



AFRICAN DEVELOPMENT BANK GROUP

Green Investment Program for Africa

Enabling Access to TEST Methodology in the region:
Funding Mechanisms - Green Industry Financing Windows

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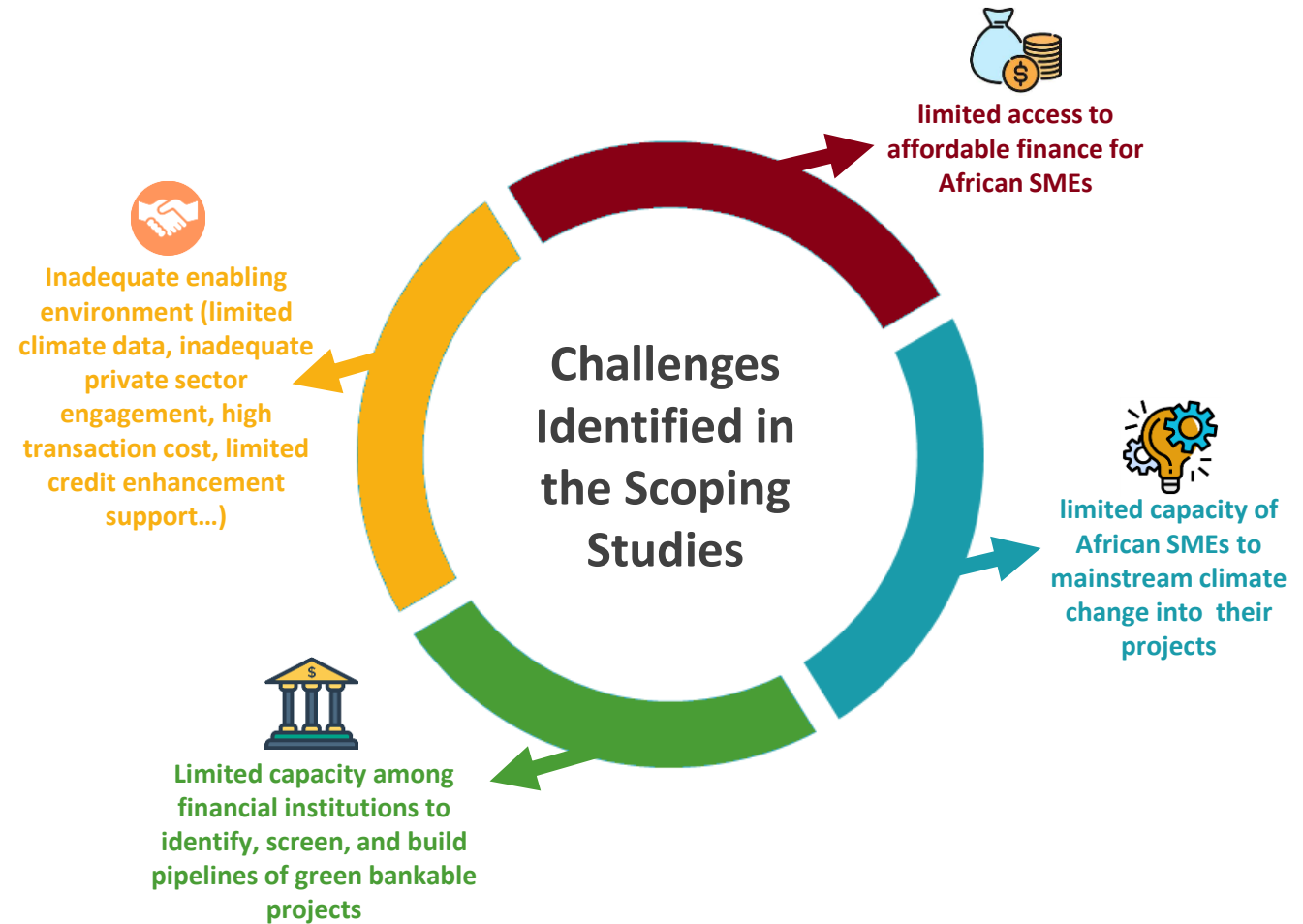
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Introduction & Rationale

- The total size of investment is required to meet the targets of African NDCs is **USD 3 trillion**.
- Government spending alone cannot meet the demand; **75% of total investments are expected to come from the private sector**.
- The private sector in Africa is lagging in mobilizing the financial resources required to support the implementation of NDCs on the continent
- To support private sector, **the Bank launched the Private Sector Investment Initiative for African NDCs** to boost private sector investments for NDC-aligned climate action in Angola, Egypt, Morocco, Mozambique, Nigeria and South Africa. This initiative was funded by the Fund for African Private Sector Assistance (FAPA).
- **Seven scoping studies** in Angola, Egypt, Mozambique, Morocco, Nigeria, South Africa and Africa-wide studies **to identify entry points and barriers for private sector participation in the implementation of NDCs**



The Bank is uniquely positioned to convene the Facility

Strategically placed to **convene a network of stakeholders** to bridge the MSME green finance gap (FIs, regulators, incubators/accelerators large business, MSMEs)

Can **unblock constraints** through mandate to deal with African shortcomings

Can **ensure that concessional finance barriers are removed**, opportunities identified & cost-effective finance to MSMEs that meet the criteria are accessed

Can build on its related initiatives

Name	Value	Country
African Adaptation Acceleration Programme	US\$ 25 billion	Multi-country facilities
Sustainable Energy Fund for Africa	US\$ 95 million	
Africa SME Programme	US\$ 125 million	
African Guarantee Fund for Small & Medium Sized Enterprises	US\$ 50 million (initial capital guarantee)	
African Green Fund Green Guarantee Facility	€ 7.6 million	
Affirmative Finance Action for Women in Africa: Financing Climate Resilient Agricultural Practices in Ghana	US\$ 25.6 million	Ghana
African Financial Alliance on Climate Change	N/A	Multi-country (membership voluntary)

**Green Investment Program
for Africa
Background/Architecture**

Green Investment Program for Africa (GIPA)

Overview

The Green Investment Program for Africa (GIPA) is a mechanism to address key market barriers such as, fragmented investments, small project ticket sizes (that represent over 70% of business in Africa) and deliver finance at the scale needed in Africa. GIPA is designed to enable inclusive growth in African countries.

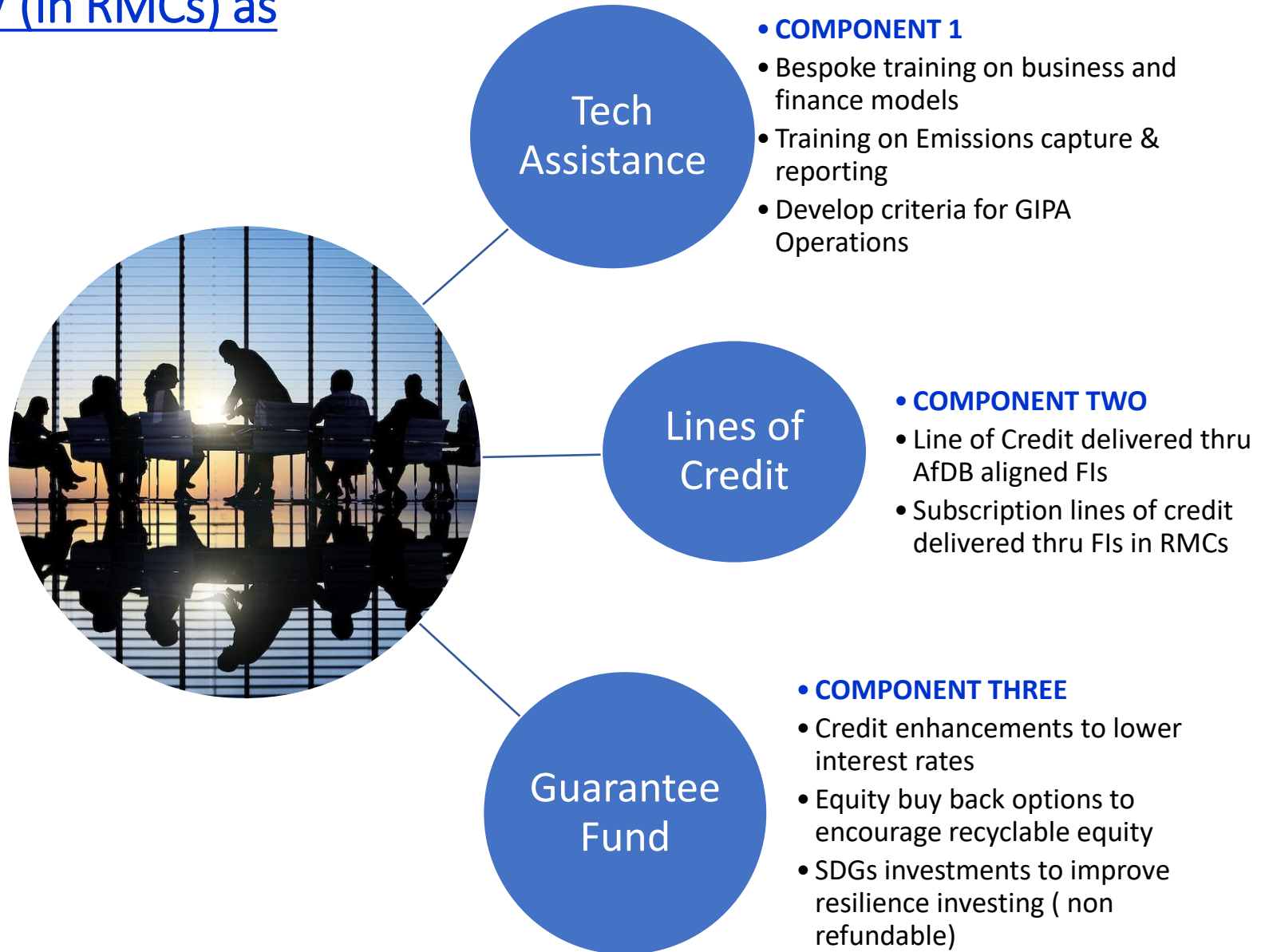
Objectives:

GIPA offers activities that currently cannot be supported through existing sources:

- i. Structured catalytic blended finance to create opportunities for re-financing tools and crowd- in commercial finance and create as Exit strategy for donors.
- ii. A one-stop finance program delivered in countries through Special Purpose Vehicles (SPVs) serving as market entry points. SPVs will aggregate pipelines, and act as single obligor. GIPA will have its Africa Secretariat at AfDB HQ to coordinate activities of the SPVs in RMCs.
- iii. GIPA will deploy Article 6 Emissions Reduction mechanisms to help projects aggregate greenhouse gas emissions for carbon credits and encourage FI report financed emissions to the International Sustainability Standards Board
- iv. GIPA will support RMCs to track SDGs and build alignments with Central Banks and similar institutions on climate protocols and collaboration with Financial Institutions.

SPECIAL FUND NAME	Green Investment Program for Africa
HIGH-LEVEL DESCRIPTION	A co-financing facility that will invest concessional resources alongside the Bank in non-sovereign investment channels to accelerate finance to businesses in the formal and informal sector by tackling--key barriers including, small ticket sizes, market failures, paucity of data and inadequate blended finance, and Aggregators or SPVs to enable interface with Financial Institutions and investors in RMCs.
ELIGIBLE INVESTEES (INVESTMENT CHANNELS)	<ul style="list-style-type: none"> • Commercial banks and microfinance institutions • Impact funds • Special Purpose Vehicles (SPVs) set up to aggregate and finance projects
WINDOWS AND FINANCING INSTRUMENTS	Investment Facility Window: <ul style="list-style-type: none"> • Concessional senior debt • Concessional subordinated debt • Guarantees • Technical Assistance Facility Window: Grants (refundable & non-refundable)
FACILITY SIZE	Investments and funding of between USD 540million and \$514billion in Investments Initial investment per country of USD 500 million, split into 3 windows: <ul style="list-style-type: none"> • Investment Facility: 50%) • Guarantee Facility: 40% • Technical Facility: 10%
SECTORS	<ul style="list-style-type: none"> • Financial institutions, green industry and technology and renewable energy systems; circular economy digital economy, technology transfer, emissions development projects, carbon credits and carbon markets
DURATION	Total of 10 years with a minimum commitment period of 5-7 years
DONOR(S)	Facility is open to contribution from all donors
ADMINISTRATION & GOVERNANCE	The GIPA resources will be held in trust by the Bank and administrated according to its rules and policies

GIPA has 3 Components & is designed as 'One-Stop-Financing Program using the SPV (in RMCs) as market entry points



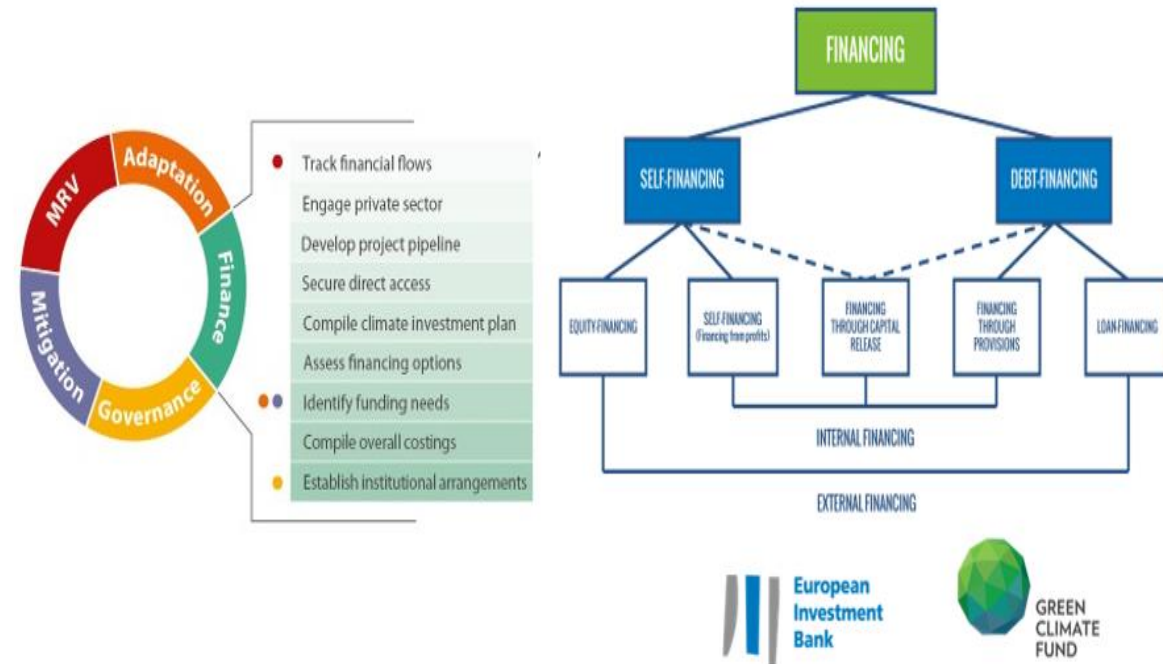
GIPA Embeds Article Six and Carbon Credits in RMCs to create new finance sources

Emissions reported to the ISSB / UNFCCC underpin tracking of progress on climate change, and supports new financing via carbon credits:

Examples of Emissions and carbon credits sources:

- **Conservation of Biodiversity and Forests** captures carbon credits for community resilience at scale
- **IFC- Edge certification** provides a structured approach to capture buildings' emissions .
- **Gas flare emissions capture** offers new finance through carbon credits for co-benefits in deforestation, industrialization and clean cooking
- **Energy efficient cooking** creates new finance, saves forests and provides co-benefits
- **EVs create carbon credit pools of finance**
- **Aggregating renewable energy** (solar or wind) projects as co-benefits, scales expansion of infrastructure and new finance

Financing | MRV systems: Transparency & Green Funding

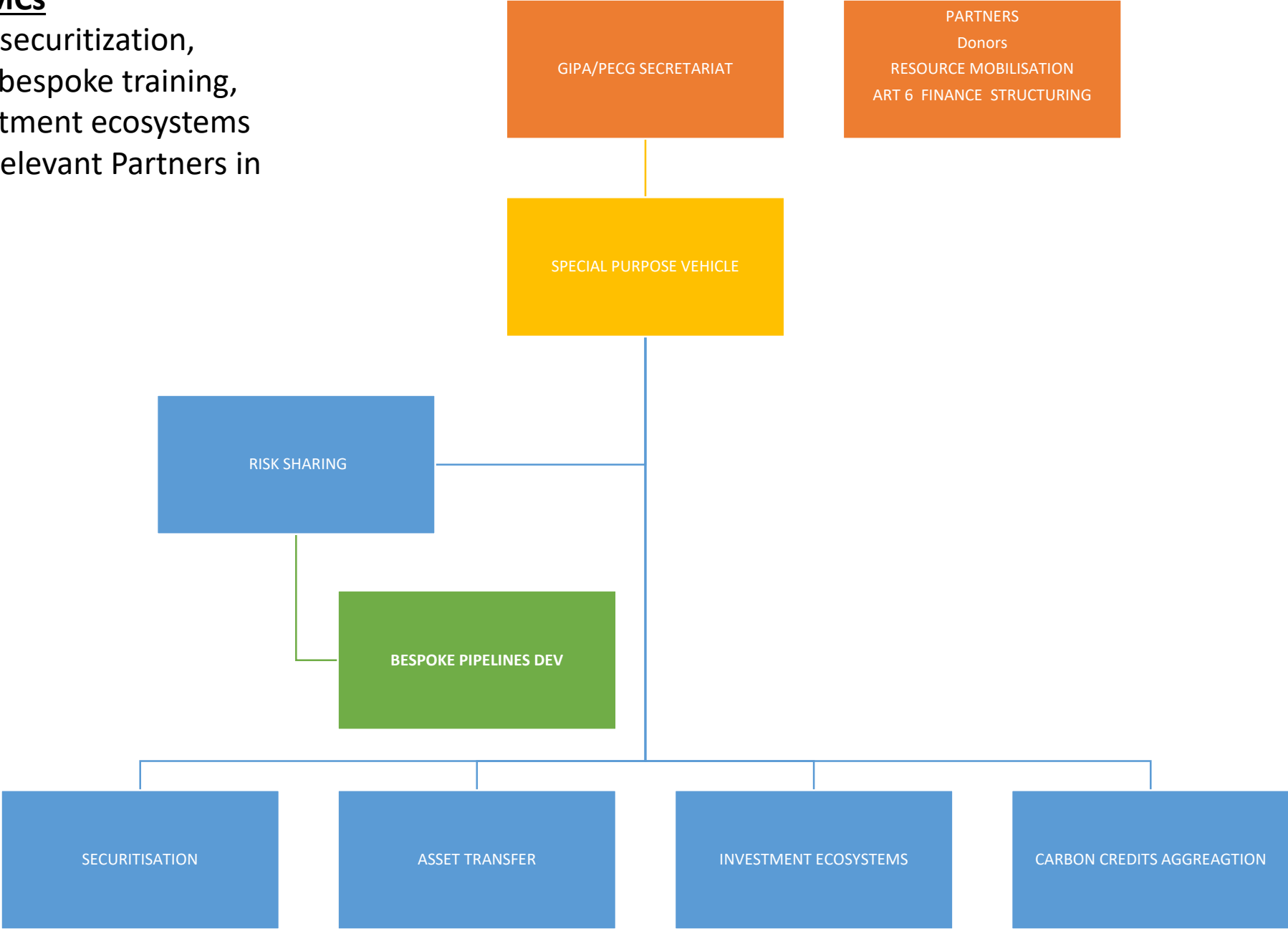


Source: culled from ifa5 based on CDN Guide for NDC implementation

The GIPA SPV

SPV Model in RMCs

SPV coordinates securitization, projects' assets, bespoke training, creation of investment ecosystems and works with relevant Partners in each country

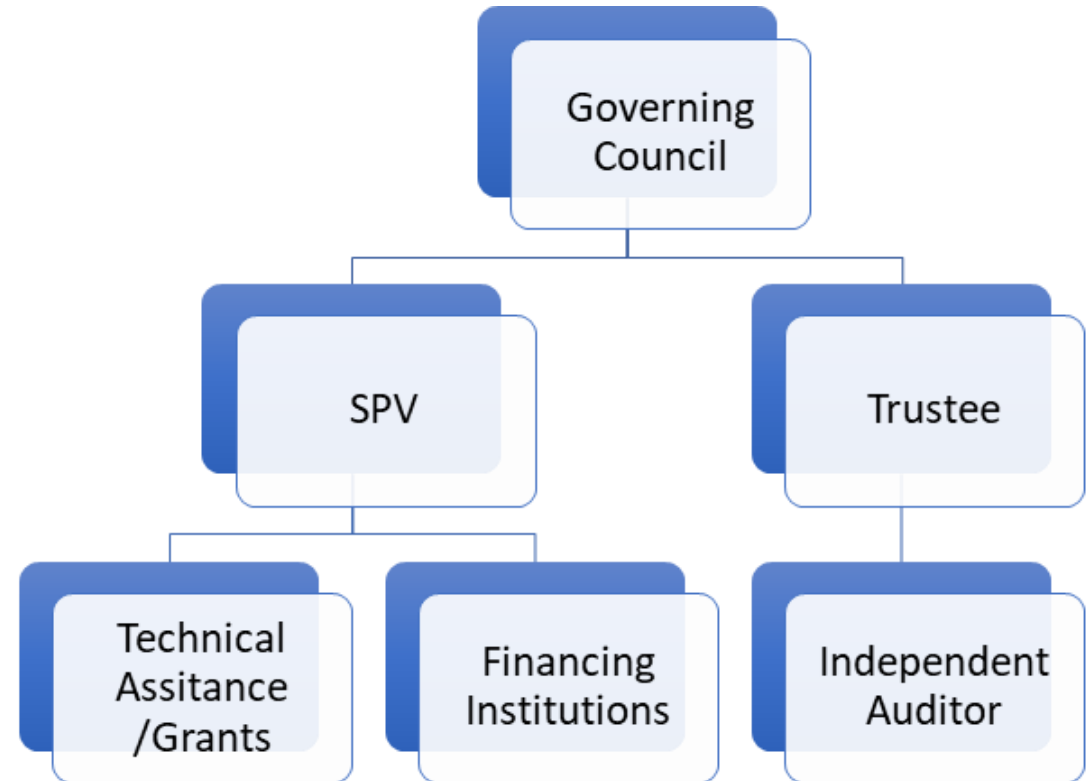




GIPA
Governance and
Administration

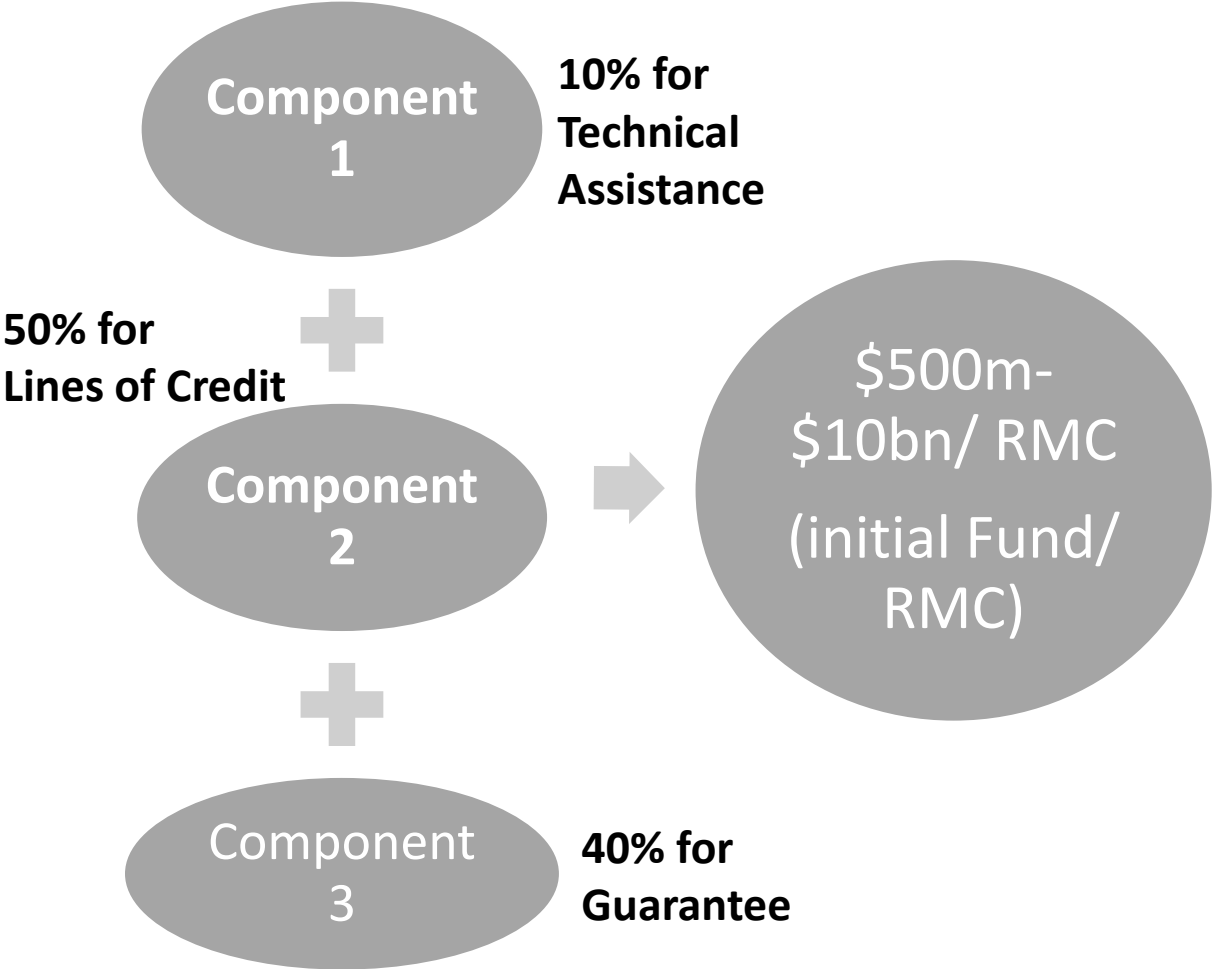
GIPA Governance

- The Governing Council will have 11 voting members, comprising 3 public, 3 donors, 3 private and 2 Independent. 4 non-voting observers from civil society and technical sector will also be included as representatives.
- The Trustee will hold in trust, assets and receipts that constitute the Trust Fund, pursuant to the terms of the agreements entered into with donors. The Trustee is responsible for three major functions: management of funds, financial reporting and execution of legal agreements.
- The SPV is the market entry point for GIPA in each RMC that delivers training for projects and pipelines and supports connection to finance. The SPV will be responsible for the day-to-day management of the portfolios in country and provides administrative support, oversight, monitoring and evaluation of investment ecosystems and projects' performance.

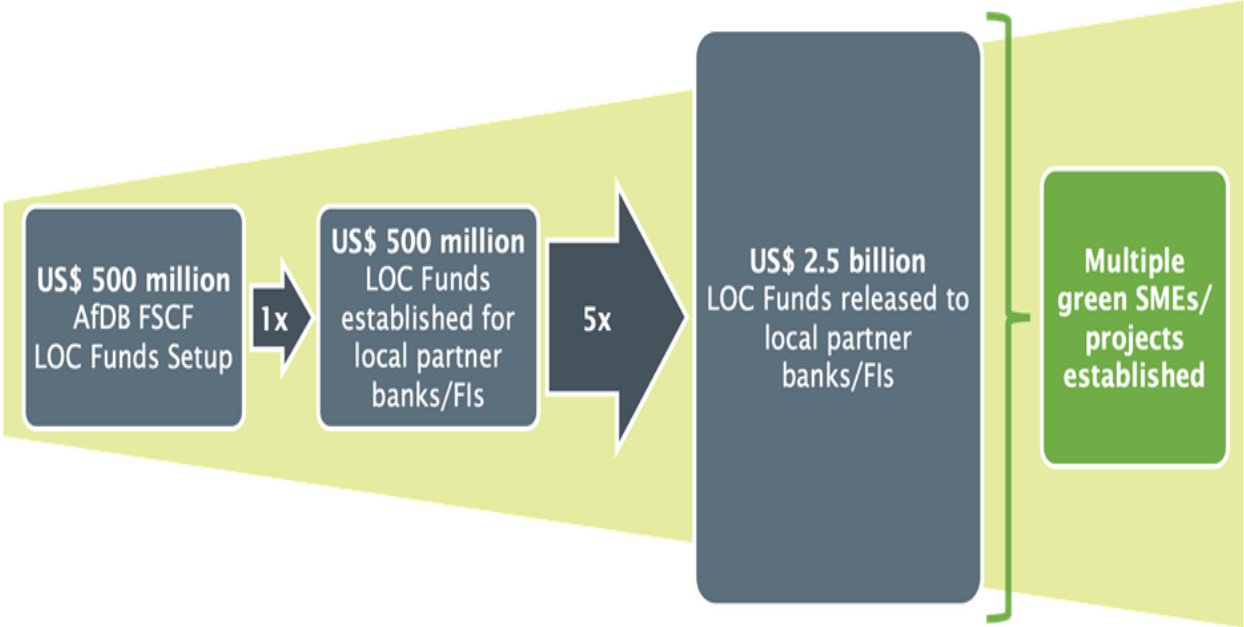


Resource Mobilisation

Scaling Resource Mobilisation



Resource mobilisation grows from \$500m to \$10bn



Resource Mobilization

A. Internal Resource Mobilization

- Climate Action Window for selected countries: 37 ADF countries: Cameroon, Kenya, Mauritania, Senegal, and Zambia.
- Preparing expression of interest to submit to CAW Secretariat with Deloitte, CFIA, ASI and others

B. Trusts for funding consideration

- Agriculture: Agri-food SME Catalytic Financing Mechanism
- Financial Sector: African Digital Financial Inclusion Fund (ADFI) and Making Finance Work for Africa
- Energy: CIF, SEFA
- Infrastructure: Urban and Municipal Development Fund (UMDF)
- Human Development: Youth Entrepreneurship and Innovation Fund
- Private Sector: Preparing a project proposal. PEN approved

C. PECG Trust Funds

- Circular Economy: ACEF
- Project financing & Technical Assistance: ACCF, ACEF, CACF, CAW, CIF, GCF, GEF

D. External Resource Mobilization

- KEITI Proposals
- Carbon Financing Models developed for Clean cooking in pilot countries

Partnerships

- FAPA– Funds for African Private Sector Assistance
- KEITI– Korean Environmental, Industry & Technology Institute
- GGGI– Global Green Growth Institute
- CFA/CFIA– Climate Finance Accelerator
- Deloitte Touche
- Adam Smith International-UK
- UNIDO – United Nations Industrial Development Organisation

Partnership With KEITI

- Korea Environmental Industry and Technology Institute (KEITI) is an affiliated institute of the Korean Ministry of Environment setup to promote and supports green industrial development by applying the adoption of green technologies; spreading eco-friendly products and lifestyles; certifying and evaluating eco-labels; etc

THE AFRICAN DEVELOPMENT BANK AND KEITI SIGNED AN MOU IN SEPTEMBER 2023

- The proposed partnership is based on the following potential areas of collaboration:
 1. **Creating and Transferring Knowledge**: KEITI will support the Bank to provide advisory services for enhancing and transferring knowledge through technology transfer in the continent. Specific emphasis will be placed on addressing issues related to finance, access to technology and exchange of information and knowledge in Africa.
 2. **Enabling the scaling-up of technology transfer through policy and institutional reforms**: The partnership will improve the enabling environment for technology transfer in key sectors. Activities targeting the development of an enabling environment will also look at modifying the un-enabling environment (e.g., reviewing and revising existing policies).
 3. **Mainstreaming climate change technologies into investment programs and projects**: Through this partnership, KEITI will support mainstreaming of technologies in investment programs.

Submitted Proposals to KEITI

- TA for Circularity and Sustainability in the Textile and Apparel Value Chain in Ghana
- TA to support the implementation of the national circular economy roadmaps: Chad, Benin, Cameroon, Ethiopia, Uganda

Internal Resource Mobilization at AfDB

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Next Steps

- 1. Prepare to present GIPA at COP28**
- 2. Governance structure adopted and National SPVs launched**
- 3. Select projects from pilot countries to show case at COP28.**
- 4. Aggregation schemes designed for SMEs and pipelines aggregated for GIPA**
- 5. Selected Financial Institutions and SMEs in handholding process for COP28 and AIF**
- 6. Select exemplary carbon emissions methodology from pilot countries to showcase at COP28**
- 7. Resource Mobilisation mapping and process with Deloitte and other stakeholders**
- 8. Request finance support for COP28 activities and extend the CFA scope of work**