finance (blending)

Blended finance is the use of catalytic capital from public or philanthropic sources to increase private sector investment in developing countries and sustainable development. It is a **structuring approach** that allows different types of capital (whether public, impact, or commercially oriented), to invest alongside each other while each achieves its own objectives (financial, development, or social impacts, or a blend).

Financing Adaptation to Climate Change

Funds & Investment Vehicles

Fund	Target Group
Green Climate Fund (GCF)	Country-driven projects in developing countries that create a ‘paradigm shift’ in both adaptation and mitigation projects
Adaptation Fund (AF)	Climate adaptation and resilience activities through ‘concrete’ adaptation projects within all signatory developing countries,
Least Developed Countries Fund (LDCF)	Funding for the preparation and implementation of National Adaptation Programmes of Action (NAPAs) and National Adaptation Plans (NAPs) of Least Developed Countries (LDCs) under the UNFCCC
Special Climate Change Fund (SCCF)	Funding of adaptation and technology transfer activities within all developing countries to the UNFCCC
Adaptation for Smallholder Agriculture Programme (ASAP)	Grants for local smallholder farmers in countries affected by climate vulnerability
German International Climate Initiative (IKI)	IKI finances climate and biodiversity projects in developing and newly industrializing countries, as well as in countries in transition
The Acumen Africa Resilient Agriculture Fund (ARAF)	International Climate Finance is a UK government commitment to support developing countries to respond to the challenges and opportunities of climate change
The Climate Resilience and Adaptation Finance & Technology Transfer Facility (CRAFT)	invest in growth capital in private companies that offer climate resilience solutions, while the TA facility will provide technical support to enable market entry, initial application, and capacity building for use of climate resilience solutions in developing countries

NARES and Agricultural banks – support towards GCF accreditation



- DAP application narratives have been finalized and DAP application have been submitted on the 25th of July 2023. We are now relying on GCF creating the account so all documents can start being uploaded
- CN finalized with the support of GGGI - Main sectors ; CSA, Circular Economy,
- 3rd Capacity training planned for 23 -24 October in Abidjan
- Meetings planned in October between non-profit builders and CORAF to further support capacity building with the objectives to strengthen the resource mobilization strategy



EIAR's and ASARECA capacity gap assessment and actions plan completed

- Gap assessment reports and actions plans approved

Next steps:

- Meetings planned in October between non-profit builders and institutions to further support capacity building with the objectives to strengthen the resource mobilization strategy







Thank you



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