Doubling Down on Delivering Africa's Climate Action Priorities

Policy recommendations from the Africa NDC Hub

A SUMMARY REPORT FOR COP27
DECEMBER 2022

Report collaborating partners:

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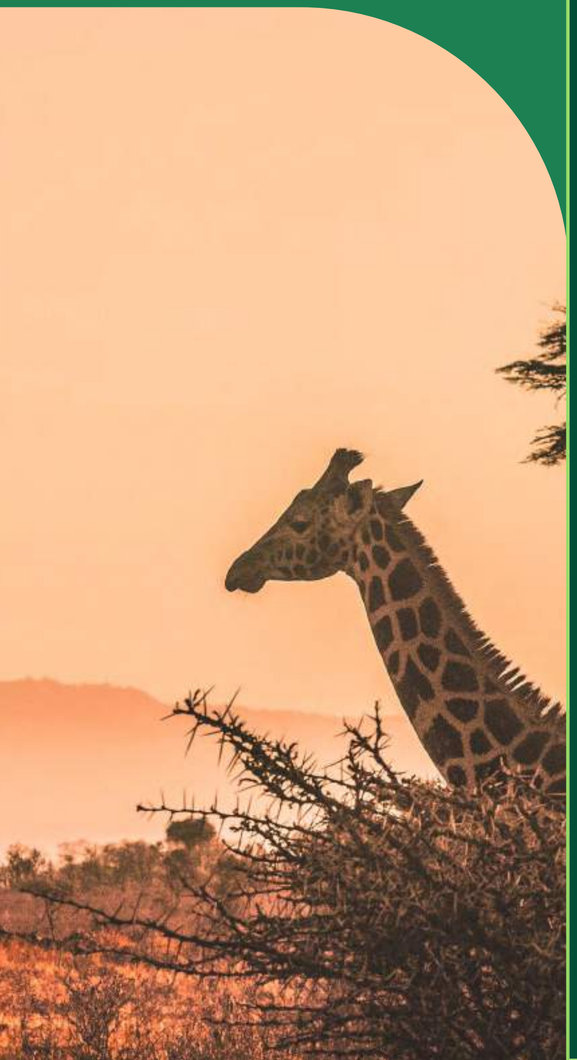


Acronyms

ACMI	Africa Carbon Markets Initiative
AfCFTA	Africa Continental Free Trade Area
AfDB	African Development Bank Group
AFD	Agence Française de Développement
AFOLU	Agriculture, Forestry, and Other Land Use
AFR100	African Forest Landscape Restoration
AGHA	Alliance for Green Hydrogen in Africa
AMCEN	African Ministerial Conference on the Environment
AMP	Africa Minigrids Program
ANDCH	Africa NDC Hub
AREI	Africa Renewable Energy Initiative
AUC	African Union Commission
AUDA NEPAD	African Union Development Agency
AU GRAP	African Union Green Recovery Action Plan 2021-2027
CAEP	Climate Action Enhancement Package
CAHOSCC	Committee of African Heads of State and Government on Climate Change
COP26	26th Conference of the Parties
COP27	27th Conference of the Parties
DAPA	Designing Policy Approaches under Article 6 of the Paris Agreement
DFN	Debt-for-nature
DtP	Desert to Power
ECA	Economic Commission for Africa
GBW	Great Blue Wall
GGW	Great Green Wall
GCF	Green Climate Fund
GEF	Global Environment Facility
GGGI	Global Green Growth Institute
GHG	Greenhouse Gases
Ha	Hectares
IEA	International Energy Agency
IFAD	International Fund for Agricultural Development
IGREENFIN I	Inclusive Green Financing Initiative
IsDB	Islamic Development Bank
IUCN	International Union for Conservation of Nature
LT-LEDS	Long-Term Low Emissions Development strategies
MoE	Ministry of Economy
MoF	Ministry of Finance
MRV	Monitoring, Reporting and Verification
NAPs	National Adaptation Plan
NbS	Nature-based Solutions
NDCs	Nationally Determined Contributions
NDC-P	NDC Partnership
NWFE	Nexus of Water-Food-Energy
ODA	Official Development Assistance
PPP	Public-Private Partnership
PREPARE	US President's Emergency Plan for Adaptation and Resilience
PRGs	Partial Risk Guarantees
RE4PU	Renewable Energy for Productive Use
SPAR6C	Supporting Preparedness for Article 6 Cooperation
SDRs	Special Drawing Rights
SLCP	Short-Lived Climate Pollutant
SHS	Solar Home Systems
SSA	Sub-Sahara Africa
SWP	Solar Water Pumps
UNDP	United Nations Development Program
UNEP	United Nations Environment Program
UNFCCC	United Nations Framework Convention on Climate Change
UNFPA	United Nations Population Fund
WIO	Western Indian Ocean
WRI	World Resources Institute
LSF	Liquidity and Sustainability Facility

Executive Summary

African populations, biodiversity, and economies are especially vulnerable to climate change effects, including rising sea levels, changing rainfall patterns, and more extreme weather events. These impacts threaten human health and safety, food and water security, and socio-economic development in Africa. The average rate of temperature increases in Africa over the past three decades has outpaced the global average, with 2021 being recorded as the continent's third hottest year on record.[1] At the same time, East, West, and Southern Africa experienced severe droughts, while extensive wildfires threatened large parts of Northern Africa.[2] As a result of climate change impacts, Africa is losing 5 to 15% of its Global Domestic Product (GDP) per capita annually.[3] In addition, the number of undernourished people in Africa's drought-prone countries has increased by 46% in the last decade.[4]

Despite ongoing conflicts in parts of Africa and global economic shocks, African countries and supporting partners are forging ahead in addressing climate change. COVID-19 and the Russia-Ukraine war, among other factors, led to high global inflation (e.g., 12.2% in Africa in 2022), which left policymakers facing numerous competing issues.[5] Despite this, Africa NDC Hub (ANDCH) partners are working closely with governments, re-iterating the importance and urgency of adapting to climate change, supporting and developing low-carbon growth paths, raising climate finance, and implementing Nationally Determined Contributions (NDCs).

Africa has made significant progress in updating NDCs since COP26, but the development of Long-term Low Emissions Development Strategies (LT-LEDS) remains slow. Indeed, eight countries submitted revised NDCs, bringing the total updated NDCs to forty-seven in Africa.[6] These new NDCs have higher levels of ambition and quality and are more inclusive. Emission reduction targets in African NDCs have been increased by 6.9% on average over a wider scope of gases and sectors.[7] The new NDCs display more detailed implementation, financing, and Monitoring, Reporting and Verification (MRV) plans. More than 80% of updated NDCs provide cost estimates for their implementation, which will make it easier to develop investment plans, and total estimates amount to USD 1.2 trillion leading up to 2030.[8] These new NDCs also often integrate measures to empower women and youth. However, there has been slower progress in developing the LT-LEDS, with only four submissions to date and just nine under development.[9] This is primarily because LT-LEDS are fairly new and complex and require specific training and quality data. The ANDCH partners provide governments with technical assistance, advisory, and capacity building to accelerate this process.

Further investment into National Adaptation Plans (NAPs) development is critical for Africa's resilience and adaptation efforts. Resilience and adaptation are emerging priorities for African countries, with adaptation components in forty-one of the forty-seven updated NDCs.[10] These countries expanded the NDCs' adaptation sectoral scope, provided adaptation plans, and aligned their NDCs with existing national adaptation policies. NAPs are important tools to provide greater detail on adaptation planning, particularly in the medium to longer term. While fifty-two countries are at some stage in the NAP process, only seventeen have submitted their NAPs to date, with the complexity of the process and competing climate priorities limiting progress.[11] This calls for renewed support to accelerate adaptation planning and implementation support. ANDCH partners support countries to ensure that their LT-LEDS are aligned with their NAPs; and provide methodologies and tools to assess, sensitize and build the capacity of officials who are implementing the NAPs at local levels.

1. World Meteorological Organization, State of Climate in Africa highlights water stress and hazards, Sep 2022
2. Mongabay, In Africa, temperatures rise, but adaptation lags on West's funding failure, 2022
3. AfDB, Africa loses up to 15% of its GDP per capita annually because of climate change –African Development Bank Acting Chief Economist Kevin Urama, 2022
4. UNFCCC, Climate Change Is an Increasing Threat to Africa, 2020
5. IMF Blog, Africa Faces New Shock as War Raises Food and Fuel Costs, Apr 2022
6. UNFCC, NDC registry, accessed on October 31, 2022
7. NDC Partnership, Climate Action Enhancement Package: Lessons in developing implementation ready NDCs, 2022; Dalberg analysis
8. Climatewatchdata.org, NDC enhancement tracker, Accessed on November 29, 2022
9. 4 countries that have submitted their LT-LEDS are Benin, Morocco, South Africa, and Zimbabwe, and the countries that are currently in the process of preparing their LT-LEDS are Angola, Burkina Faso, Cote d'Ivoire, Ethiopia, Gambia, Kenya, Nigeria, Mozambique and Uganda
10. NDC Partnership, Climate Action Enhancement Package: Lessons in developing implementation ready NDCs, 2022
11. UNFCCC, National Adaptation Plans, accessed on Oct 27, 2022.

While loss and damage is increasingly being recognized as an additional climate priority, with the announcement of a historic fund at COP27, it needs to be streamlined in NDCs. Africa has, for years, advocated for the establishment of a global mechanism for developed countries to compensate their developing counterparts for the harm caused by climate change. At COP27 this was a key discussion point and the negotiations ended in a historic agreement to establish a United Nations-sponsored loss and damage fund to help developing countries that are "particularly vulnerable" to the effects of climate change.[12] This landmark decision comes after much dialogue and political negotiations from African nations and will tilt the needle in the right direction for the least polluting continent in the reckoning with the hefty cost of climate change. Additionally, a group of African insurers committed to creating the African Climate Risk Facility pledging to provide USD 14 billion of cover for Africa's climate risks by 2030 and European countries also pledged USD 246 million towards risk management.[13,14] However, loss and damage is not streamlined in African NDCs. Only Cape Verde calls for international financial support on loss and damage in its NDCs[15] and four countries dropped references to loss and damage in their revised NDCs.[16] Streamlining loss and damage in NDCs will shine light to both economic and non-economic losses and could potentially help secure more financing for implementation.

Climate financing, a necessary enabler of NDC implementation, is limited; increasing flows will require mobilizing non-debt financing and private capital. Implementing NDCs will require an +800% increase in annual funding flows between now and 2030.[17] Notably, current private sector climate financing in Africa is just 14% of total flows, well less than half for comparable regions (i.e., LATAM and APAC).[18] Development partners are, in part, responding to this gap. Important commitments were made at COP27 to continue supporting Africa in financing its climate agenda including the EU and the African Union announcing a new EUR 1 billion initiative on adaptation and resilience,[19] and the US announcing USD 150 million in new support to accelerate adaptation efforts.[20]

To continue to scale implementation and attract climate financing, three complementary sets of actions are emerging as critical on the continent, with ANDCH partners supporting across:

Translating NDCs into investment opportunities:

Developing dedicated NDC investment plans and curating large-scale adaptation and mitigation projects. In tandem, cascading climate priorities across sectoral policies and recovery plans provides policy certainty and strengthens climate projects' widespread development

Creating innovative financial tools to catalyze climate financing:

Using concessionary finance, de-risking tools, and debt instruments to channel affordable, green financing to projects

Facilitating private sector engagement and investment into NDCs:

Promoting public-private dialogue to ensure policies enable and accelerate investment into NDCs, and providing direct support to, particularly, women and youth-led businesses to adapt and respond to climate change

Even as more NDC financing is needed, climate finance offers tools to help vulnerable African countries manage debt distress. Following an extended period of low-interest rates globally, associated higher levels of sovereign borrowing, and a spike in borrowing in response to COVID-19, many vulnerable African countries have acquired high debt levels (~over 70% of GDP).[21] This trend, coupled with the higher interest rates that these countries face on their debt, means that some are at risk of not being able to make interest payments.[22] A key financing mechanism that ANDCH partners push to address this issue is debt-for-nature/climate swaps. Partners produce knowledge documents on the opportunity, do feasibility studies, and pilot small-scale swaps.

12. The Economist, A new UN fund for "loss and damage" emerges from COP27, 2022
13. European Commission, EU agrees to COP27 compromise to keep Paris Agreement alive and protect those most vulnerable to climate change, 2022
14. FSD Africa, Leveraging the African insurance industry to create resilient African economies, 2022
15. Ibid.
16. CCLAD, How does Loss and Damage feature in Nationally Determined Contributions?, 2021

17. Climate Policy Initiative, Landscape of Climate Finance in Africa, 2022
18. Ibid.
19. European Commission, EU agrees to COP27 compromise to keep Paris Agreement alive and protect those most vulnerable to climate change, 2022.
20. The White House, FACT SHEET: President Biden Announces New Initiatives at COP27 to Strengthen U.S. Leadership in Tackling Climate Change, 2022
21. AfDB, African Economic Outlook, 2021
22. The Economist, Africa feels the strain from elevated debt, 2022; IMF, Debt Sustainability Analysis, 2022

Nature-based Solutions (NbS) are important mitigation and adaptation solutions. Vibrant natural ecosystems offer an array of adaptation benefits to vulnerable communities – including reducing the effects of climate-related drought and flooding, protecting against rising sea levels, and urban cooling. What's more, protecting and managing existing natural ecosystems and restoring degraded ones has enormous mitigation potential. Scientists estimate that implementing "cost-effective" NbS in Africa could avoid or sequester nearly 933 million tons of CO2eq per year.[23] The ANDC Hub partners and other organizations work across multiple tiers to promote and implement NbS by:

Leading and coordinating regional programs to restore and protect Africa's natural ecosystems such as the African Forest Landscape Restoration (AFR100), the Great Green Wall (GGW), and the Great Blue Wall (GBW)

Working closely with national and local governments to develop NbS policies and projects that are equitable and fair, i.e., generating positive benefits for vulnerable populations

Ensuring community buy-in of projects to ensure long-term success by leveraging carbon finance flows to local communities

Providing technical assistance to support countries develop their Article 6 frameworks

A just energy transition, whereby affordable energy access and consumption are expanded in a low-carbon way, is a critical pillar of climate action in Africa. To meet NDC targets and increase energy access, African countries must expand access using low-carbon energy solutions – including wind, solar, and gas. Africa's electricity access and consumption remain woefully behind other regions. In line with SDG7, expanding access to and use of electricity to all, including vulnerable populations to ensure that it is a "just" transition, is a priority for the continent to improve development outcomes. Fairness in access and use of clean energy is essential as it can create (i) green jobs for marginalized groups, (ii) improve productivity and create additional income, (iii) improve the health of populations in rural areas, and (iv) enhance the educational environment for children. Critically, the technologies Africans will use to manage the effects of climate change – pumps for irrigation, cold storage, desalination plants for freshwater – will all have substantial energy requirements. ANDCH partners are undertaking a suite of complementary actions:

Promoting grid-scale generation investment in vulnerable countries, including promoting standardized, competitive public procurement processes, providing project technical assistance, and de-risking private investment through guarantees

Leading regional alliances to promote at-scale green industrial projects, most notably hydrogen, which can play a critical role in anchoring low-carbon energy sectors in African countries

Accelerating the initiatives and companies oriented at expanding the uptake of distributed solar home systems (SHS), clean-cooking solutions, and, increasingly, distributed productive use appliances and equipment for businesses and farmers

23. Nature 4 Climate, Natural Climate Solutions World Atlas, website consulted in Oct 2022

A wide range of innovations in technologies and business models in NbS and renewable energy and NbS are emerging; doubling down on these and other similar innovations will be critical to scaling up NDC projects. In financing NbS, for example, a combination of monitoring and tracking solutions is emerging as potentially groundbreaking for incentivizing protection and restoration initiatives at scale. For instance, FLRchain, a blockchain-based application, increases the transparency of the payment system and links payments to specific Forest Land Restoration (FLR) actions. In the energy sector, new business models that reduce the upfront cost of electric vehicles are emerging, with the potential to revolutionize access to e-mobility on the continent. These include battery swapping, pay-as-you-go services, and ride-sharing. Similarly in the energy sector, distributed solar and productive use technologies (e.g., processing, cooling, etc.) have enormous potential to rapidly scale productivity in a low-carbon, affordable way. The use of these innovations should be reinforced in the context of regional projects to accelerate their implementation and their impact.

Despite headwinds, the global economy is becoming greener as countries invest in NDC implementation and the associated economic disruptions present a green industrialization path for Africa. Acting on this opportunity would accelerate NDC implementation. Africa has enormous natural resources – land, renewable energy, minerals, etc. – that could anchor green industrialization. To tap into these opportunities, climate action must be central to Africa's development agenda – NDC implementation will need to shift from being purely climate focused to informing wider development pathways.

In light of this fact, ANDCH partners will, and recommend other partners focus on 3 main categories of actions. These categories include the following: (i) Inclusive climate change strategy, planning, and monitoring, (ii) Innovative, adapted, and sustainable climate finance, and (iii) Robust and enhanced regional programs, governance, and coordination.
For each category, the associated recommended actions are presented on the following page:

Inclusive climate change strategy, planning, and monitoring

Recommended action	Illustrative ANDCH partners work
1 Prioritize the development of **low carbon and climate resilient development strategy and planning,** including by scaling current efforts of ANDCH partners, to make climate action a key pillar of countries' development strategies	AfDB, AFD, and GGGI are supporting countries develop their LT-LEDS by providing overall project support as well as technical and advisory services on sector analysis and modeling
2 **Further cascade NDCs into other economic development planning documents** as well as streamlining climate policies in continent-wide programs, with continuous coordination and advocacy to secure country commitment	AUC is leading efforts and advocating for countries to align priorities with AU's climate strategy through lobbying and holding high-level political engagements with member countries
3 Double down on **adaptation and resilience** – by developing a shared understanding of priority actions across the continent and accelerating the development of NAPs	ANDCH partners including GGGI and UNDP are supporting countries to develop their NAPs and ensuring that there are aligned with LT-LEDS; they are also providing methodologies and tools to assess, sensitize and build the capacity of officials who are implementing NAPs at local levels
4 Take lead in the discussions to establish an **overarching loss and damage architecture** including by producing more thought leadership and advocacy through high-level convenings	UNECA and AfDB are leading advocacy efforts through thought leadership and amplifying African voices in the structuring of loss and damage financing mechanism
5 Ensure that **climate policy and action is just,** by including the voice and interests of the most vulnerable groups in the design, planning and implementation of NDCs, NAPs and LT-LEDS, to ensure a positive impact on their livelihoods by creating jobs, providing income, and improving productivity, health, and the educational environment for children	UNFPA conducted a review of the updated NDC in Africa in relation to their integration of gender, sexual and reproductive health and rights (SRHR), health, human rights, youths and vulnerable groups. The Commonwealth Secretariat and the Commonwealth Climate Finance Access Hub conducted an analysis of gender integration in NDCs and climate action, AFD integrates gender and social inclusion in adaptation action plans, and UNDP developed a report on just transition
6 Increase transparency by accelerating the **implementation of both adaptation and mitigation digital Monitoring, Reporting and Verification (MRV) systems** to track progress against NDC implementation, including by supporting countries with setting up climate data collection systems, methodologies to define indicators, and coordination mechanisms for implementation	GGGI and AFD supported the development of a digital MRV platforms in Burkina Faso and Senegal by assessing the existing MRV systems in place, and made recommendations to develop a new MRV system based on this analysis

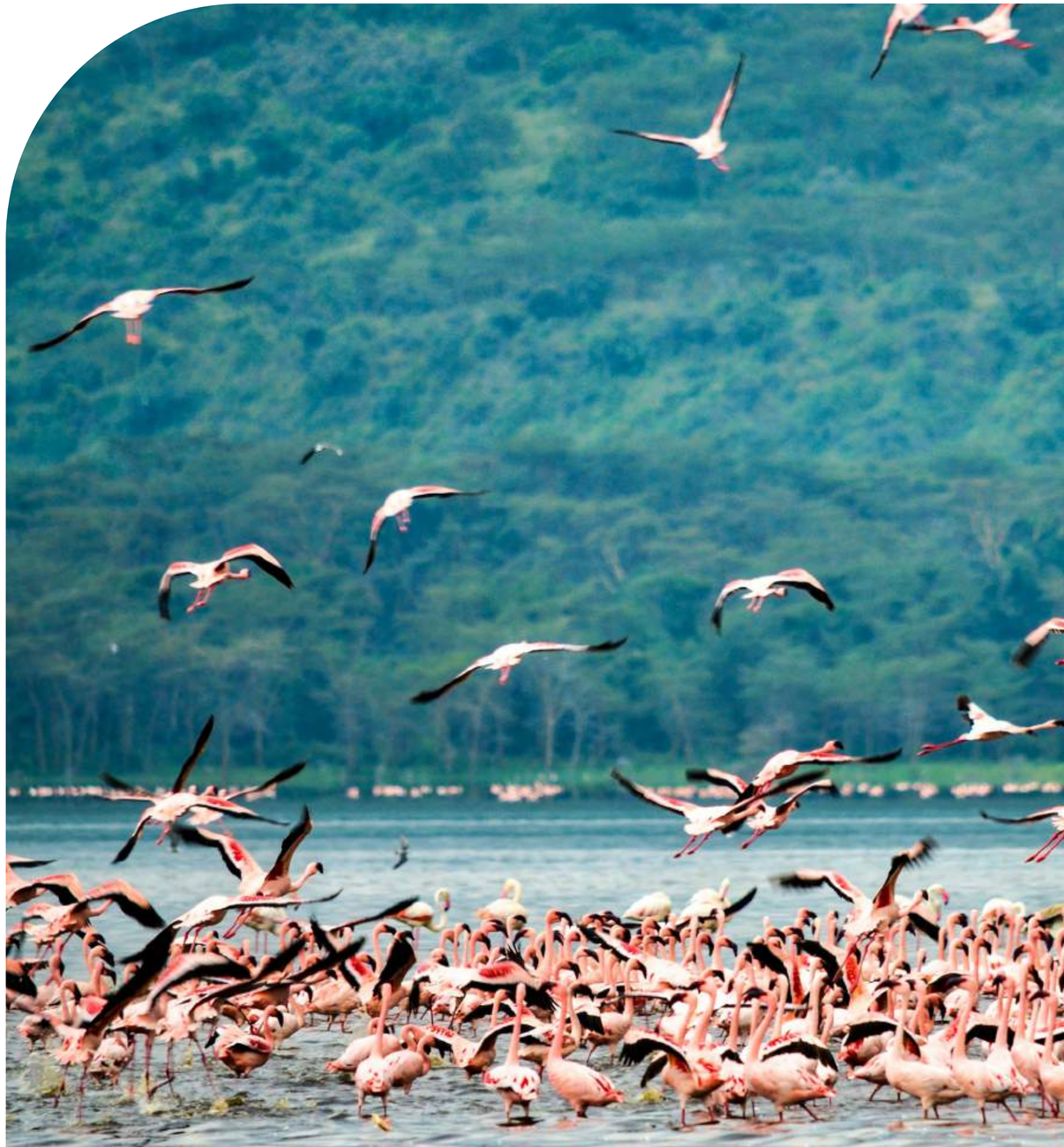
Innovative, adapted, and sustainable climate finance

Recommended action	Illustrative ANDCH partners work
7 Address multiple **intersecting forms of discrimination and structural drivers of gender inequality** through the development and implementation of equitable climate policies and strengthen the evidence base for the interlinkages between climate, gender and SRHR in the region	UNFPA supports locally led research and collects disaggregated data including data on the differentiated impacts of climate change on vulnerable communities
8 Focus on commercially viable, bankable **private sector project models** when translating NDCs into investment projects while applying an inclusion lens to ensure climate investments have a broad, positive effect	NDC-P and UNDP are providing technical assistance to countries to translate their NDCs targets into investment actions, develop proposals, and mobilize financiers. UNFPA, NDC-P, and the Commonwealth Secretariat are developing inclusive private sector engagement projects that can be adopted and scaled up by countries in collaboration with the private sector in NDC implementation
9 Scale climate finance in Africa by **expanding the use of innovative finance tools** – including the use of more de-risking tools to foster private sector investment	AfDB and ECA develop and execute innovative financing tools such as bonds, special drawing rights, etc. AFD is working on forecast-based finance
10 Recognize the **sovereign fiscal debt constraints** facing the most climate-vulnerable countries and prioritize them as recipients of concessional finance	AfDB and ECA are advocating and executing innovative financing tools such as green bonds, debt for nature swaps, etc.
11 **Unlock carbon finance to fund Nature-based Solutions (NbS) projects** by strengthening regulatory frameworks and technical skills	GGGI and UNDP are supporting Senegal, Morocco, and Zambia to prepare their enabling environment for carbon trading under Article 6 while ECA participated in the launch of the Africa Carbon Markets Initiative (ACMI) at COP27

Robust and enhanced regional programs, governance, and coordination

Recommended action	Illustrative ANDCH partners work
12 Strengthen **regional and continental lenses** associated with climate action by strengthening regional thematic programs to green the Africa Continental Free Trade Area (AfCFTA) and the implementation of the African Union Green Recovery Action Plan 2021-2027 (AU GRAP)	AUC, AUDA-NEPAD, the Commonwealth Secretariat, ECA, and UNCCD contributed to the AFR100, GGW, and GBW regional NbS initiatives; AfDB launched the Desert-to-Power regional energy initiative
13 **Strengthen governance at the country level,** as national ownership is key to the delivery of NDCs and LT-LEDS and needs to be mainstreamed in the national development planning and delivery processes	AFD, UNEP, IFAD, and IsDB are supporting countries to build capacity for NDCs implementors at the local level
14 Promote and increase **coordination, learning, scaling, and replicating successful models at the regional/continental level**	NDC-P is coordinating efforts among partners to ensure there's cross-learning and no duplication
15 **Use emerging sensing and tracking technology** to scale and increase the transparency of funding and track results, and foster partnerships with the private sector, particularly within NbS	Regional initiatives such as AFR100, supported by the AUDA-NEPAD, will benefit from the increased transparency, efficiency, and stronger farmer and producer organizations' rights and incentives resulting from the technologies that improve monitoring of implementation and finance

1. The State of Africa's Climate Planning and Emerging Priorities for the future



1.1 AFRICAN COUNTRIES' PROGRESS IN NDC REVISION

African countries have made significant progress in updating their NDCs with enhanced ambition and quality. Countries made the most effort to update NDCs in the run-up to COP26. Thirty-nine African countries had submitted their updated NDCs by Dec 2021; since then, eight countries have updated their NDCs, bringing the total to forty-seven submissions.[24] All but one revised NDCs have increased ambition through expanded adaptation and mitigation targets.[25,26] The updated NDCs enhanced quality by including detailed action plans, budgeting and costing, and improved MRV systems.

24. UNFCCC, NDCs Registry, 2022; NDC Partnership, Climate Action Enhancement Package: Lessons in developing implementation ready NDCs, 2022; Climatewatchdata, NDC Enhancement Tracker, Accessed on November 23 2022
Note: This analysis combines results from a September 2021 NDC-P analysis that was done to understand the ambition and quality of the then most updated NDCs (23) and a similar Dalberg analysis of the other 23 updated NDCs using climatewatchdata.org data. The indicators for ambition were strengthened mitigation, strengthened or added sectoral target, strengthened or added policies and actions, and strengthened adaptation; and indicators for quality were costs of implementation of target, financing sources identified in NDC, NDC preparation: stakeholder consultation, technologies needed to implement NDCs.
Countries that have not yet submitted their updated NDCs are Botswana, Eritrea, Equatorial Guinea, Lesotho, Madagascar, Algeria and Djibouti.
Botswana and Madagascar are in the final phases of updating their NDCs with the support of stakeholders including United Nations Population Fund (UNFPA), Libya has not yet submitted any NDCs
25. NDC Partnership, Climate Action Enhancement Package: Lessons in developing implementation ready NDCs, 2022
26. Climatewatchdata, NDC Enhancement Tracker, Accessed on November 23 2022

Africa's emission reduction target strengthened by an average of 6.9%, confirming the continent's commitment to reducing emissions. To achieve this, forty-one of the revised NDCs expanded the gas coverage to include new GHGs and Short-lived Climate Pollutants and added new or increased the scope of existing mitigation sectors. Mitigation targets for these countries are split across five major sectors – energy, transport, agriculture, food, and land use (AFOLU), waste, and industry.

Figure 1: Digital innovation - Digital MRV systems at the national and regional level[27]

DIGITAL INNOVATION

Digital MRV systems to monitor national NDC implementation

- MRVs to track NDC implementation: The development and use of national **NDC MRV systems, integrated into national monitoring, evaluation, learning and accountability (MEAL) processes**, is essential for **tracking progress in implementing NDCs** in each country, on a regular basis. In addition, since climate finance remains one of the main challenges limiting NDC implementation, MVR systems will enhance investor confidence by improving traceability and transparency. As a result, MRV systems will **catalyze investments** in NDC-related programs, to speed up and scale up NDC implementation

- Benefits of digitalizing MRV systems: Building **digital solutions** will be beneficial for (i) NDC implementation, and (ii) integration into MEAL processes. Indeed, digital MRV systems that are open source, without user fees, low-energy, and with high levels of security could help **increase integrity.** Furthermore, making MRV systems digital would make it easier to **integrate them with national MEAL processes.** This integration aims at enabling the national and decentralized governments to track progress on the transition towards a climate-resilient and lower-carbon economy and society. However, many current MRV systems, where they exist, are not fully digital and integrated with national MEAL processes

- ANDCH partner support for national digital MRV systems: **ANDCH partners,** including **GGGI,** help develop **digital MRV platforms at country level.** Indeed, GGGI helped **Burkina Faso** to launch an **open web-based platform to help track progress against its NDC.** This platform also serves as data sharing and archiving system on GHGs, adaptation and mitigation actions and any kind of financial, technological and capacity building support

27. Gold Standard, Optimising markets: Digital Monitoring Reporting + Verification (MRV), website consulted in Nov 2022; GGGI, Official Kick-off of Burkina Faso's MRV IT Platform, Apr 2022

Table 1: Updated NDCs' sector focus[28]

AFOLU Energy Transport Waste Industry

	Countries	AFOLU	Energy	Transport	Waste	Industry
1	Angola		✓	✓	✓	
2	Benin	✓		✓	✓	✓
3	Burkina Faso	✓	✓		✓	
4	Burundi	✓	✓	✓	✓	✓
5	Cameroon		✓			
6	Cape Verde	✓	✓	✓	✓	
7	CAR	✓	✓		✓	
8	Chad		✓			
9	Comoros	✓	✓		✓	
10	Democratic Republic of the Congo	✓	✓			
11	Eswatini	✓	✓	✓	✓	✓
12	Ethiopia	✓	✓	✓	✓	✓
13	Gambia	✓		✓		✓
14	Guinea	✓	✓	✓	✓	✓
15	Liberia	✓	✓	✓	✓	✓
16	Malawi	✓	✓	✓	✓	✓
17	Mali		✓			
18	Mauritania	✓	✓	✓	✓	✓
19	Mauritius		✓	✓	✓	✓
20	Morocco	✓	✓		✓	✓
21	Mozambique	✓	✓	✓	✓	✓
22	Namibia	✓	✓	✓	✓	✓
23	Niger	✓	✓	✓		✓

28. Ibid

AFOLU Energy Transport Waste Industry

	Countries	AFOLU	Energy	Transport	Waste	Industry
24	Nigeria	✓	✓	✓	✓	✓
25	Republic of the Congo	✓	✓	✓		✓
26	Rwanda	✓	✓	✓	✓	✓
27	Sao Tome & Principe	✓		✓		
28	Senegal	✓	✓		✓	✓
29	Seychelles		✓			
30	Sierra Leone	✓	✓			
31	Somalia	✓	✓		✓	
32	South Africa	✓	✓	✓	✓	✓
33	South Sudan	✓	✓		✓	
34	Sudan	✓	✓		✓	
35	Togo	✓	✓	✓	✓	✓
36	Tunisia	✓	✓	✓	✓	✓
37	Zambia			✓	✓	
38	Zimbabwe			✓	✓	

Recognizing African countries' vulnerability to the impacts of climate change, the updated NDCs enhanced ambition by including adaptation components. The adaptation components take diverse forms based on countries' needs and capacities, but most countries improved their NDCs by aligning them with existing adaptation policies.[29] Further, forty-one of the revised NDCs included adaptation components with an increased sectoral scope or added new sectors for adaptation mostly prioritizing agriculture and land use. Uganda, for instance, expanded the sectoral scope of adaptation to include transport, industry, tourism, and education and further assigned sectoral actions, indicators, and targets.[30] In addition, some updated NDCs include implementation plans for the adaptation components. Rwanda, for example, provided details on indicators, implementing entities, timelines, funding estimates, and mitigation benefits for specific interventions.[31]

Although the updated NDCs contain adaptation components, countries must develop their NAPs to identify their long-term adaptation strategies and align them with their NDCs.[32] Adaptation planning is inherently complicated, requiring countries to use an array of sources to estimate vulnerability to various climate change-related events and put in place measures to mitigate and respond to them. NAPs help present a process and framework for this exercise and represent critical tools to guide the investments that countries will need to make in the coming decades, particularly to ensure the resilience of the most vulnerable.[33] In 2022, only seven African countries submitted NAPs that aligned with their NDCs plans, bringing the total to seventeen.[34] The sector focus of many of these NAPs was agriculture. More efforts are needed in developing NAPs; there is a shared concern at the large number of countries that have not been able to submit their first NAPs. ANDCH partners, including GGGI and UNDP, support countries to ensure that their LT-LEDS are aligned with their NAPs (e.g., in Ethiopia); and provide methodologies and tools to assess, sensitize and build the capacity of officials who are implementing the NAPs at local levels ("Capacity Assessment Methodology").[35]

The updated NDCs strengthened in quality, evidenced by implementation and financing plans that provide more detailed cost estimates with an increased focus on adaptation.[36]

Adaptation:

Thirty-six countries provided detailed cost estimates for adaptation in their NDCs. Twenty-seven of these revised their cost estimates upwards due to the availability of more credible data and better technical analysis, partly through support from ANDCH partners[37]

Mitigation:

Mitigation represents the highest share of implementation needs. All the analyzed countries revised their mitigation components. The revision of the mitigation targets resulted from increased ambition and the availability of better, credible information. The first round of NDCs was developed quickly, and countries had limited capacity for costing and budgeting. In this second round, countries used improved quality of information for their mitigation target modeling, which led to the revision of costing aligned with the implementable targets[38]

Costing:

Thirty-eight countries provide cost estimates for the implementation of their NDCs and most of these account for both adaptation and mitigation. The estimates amount to USD 1.2 trillion leading up to 2030. More than 60% of the NDCs estimate amounts of less than USD 20 billion, 16% estimate more than USD 50 billion, and only two countries (Egypt and Ethiopia), representing 5% of the NDCs, estimate amounts over USD 200 billion.[39] Costing NDC implementation will help countries develop investment plans against them

29. WWF, Africa NDCs: Recommendations for Decision-makers, 2021
30. Uganda Ministry of Water and Environment, Uganda updated NDC, Sep 2022
31. Ibid
32. UNEP, National Adaptation Plans
33. NAP Global Network, Conducting Gender Analysis to Inform National Adaptation Plan (NAP) Processes, 2019
34. UNFCCC, National Adaptation Plans, 2022
35. UN-Habitat, Addressing Urban and Human Settlement Issues in National Adaptation Plans - A Supplement to the UNFCCC Technical Guidelines on the National Adaptation Plan Process Nairobi, 2019
36. Ibid.
37. Climatewatchdata, NDC Enhancement Tracker, Accessed on November 23 2022
38. NDC Partnership, Climate Action Enhancement Package: Lessons in developing implementation ready NDCs,2022
39. Climatewatchdata.org, NDC enhancement tracker, Accessed on November 29, 2022

Table 2: Overview of NDCs' enhanced ambition and quality[40]

	Countries	Ambition				Quality		
		Enhanced mitigation targets	Expanded gas and sector coverage	Enhanced qualitative targets and measures	Enhanced adaptation targets	Implementation and finance plan	Wider stakeholder alignment	MRV systems
1	Angola	✓		✓	✓	✓		✓
2	Benin	✓	✓			✓	✓	✓
3	Burkina Faso	✓	✓			✓	✓	✓
4	Burundi	✓	✓	✓	✓	✓		✓
5	Cameroon	✓	✓	✓	✓	✓	✓	
6	Cape Verde			✓	✓	✓		✓
7	CAR	✓	✓	✓	✓	✓	✓	✓
8	Chad	✓	✓		✓	✓	✓	✓
9	Comoros	✓		✓		✓		
10	Democratic Republic of the Congo		✓	✓	✓	✓		
11	Egypt		✓	✓	✓	✓		✓
12	Equatorial Guinea	✓	✓	✓		✓		
13	Eswatini	✓	✓	✓	✓	✓	✓	✓
14	Ethiopia	✓	✓	✓	✓	✓	✓	✓
15	Gabon		✓	✓	✓	✓		
16	Gambia		✓	✓	✓	✓	✓	✓
17	Guinea	✓	✓	✓		✓		
18	Guinea-Bissau		✓	✓		✓		
19	Ivory Coast	✓	✓	✓	✓	✓		
20	Kenya	✓		✓	✓	✓		
21	Liberia	✓	✓	✓		✓	✓	✓
22	Malawi	✓	✓	✓	✓	✓	✓	✓
23	Mali	✓	✓		✓	✓	✓	✓

40. NDC Partnership, Climate Action Enhancement Package: Lessons in developing implementation ready NDCs, 2022

	Countries	Ambition				Quality		
		Enhanced mitigation targets	Expanded gas and sector coverage	Enhanced qualitative targets and measures	Enhanced adaptation targets	Implementation and finance plan	Wider stakeholder alignment	MRV systems
24	Mauritania	✓	✓	✓	✓	✓		
25	Mauritius	✓	✓	✓	✓	✓		
26	Morocco	✓	✓	✓	✓	✓	✓	✓
27	Mozambique	✓	✓	✓	✓	✓	✓	✓
28	Namibia	✓	✓	✓	✓	✓	✓	✓
29	Niger	✓	✓	✓	✓	✓	✓	✓
30	Nigeria	✓	✓	✓	✓	✓	✓	✓
31	Republic of the Congo	✓	✓	✓	✓	✓		
32	Rwanda	✓	✓	✓	✓	✓	✓	✓
33	Sao Tome & Principe	✓	✓	✓	✓	✓	✓	✓
34	Senegal	✓	✓					
35	Seychelles	✓	✓	✓		✓	✓	✓
36	Sierra Leone		✓	✓	✓	✓		
37	Somalia	✓	✓	✓	✓	✓	✓	✓
38	South Africa	✓	✓	✓	✓	✓	✓	✓
39	South Sudan		✓	✓	✓	✓		✓
40	Sudan		✓	✓	✓	✓		
41	Tanzania			✓	✓	✓		
42	Togo	✓	✓	✓	✓	✓		
43	Tunisia	✓	✓	✓	✓	✓		
44	Uganda		✓	✓	✓	✓		
45	Zambia		✓		✓	✓	✓	✓
46	Zimbabwe	✓	✓	✓	✓	✓	✓	✓

Figure 2: Overview of investment plans[41]

INVESTMENT

Investment plans for updated NDCs

- Investment plans: The development of investment plans for NDCs is critical to ensuring their **operationalization and attracting increased funding** both from traditional financiers and the private sector. With the majority of updated NDCs costed, it is easer to then develop investment plans.

- Current progress: **Very few countries have or are in the process of developing NDC investment plans** (including Cameroon, Namibia, Uganda, Sao tome & Principe). Given that these require long term planning and identification and development of key projects among other things, countries are yet to make significant progress.

- ANDCH partner support in the development of investment plans: ANDCH partners, including **NDC-P, the Commonwealth Secretariat, AfDB, UNDP, and UNEP** are supporting countries with capacity-building to develop investment plans, development of specific investable projects that would go into the investment plans, and developing investment strategies at NDC and/or sector level. Going forward, these efforts need to be deepened and scaled

A more inclusive NDC development process has resulted in more inclusive NDCs. Most analyzed NDCs considered the impacts of commitments and associated policies on vulnerable groups i.e., women, young people and children, the elderly, indigenous people, and communities in climate-exposed areas. Almost all countries conducted stakeholder consultation and research into ways gender plays into climate vulnerability.[42] As a result of this process, over 85% of actions in the updated NDCs reference gender and include measures targeting female empowerment. For instance, Burkina Faso expanded ten sectoral plans to include strong gender mainstreaming elements, and Nigeria, Rwanda, and Zambia explicitly refer to the integration or mainstreaming of gender considerations in national strategic and climate-related planning.[43,44] Additionally, 61% of the revised NDCs included youth-related priorities and actions in the revised NDCs.[45,46] Namibia for example included measures that overlap with health to raise awareness and engagement of youth in various health-related issues that may arise as a result of climate change.

Despite these efforts, more needs to be done. In many instances, countries and development partners do not yet have a good understanding of how climate change affects vulnerable communities, particularly at the intersection of other risks such as women health and rights. For example, according to the Global Gender and Climate Alliance, more than two-thirds of studies find that women face greater health risks from climate change.[47] Countries, and climate-related action, need to increasingly recognize that climate change is a "threat multiplier" escalating social, political, and economic tensions, therefore, leading to increased vulnerabilities to certain population segments i.e., women, young people, and minorities.[48] Therefore, countries need to improve data systems to better account for the differentiated impacts of climate change population segments and strengthen the integration of costed relevant interventions, as well as be intentional about gender specificity in adaptation and mitigation measures.

41. Africa NDC Hub website, accessed on November 30, 2022
42 Ibid
43. Ibid
44. The Commonwealth Secretariat, Gender Integration for Climate Action: A Review of Commonwealth Member Country Nationally Determined Contributions, 2021

45. Climatewatchdata, NDC Enhancement Tracker, Accessed on November 23 2022
46. The Commonwealth Secretariat, Gender Integration for Climate Action: A Review of Commonwealth Member Country Nationally Determined Contributions, 2021
47. Carbon Brief, Mapped: How climate change disproportionately affects women's health, 2020
48. UN Women, Explainer: How gender inequality and climate change are interconnected, 2022

Additionally, very few revised NDCs have an explicit focus on a just transition, making it harder to understand and justly treat disproportionately affected communities. Just transition is the concept of ensuring that the substantial benefits of a green economy transition are shared widely, while also supporting those who stand to lose economically – be it countries, regions, industries, communities, workers, or consumers.[49] This requires tackling the challenges faced by communities and workers as they shift toward sustainable livelihoods, while also ensuring that the benefits of the zero-carbon and resilient economy are shared fairly.[50] However, only six African countries (Kenya, Liberia, Mauritania, Namibia, South Africa, and Zimbabwe) directly referenced just transition in their revised NDCs.[51] Even countries referencing just transition need to further broaden the scope of its discourse to one that addresses impacts across sectors and stakeholders, as opposed to just simple recognition of impact towards vulnerable groups.[52]

Countries are now shifting to the implementation of their targets. To do so, they need to develop sectoral NDC roadmaps and long-term climate strategies that prioritize a set of climate actions. These long-term strategies and implementation of the prioritized climate actions will lay the groundwork for future NDC revisions. ANDCH partners such as the Commonwealth Secretariat, NDC-P, UNDP, etc., are supporting some countries in the development of these implementation and investment plans.

1.2 AFRICAN COUNTRIES' PROGRESS IN LT-LEDS DEVELOPMENT

With significant progress made in updating NDCs, countries now need to shift focus to developing their LT-LEDS to connect their short-term and long-term objectives. LT-LEDS help lay out the long-term vision for a low-emission, resilient economy in 2050. This vision, in turn, is intended to inform the development of the short-term, five-year NDC. Where LT-LEDS are not developed, there is a risk that by not having a sufficiently long-term view, NDCs will miss important opportunities to link to wider economic development agendas.[53] Developing robust LT-LEDS requires a whole-of-economy approach and buy-in from key government decision-makers. Getting the Ministry of Finance (MoF) or Ministry of Economy (MoE) invested is particularly important. Doing so helps ensure that countries align their climate actions with their national budget and develop feasible finance plans for the implementation of the climate actions outlined in LT-LEDS.[54] The involvement of the MoF or MoE is also important to ensure that the full array of policy tools is available to promote and incentivize climate action. These tools include planning on subsidy reforms, green investment incentives, and aligning long-term government budgeting with climate action priorities. [55]

Although LT-LEDS are key in supporting the implementation of NDCs by giving clear direction and shaping short-term priorities, African countries have made little progress in developing their LT-LEDS. Only four African countries have submitted their LT-LEDS,[56] but nine other countries have begun the development process.[57] Coordination across government ministries and national and provincial governments is key for developing these strategies. It is a challenge for countries as for many government stakeholders developing a climate agenda is seen as competing with a wide range of other important policy areas.[58] The slow progression by African countries is also a result of the complexity of the process, and a lack of training and skills. This is particularly the case given how new, technical, and data-intensive LT-LEDS planning is (e.g., the integration of the impact of climate change through climate adaptation modeling). This is further made difficult by the lack of sufficient quality data to inform the development of the strategies. ANDCH partners, such as GGGI, are supporting countries in their LT-LEDS development.

49. EBRD, What is a just transition?, Accessed on November 28, 2022
50. World Resource Institute, Just Transition and Equitable Climate Action Resource Center, Accessed November 28, 2022
51. WRI, 9 Things to Know About National Climate Plans (NDCs), 2022
52. UNDP, Issue Brief: Just Transition, 2022
53. Climate finance innovators, Aligning Nationally Determined Contributions with Long Term Low-Emission Development Strategies on Climate. Opportunities and Challenges in Africa, 2021
54. GGGI, The role of Ministry of Finance/ Economy on the development of the LT-LEDS, 2022
55. Ibid
56. 5 countries submitted their LT-LEDS, including Benin, Gambia, Morocco, Nigeria, and South Africa
57. 7 countries are currently in the process of preparing their LT-LEDS, including Angola, Burkina Faso, Cote d'Ivoire, Ethiopia, Kenya, Mozambique, and Rwanda
58. Ibid

Figure 3: *Support on LT-LEDS development*[59]

Objectives	Activities	Expected results
Initiative 1: Supporting the development of LT-LEDS, GGGI		
• Support countries develop their LT-LEDS	• GGGI provides Ethiopia and Burkina Faso with overall project support and coordination • GGGI provides technical and advisory support on sectoral analysis and modeling	• Through GGGI's support, Ethiopia has made progress in developing its LT-LEDs and is expected to submit its finalized version in 2022
Initiative 2: Supporting the development of LT-LEDS, AfDB		
• Support countries develop their LT-LEDS	• AfDB provides Lesotho, Botswana, Gabon, and Liberia with support to develop their LT-LEDs	• The four countries have made significant progress in the development of their LT-LEDS
Initiative 3: Thematic Call on LT-LEDS and NDC, launched by NDC Partnership		
• Align LT-LEDS and NDCs	• Provide support to countries in need on a rolling basis and on multiple opportunities until Q3 2025 • Provide support to countries to work on NDCs update and enhancement and LT-LEDS development, simultaneously • Support countries to kick off targeted transformational policy shifts and actions if LT-LEDS are in place	• Countries make significant progress in LT-LEDS development and implementation
Initiative 4: 2050 Facility program, an initiative of AFD		
• Provide support to high-emitting and vulnerable developing countries in their transition to a low-carbon and resilient development model	• Support the development of LT-LEDS • Supporting the governance of long-term low-carbon and resilient planning	• Countries have LT-LEDS and related public policies • Strengthened climate governance in support countries

59. Dalberg analysis; ANDCH partner documentation

1.3 EMERGING PRIORITIES IN CLIMATE PLANNING IN AFRICA

The term "loss and damage" is used to describe the manifestation of climate change impacts that are not or cannot be avoided by adaptation and mitigation efforts.[60] While most literature would agree with this definition, there is no universal definition of loss and damage as the issue is highly political. Loss and damage can be either irreversible (i.e., loss of human life) or reparable (i.e., destroyed infrastructure); and economic (i.e., loss of resources, goods, and services) or non-economic in nature (i.e., loss of cultural heritage).[61] Looking at both historical and predictable future impacts, these impacts are negative and overwhelmingly costly.

Loss and damage payment is increasingly becoming a priority for developing countries. To date, mainstream climate financing has focused mostly on cutting emissions and helping communities adapt to future impacts; loss and damage financing, however, is for specifically covering the cost of harm that countries cannot avoid or adapt to.[62] A report by the Loss and Damage Collaboration estimates that combined climate-linked losses of the fifty-five member countries of the Climate Vulnerable Forum (almost half of which are African) over the last two decades totaled USD 525 billion, or 20% of their collective GDP.[63] Developing countries are therefore pushing for their wealthy counterparts, who are also the biggest polluters, to compensate them for these losses.[64] The idea of a "loss and damage" fund was first put forward in 1991 when Vanuatu suggested the creation of an insurance scheme, under the auspices of the United Nations (UN), to help pay for the consequences of rising sea levels.[65] Yet over thirty years later, little progress has been made with only USD 2.4 million committed to loss and damage payments by Scotland prior to COP27.[66,67]

African countries have been pushing for the creation of an international mechanism to address loss and damages but only eight countries explicitly refer to loss and damages in their revised NDCs.[68,69] This number is remarkably low given the continent's high vulnerability to the impacts of climate change (AfDB estimates loss and damages in Africa to be between USD 290 and 440 billion by 2030)[70] and the strong push in negotiations on loss and damage. In fact, Africa has, for years, been pushing the agenda to establish a formal mechanism of addressing loss and damages where developed countries, who are also the biggest polluters, pay their developing counterparts for economic and non-economic losses directly linked to climate change. In 2014, African countries put forward a proposal to establish an international mechanism to address loss and damages and laid out functions and modalities.[71] These are presented in the figure below.[72] However, most updated NDCs mentioning loss and damage just highlight experiences of economic and physical losses and some elaborate on specific responses to dealing with loss and damage.[73] Only Cape Verde calls for international financial support on loss and damage in its NDCs.[74] Some countries i.e., Gambia, Malawi, Mozambique, and Zambia even dropped references to loss and damage in their revised NDCs due to complexities surrounding the topic.[75] Given the highly political nature and value of NDCs, streamlining loss and damage in them will send a strong message about African countries claiming their rights and holding developing countries to account – and therefore countries need to do this.

60. The Loss and Damage Coalition, What is Loss and Damage, Accessed on November 30, 2022
61. Ibid.
62. Aljazeera, COP27: Who will pay for climate 'loss and damage' fund?, 2022
63. Loss and Damage Collaboration, The cost of delay. Why finance to address loss and damage must be agreed at COP27, 2022
64. Ibid.
65. Aljazeera, COP27: Who will pay for climate 'loss and damage' fund?, 2022
66. Loss and Damage Collaboration, The cost of delay. Why finance to address loss and damage must be agreed at COP27, 2022
67. The Economist, A new UN fund for "loss and damage" emerges from COP27, 2022

68. CCLAD, How does Loss and Damage feature in Nationally Determined Contributions?, 2021
69. UNFCCC, NDC Registry
70. UNECA, Loss and Damage in Africa, 2014
71. Ibid.
72. All Africa, Africa: COP27 - Historic Loss and Damage Fund Takes COP27 to the Edge #AfricaClimateHope, 2022
73. CCLAD, How does Loss and Damage feature in Nationally Determined Contributions?, 2021
74. Ibid
75. CCLAD, How does Loss and Damage feature in Nationally Determined Contributions?, 2021

Figure 4: The necessary functions and modalities of an international mechanism to address loss and damage[76]

Financial assistance

- Support research and development
- Provide start-up funds for regional and national risk reduction
- Compensate residual or unavoidable loss and damage from the adverse effects of climate change and from slow-onset processes
- Rehabilitate and compensate support to address loss and damage and lost development opportunities

Coordination and cooperation on technical and capacity needs

- Enhance data collection
- Strengthen the ability of countries to conduct needs and baseline assessments in relation to loss and damages to be able to analyze and make informed decisions, including methods for slow onset events at national and regional levels
- Reinforce the ability of countries to establish institutional and operational modalities at the local, national, and regional level to channel support after disasters

Support approaches to address loss and damage with support of developed countries

- Technical assistance related to adaptation, disaster risk reduction, and specific approaches to address loss and damage associated with climate change impacts
- Strengthen social safety networks and resilience-building efforts including support under the GCF
- Enhance understanding, coordination, and support for economic and non-economic losses

The loss and damage financing announced at COP27 will provide a much-needed boost to climate financing in Africa. COP27 closed with a breakthrough commitment to provide "loss and damage" funding for vulnerable countries hit hard by climate disasters.[77] Delegates agreed on setting up a UN-sponsored fund to help developing countries that are "particularly vulnerable" to the effects of climate change.[78] This fund is a massive win for Africa and could potentially be a key lever in climate financing on the continent. However, it is not yet clear how much money will be committed to the fund and/or whether it will be replenished regularly.[79] The details of the fund will be agreed upon by November 2023 and its "transitional committee" will make recommendations on how to operationalize both the new funding arrangements and the fund at COP28 next year. Also remaining to be worked out are the details on which countries or disasters qualify for compensation.[80] Additionally, during COP27 a group of over 85 African insurers committed to creating the African Climate Risk Facility pledging to provide USD 14 billion of cover to help the continent's most vulnerable communities deal with climate disaster risks.[81] European countries also pledged a total of USD 246 million - with USD ~175 million coming from Germany - to support disaster risk management in vulnerable countries.[82]

However, there are complexities to be considered when establishing the loss and damage financing mechanism; Africa should be at the forefront of thinking these through.[83] While recognizing that loss and damage is useful to build visibility and political momentum, there are additional processes needed to implement an overarching loss and damage architecture. Those include considerations on cost estimation, establishing clear parameters of causality, and guarding against moral hazard, among other things. The international community needs to align on a classification framework to select which losses to compensate for (i.e., What is the nature of losses to compensate for? How far in time should the compensation cover?), develop a robust methodology for calculating losses, and agree on a causality framework to directly link a loss to climate change, and to what degree. There are also considerations about conditionalities to be put in place to ensure that while there will be insurance for loss and damage, countries are still putting in place appropriate adaptation policies and investments.

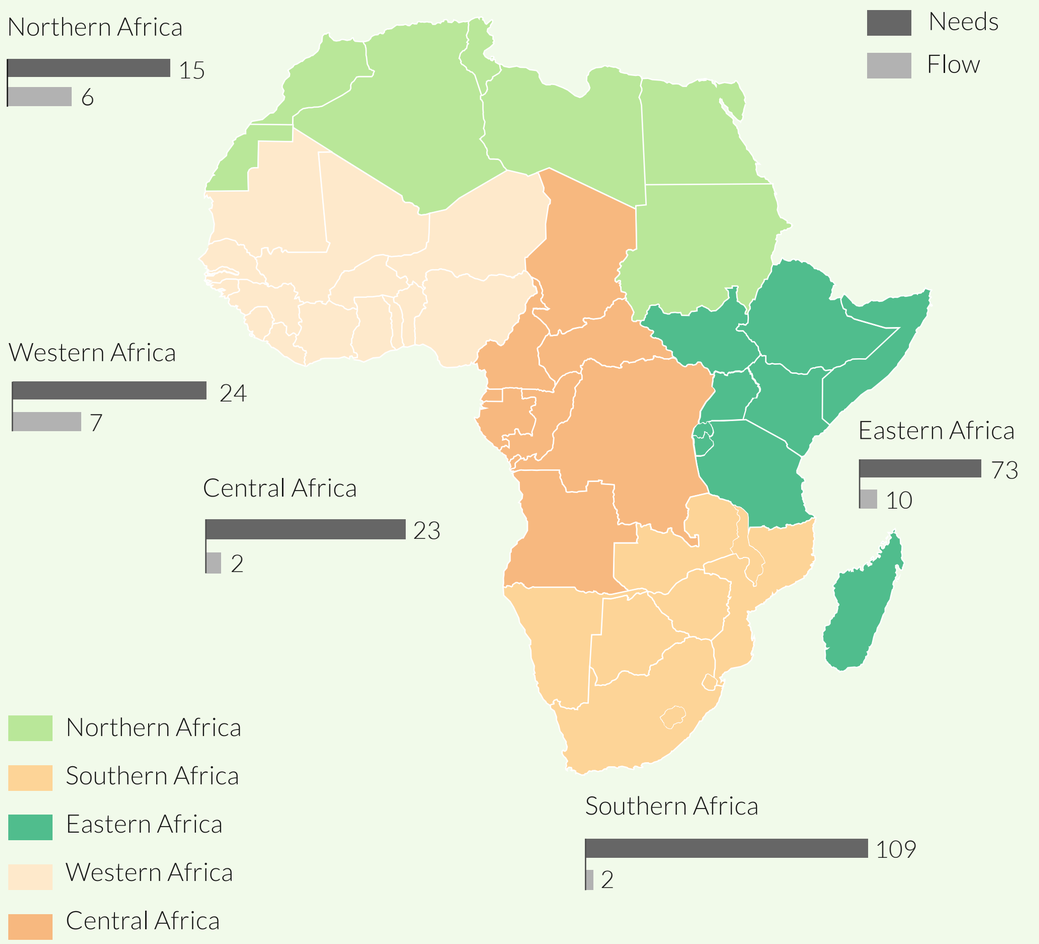
76. Ibid
77. UNFCCC, COP27 Reaches Breakthrough Agreement on New "Loss and Damage" Fund for Vulnerable Countries, 2022
78. The Economist, A new UN fund for "loss and damage" emerges from COP27, 2022
79. UNFCCC, COP27 Reaches Breakthrough Agreement on New "Loss and Damage" Fund for Vulnerable Countries, 2022
80. Aljazeera, COP27: Who will pay for climate 'loss and damage' fund?, 2022
81. Ibid.
82. Carnegie Endowment for International Peace, As Financial Pledges Trickle In, Did COP27 Meet Its Goal of Implementation?, 2022
83. UNECA, Loss and Damage in Africa, 2014

2. Scaling Climate Finance and Private Sector engagement for NDC Implementation

2.1 THE STATE OF CLIMATE FINANCE FOR NDC IMPLEMENTATION IN AFRICA

Ensuring adequate climate finance is essential for NDC implementation, but funding is currently limited in Africa. Indeed, flows are significantly below what is required to meet the NDCs. Africa will need USD 3 trillion between 2020 and 2030 to implement its NDCs[84] (~ USD 277 billion annually) with approximately 90% expected to come from non government sources.[85] In 2020, climate finance flows in Africa amounted to just USD 30 billion, or 11% of the amount needed. The COVID-19 pandemic had a slight effect on flows, but flows have historically been significantly below the need.[86]

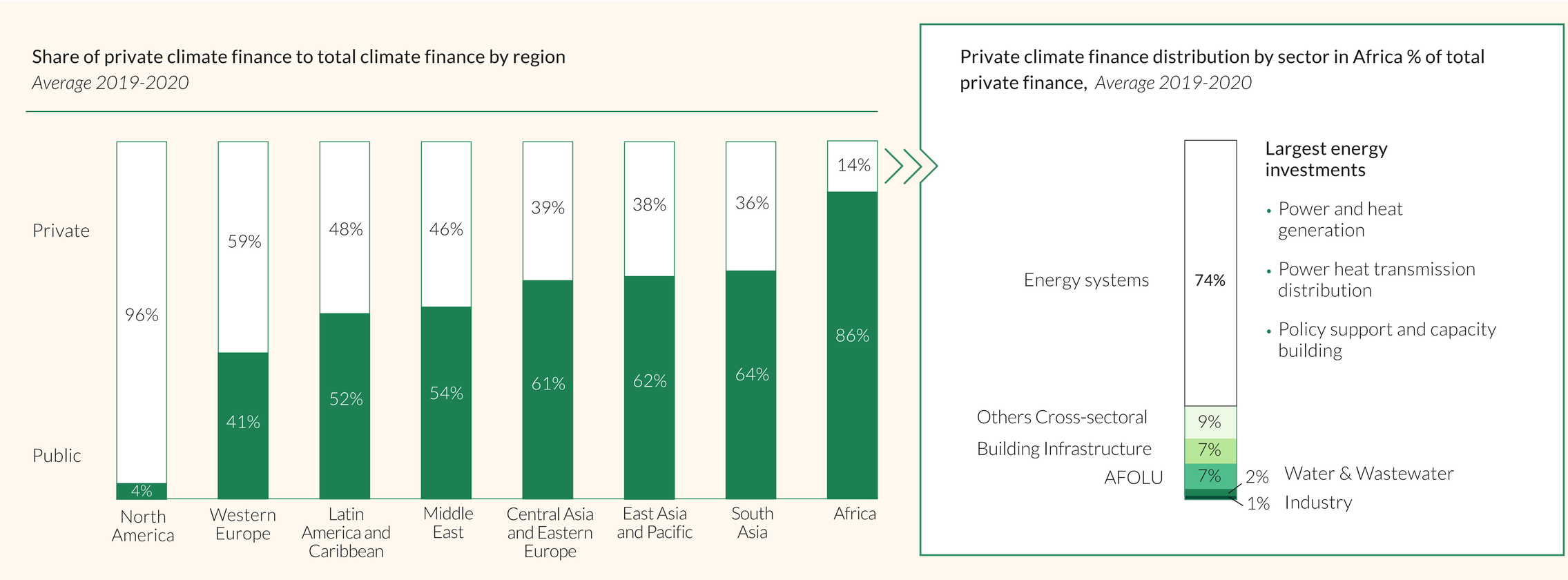
Figure 5 : Climate finance needs vs flows in Africa
USD billion, 2019-2020



84. Climate Policy Initiative, Landscape of Climate Finance in Africa, 2022
85. Ibid
86. Ibid

Private sector financing flows in Africa are significantly lower as a proportion of total flows than in comparable regions, and overwhelmingly go to energy systems. Public finances will not be enough to meet NDC needs in Africa. This presents, an important opportunity for the private sector to work alongside governments to finance the implementation of NDCs.[87] However, total private climate finance represents only 14% (USD 4 billion, 2020) of total climate investment in Africa.[88] In contrast, this rate is much higher in other regions including Latin America & Caribbean, East Asia & Pacific, and South Asia (37% to 49%).[89] Additionally, most of the private sector financing in Africa goes to the energy sector, where more mature business models have been tested and proven to work and have well-understood risk-return profiles.[90]

Figure 6: *Share of private climate finance to total finance by region, 2019-2020*[91]



87. The African Development Bank, NDCs implementation in Africa through green investments by private sector, 2021
88. Climate Policy Initiative, Landscape of Climate Finance in Africa, 2022
89. Ibid
90. Dalberg interviews, 2022
91. Climate Policy Initiative, Landscape of Climate Finance in Africa, 2022; Note: In the chart on the left, climate finance from international multilateral climate funds is included in the public sector category because these funds are usually channeled through governments.

While global green financing mechanisms exist to help fill the gaps, they are insufficient and further efforts are required. The international community has established multiple mechanisms to finance NDC implementation, including the Green Climate Fund and the Global Environment Facility. In 2019-2020, multilateral climate funds invested 3.5% (USD 1 billion) of total climate finance in Africa.[92] Although it represents an exponential increase in funding (the continent previously received only USD 4.5 billion between 2003 and 2018),[93] this contribution is a very small proportion of total climate finance and is insufficient considering the need for climate finance.

Across the board, funders and financiers will not commit money to projects that are not clearly structured and planned and, in the case of the private sector, have no clear business model and appropriate returns. Climate-related projects in Africa often lack adequate preparation support, attracting limited interest from financiers. Country project preparation facilities have limited experience and technical capacity to develop climate project concepts into low-risk, high-feasibility, high-impact sustainable infrastructure projects.[94] Additionally, projects put forward by governments to attract private sector or development partners often offer weak business models, have limited incentives to manage potential risk, or lack a clear link to climate impact.[95] Countries also have limited adequate risk allocation frameworks to develop large Public-Private Partnerships (PPP) and often struggle with weak commitment from top political leadership.[96]

Importantly, a broad set of climate financing commitments was announced during COP27 with the potential to move the needle in climate financing on the continent. These include the United States' reaffirmation of its commitment to providing developing countries with USD 11 billion annually by 2024.[97] The US also announced USD 150 million in new funding to support adaptation initiatives in Africa through the USAID co-led President's Emergency Plan for Adaptation and Resilience (PREPARE).[98] Additionally, the EU and the African Union also announced a new EUR 1 billion initiative on adaptation and resilience in Africa.[99] Egypt, the host, also signed partnerships for its Nexus of Water-Food-Energy (NWFE) programme to support the implementation of climate projects with investments worth USD 15 billion.[100,101]

92. Ibid
93. Climate Funds Update, Climate Finance Regional Briefing: Sub-Saharan Africa (2018), 2018
94. ICLEI, Transformative Actions Program, Accessed on Oct 17, 2022; World Bank, Enhancing the Climate Resilience of Africa's Infrastructure: The Power and Water Sectors, 2015
95. CGD, What Is Holding Back Private Climate Finance in Africa and How Can It Be Unleashed?, 2022
96. World Bank, Address today's challenges to build a sustainable long-term PPP strategy for Africa, 2021
97. Ibid.
98. USAID, Action plan released for the President's Emergency Plan For Adaptation And Resilience (PREPARE), 2022
99. European Commission, EU agrees to COP27 compromise to keep Paris Agreement alive and protect those most vulnerable to climate change, 2022
100. Ibid
101. More examples of deals concluded during COP27 around specific thematic ares are described in subsequent sections.

2.1 ACCELERATING THE IMPLEMENTATION OF AFRICA'S NDCS

ANDCH partners support countries to accelerate NDC implementation by turning climate projects into investment opportunities, creating mechanisms that catalyze investments, and mobilizing the private sector. Partners are supporting countries to better position themselves to accelerate the implementation of NDCs by identifying and incubating ideas to become investable opportunities. To ensure that these projects are funded, ANDCH partners and governments are co-creating tools and mechanisms to crowd in investments, particularly private capital, and to increase private sector engagement. Additionally, partners are facilitating conversations to align expectations and interests and are providing direct support to private-sector innovations.

Figure 7: ANDCH partners' approach to scaling NDC implementation[102]

Translating NDCs into investment opportunities

Identifying investment opportunities in NDCs implementation

- Cascading NDCs priorities in regional and national agendas, including recovery plans
- Developing NDC implementation plans and translating them into bankable projects

Creating innovative financial tools to catalyze climate financing

Developing financial tools to de-risk and scale investments

- Credit guarantee schemes
- Liquidity and Sustainability Facility
- Green/Blue bonds
- Debt-for-nature/climate swaps

Facilitating private sector engagement and investment in NDCs implementation

Enabling private sector investment in NDCs financing and implementation

- Facilitating private dialogues and initiatives to expand awareness of need and opportunity
- Supporting private sector innovations with both financing and technical assistance

102. Dalberg analysis; ANDCH partner documentation

To operationalize this approach, ANDCH partners are undertaking activities categorized under three main pathways: (i) projects, (ii) national policies, and (iii) regional programs.

1 Projects

Figure 8: ANDCH partners' activities undertaken to accelerate NDC implementation[103]

NDCs	NDC Implementation plans	Bankable project proposals	Live projects
(Explored in depth in the previous section)	• **NDC Partnership** supports 15 countries to translate NDCs into implementation and investment plans • **UNEP** supports Uganda and Ghana to translate NDCs into cross-sectoral, synergetic implementation plans • **ECA** supports the development of implementation plans in Zimbabwe, Eswatini, Liberia, etc. • **AFD** AdaptAction program supports the Republic of Congo and Madagascar develop NDCs implementation plans • **UNFPA** Asupports the NDC update process ensuring that they are more inclusive and gender-transformative	• **ECOWAS** provides project preparation to translate climate goals into fundable projects • **Commonwealth** supports partner ministries to develop grant proposals and project pipelines • **NDC Partnership** has embedded advisors in 12 finance ministries • **AfDB** funds TA for development of bankable projects in Uganda, Cameroun, São Tome & Principe, and Namibia • **IsDB** supports countries to develop climate-resilient investments and bankable projects • **AFD** supports the identification and design of bankable projects through AdaptAction, GCA, and CICLIA	• **ECOWAS** supports countries with capacity building to ensure that NDC-related projects are successfully executed • **Commonwealth** supports countries to lay the policy and regulation groundwork critical to project execution • **AFD** AdaptAction program supports the development of M&E tools for NDC adaptation in Niger, Côte d'Ivoire, and Senegal

2 Policies: NDCs cascaded in development agendas

- **NDC Partnership** is supporting 13 countries in mainstreaming climate action, budget tagging and reporting
- **Commonwealth** supporting countries with the development of strategic policy and regulatory frameworks to anchor the cascading of NDCs in other development plans
- **UNDP** developed tools to help countries cascade NDCs in their recovery plans
- **AFD** AdaptAction program supports the mainstreaming of adaptation in sectoral and development policies

3 Regional Programs: Regional programs to promote and enable projects in key thematic areas

(Explored in depth in the next section)

103. Ibid

2.1.1 Translating NDCs into investment opportunities

Most large-scale projects in Africa fail to reach financial close - countries need hands-on support to ensure that climate-related projects are well-designed and executed. Particularly in infrastructure, where despite large pipelines and clear need, 80% of projects fail at the feasibility and business-plan stage, and less than 10% finalize financial transactions to fund execution.[104] Key reasons projects fail at the design phase include the lack of a long-term master plan that bridges political cycles, weak feasibility studies and business plans, delays in approvals, and inability to agree on risk allocations and find the right ticket size and modalities.[105] In execution, projects are often derailed by the lack of skills and external contractors and poor delivery, including delays and cost overruns.[106]

Cascading NDC priorities in regional and national agendas, including recovery plans

With ANDCH partners' support, countries are increasingly pushing for the cascading of climate actions in continental programs, as well as mainstreaming NDCs across their national agendas. Taking a regional lens presents larger market opportunities for private sector actors, offers opportunities for sharing best practices, and enables global fundraising. The Africa Continental Free Trade Area is an important platform in this regard – free trade between African countries, and the associated benefits it brings, has the potential to incentivize private climate-oriented investment. At the national level, countries are also mainstreaming climate action and goals in national development agendas and recovery plans. For instance, Uganda mainstreamed climate goals into the National Development Plan III.[107] However, the cascading is still nascent.[108] Partners are also supporting the development of strategic policy and regulatory frameworks to anchor this. This work will help accelerate implementation as climate goals are tied to government funding across all sectors of the economy, as well as increased ownership and accountability.[109] The integration of climate goals will also anchor a just transition as this requires a whole of government and integrated policy approach to implement therefore enabling governments to thoroughly understand the implications of the transition and make necessary adjustments to ensure that no involved community is left behind.[110]

104. Mckinsey, Solving Africa's infrastructure paradox
105. Ibid
106. PwC, Capital projects and infrastructure in East Africa, Southern Africa and West Africa: Trends, challenges and future outlook, 2014
107. NDC Partnership, Uganda

Figure 9: Inclusion in NDC investment planning

Rights-based approach in translating NDCs into investment opportunities

- Successful investable NDCs-related opportunities need to be local and leverage existing, decentralized structures to be sustainable. Taking an inclusive and rights-based approach while developing projects allows for **avoiding costly biases and blind spots that could cost success** (i.e., understanding the typical beneficiary profile allows for better project design)
- Considering the different people that are affected by climate change in a more profound way (e.g., people in rural/semi-rural areas and urban slums, women, youth, etc.) allows governments to design **projects that truly affects their lives for the better particularly by increasing their resilience.** Applying a rights-based approach would ensure recognition of imbalances in power relations, promote **participatory** development of investment opportunities, and would be **holistic**
- ANDCH partners are **helping countries to apply an inclusion lens while developing NDCs-related projects.** Some projects specifically target populations that are exposed to climate change impacts than others e.g., UNEP in Uganda, UNFPA across Africa

ANDCH partners are seizing the opportunity to align climate ambition with the economic recovery agenda, ensuring resilient growth and more funding for climate action. Countries are implementing their post-COVID recovery plans. This process presents an opportunity to build back better in a more climate-friendly and resilient way. ANDCH partners are supporting countries to align NDCs with their green recovery plans, therefore promoting climate-neutral and climate-resilient economic transformation.[111] Partners are also working with governments to show (i) the impact of climate change on private businesses, and (ii) that economic recovery offers a huge opportunity to help build more resilient businesses and economies.

108. Dalberg analysis, 2022
109. Ibid
110. WWF, Just transitions towards a nature-positive economy. Learning from stories of change, 2021
111. UNDP, Aligning NDCs with Green Recovery: Guidance Framework, 2022

Figure 10: UNEP, UNDP, NDC-P, and AFD activities to champion streamlining the climate agenda as well as inclusion in green recovery and support green recovery[112]

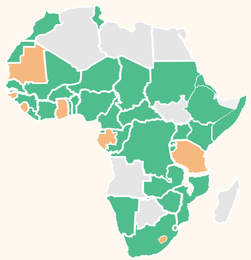
Objectives	Activities	Expected results
Initiative 1: EBAFOSA, an initiative led by UNEP		
• Establish the impact of climate solutions in enhancing the agro-productivity	• Support young people to retool their skills • Decentralize dryers to enable processing	• Pumpkin losses were reduced by 28% • Earnings from dried cassava increased by USD 50 • The youth earned a total of USD 40
Inclusion Lens	• The project was developed to support young people's innovations • The final product serves smallholder farmers, most of whom are women • The project is developed for, and in the context of rural areas creating income-generating opportunities for populations traditionally left behind	
Initiative 2: Guidance framework on aligning NDCs with green recovery, an initiative led by UNDP		
• Provide a framework to support countries to design and assess green recovery and economy options that build on NDC processes and incorporate climate action	• Propose a process that guides countries in formulating sustainable recovery plans • Provide recommendations about when and how to use tools to align climate actions and recovery plans	• Alignment between NDCs and recovery plans • Processes to develop sustainable recovery plans • Political engagement, financial feasibility and monitoring of green recovery plans
Inclusion Lens	• The framework provides recommend a tool to inform gender-inclusive recovery	
Initiative 3: Economic Recovery Initiative, led by NDC-P		
• Elevation climate action through economic recovery	• Embed advisors in MoF • Help countries conduct relevant studies	• Greening of economic recovery plans • Alignment of NDCs and recovery plans
Initiative 4: COVID-19 Social Bond, an initiative supported by AfDB and UNDP		
• Help alleviate the impact the COVID-19 pandemic on livelihoods and economies	• Provide significant rapid support for countries to curb the impact of the pandemic	• USD 3 billion dollar-denominated Fight COVID-19 social bond issued in March 2020 by AfDB • Lessened severity of economic and social impact of the pandemic on countries and private sector
Initiative 5: AdaptAction a tool to support the implementation of NDCs, an initiative of AFD		
• Support the development and implementation of adaptation strategies and resilient development trajectories	• Operational knowledge and research • Governance and public policy • Feasibility and vulnerability studies	• Driving institutions have the necessary institutional and technical capacities • Public policies are informed, and financing is mobilized
Inclusion Lens	• Gender and social inclusion are transversally integrated across the programme's 3 axes, with enhanced resources and a specific action plan	

112. Dalberg analysis; ANDCH partner documentation

Developing NDC implementation plans and translating them into bankable projects

ANDCH partners are supporting countries to turn NDCs into implementation and investment plans which are then developed into live projects. UNDP reported that 43% of African countries supported through the Climate Promise indicated a need for support for NDC implementation, particularly for turning NDC priorities into bankable projects. ANDCH partners are collectively supporting African countries to translate NDCs into yearly action plans, which are then translated into investment plans identifying high-potential projects.[113] Proposals with strong business cases are then drawn to mobilize financing across a wide range of financiers. While most proposals are still at the financing mobilization stage, partners are also supporting countries with capacity building to ensure that those projects will be successfully executed. Simultaneously, ANDCH partners are supporting these countries to create an enabling environment to facilitate the flow of financing as well as smooth project implementation. Key examples of where this model is yielding early results are in the case of Rwanda, Ethiopia, Nigeria, and Uganda.[114]

Figure 11: *NDC-P Country support*[115]

Objectives	Activities	Expected results
Initiative 1: NDC Partnership		
 • To support its member countries to create and deliver on ambitious climate action that helps achieve the Paris Agreement and the Sustainable Development Goals (SDGs)	• 42 African countries are members of NDC-P. Currently NDC-P supports 34 countries (in green) in activities such as NDC revision, development of NDC Implementation Plans and Investment Plans, Project proposal pipelines, economic recovery and greening financial sector	• The supported countries submitted updated NDCs that are more ambitious and enhanced in quality

113. UNDP, the state of climate ambition: Regional snapshot Africa, 2022
114. Dalberg analysis, 2022
115. NDC-P, 2022

2.1.2 Creating innovative financial tools to catalyze climate financing

Climate financing is inequitably distributed across Africa and countries with the most climate-related risks often get the least financing per capita. Countries with the most climate risks are often the poorest.[116] They have less developed capital markets and financial sectors and are less likely to possess the expertise to develop high-quality projects and investment opportunities. Additionally, their private sector actors are often too small to absorb large investments. These factors contribute to financiers viewing these countries as riskier and more difficult to work in and investing in fewer opportunities. In fact, 60% of the total climate financing in 2020 went to just 10 countries,[117] mainly due to them being more developed, able to absorb the investments, and being perceived as less risky.[118] Countries that need international investment the most are least likely to get it: 2019-2020 climate finance flows reveal that the most vulnerable countries received the least climate financing per capita.[119]

The private debt financing available to Africa is much more expensive than for other regions. African countries, mirroring global trends, borrowed at higher than historical rates in the lead-up to and during COVID-19. With limited non-debt financing available to them, African countries have to incur debt to finance development, and, due to their perceived higher risk, in comparison to their global north counterparts, debt is much more expensive to service.[120,121] In 2021, only two African nations, out of 32 that had been assigned a credit rating by at least one of the big three agencies, qualified for investment grade status, and 20 of the 32 countries had their credit rating downgraded – more than twice the rate of the global average.[122] High-interest payments have undermined macroeconomic management across African countries by constraining fiscal space while, at the same time, low- and even negative-yielding bonds in advanced economies have kept their debt service costs at manageable levels despite often having significantly higher debt-to-GDP ratios.[123] In 2021, Africa's annual debt servicing costs broke through the USD 100 billion threshold,[124] and the continent is expected to pay USD 243 billion in debt service through 2028.[125]

As a result, African countries are more likely to be debt distressed should they continue incurring debt. As of September 2022, 20 countries were either in overall debt distress or at high risk of overall debt distress.[126] As global interest rates rise in response to increasing inflation, taking on more debt to pay for climate action could mean increased exposure to defaulting risks.

Implementing NDCs will require massive increases in flows of finance to countries, while simultaneously ensuring that recipients can absorb and service the financing, especially where those flows are going to less developed country governments. In doing so, traditional sources of climate finance – multilateral funds and the MDBs offering grants and/ or concessional debt – will both remain critical for Africa and need to be significantly expanded. Indeed, the AfDB is seeking to raise USD 13 billion for the African Development Fund for exactly this purpose. However, more will be needed to meet climate finance needs. This includes looking to and building new financing facilities dedicated to expanding affordable African country borrowing, using traditional blended financing tools to de-risk private lending,

116. IMF, Poor and Vulnerable Countries Need Support to Adapt to Climate Change, 2022
117. The 10 countries that received the most financing are Egypt, Morocco, Kenya, Nigeria, Ethiopia, South Africa, Mozambique, Côte D'Ivoire, Tunisia, and Ghana
118. Climate Policy Initiative, Landscape of Climate Finance in Africa, 2022
119. Dalberg analysis, 2022
120. The Economist, Africa feels the strain from elevated debt, 2022
121. Countries in sub-Saharan Africa had paid, as of the end of 2009, 300 basis points more on average than the mean for emerging market borrowers

122. Brookings, The ruinous price for Africa of pernicious 'perception premiums', 2021
123. Ibid
124. The Economist, Africa feels the strain from elevated debt, 2022
125. AfDB, Debt-for-Nature-Swaps: Feasibility and Policy Significance In Africa's Natural Resources Sector, 2022
126. IMF, Debt Sustainability Analysis, 2022

channeling private funding into lower-cost "green" instruments, and drawing on IMF reserve currencies. In addition, facilitating loss and damage payments will require extensive additional flows and associated financial innovation. ANDCH partners are engaged in a wide range of such activities to support countries to access more financing from diverse sources. Below, the report profiles some of these tools in detail. Critically, we highlight these activities as examples of some of the solutions that need to be expanded drastically to meet climate goals – rather than evidence that the problem has already been solved.

Developing financial tools to de-risk and scale investments

— CREDIT GUARANTEE SCHEMES

A credit guarantee scheme provides third-party credit risk mitigation to lenders through the absorption of a portion of the lender's losses on the loans made to an entity in case of default.[127] While there are wide-ranging permutations of the tool, the basic concept is consistent. A development partner or government guaranteeing all or a portion of an investment of another actor should the recipient of the debt be unable to meet payments. In the case of climate finance, a third party commits to mitigating a portion of the potential losses on green investments. For these schemes to work, there must be a conducive legal and regulatory framework, adequate corporate governance and risk management, a robust operational framework, as well as thorough monitoring and evaluation systems.[128]

Given the perceived risks of investing in many of the green projects on the continent, higher risks compared to other regions, and the limited number of interested investors, these guarantees help increase lender confidence for African countries. This leads to increased investor interest and potentially more affordable lending rates. For example, the African Energy Guarantee Facility backed the Kesses 1 solar initiative, which supported the promoter to raise USD 41 million.[129] Over the past 20 years, the World Bank's guarantees have mobilized more than USD 42 billion in commercial capital and private investments.[130] ANDCH partners are stepping in to scale these efforts with a particular focus on Africa by launching large-scale guarantee schemes to finance green projects on the continent. Partners are also supporting countries to launch and operate guarantee schemes, i.e., AfDB supports the Ghana Incentive-Based Risk-Sharing System for Agricultural Lending, etc.[131]

127. World Bank, Principles for Public Credit Guarantee Schemes (CGSs) for SMEs World Bank, Principles for Public Credit Guarantee Schemes (CGSs) for SMEs
128. Ibid.
129. AEGF, Project overview, accessed on October 25 2022
130. World Bank, Guarantees Program
131. AFI, Green credit guarantee schemes for MSMEs, 2022

Figure 12: Activities to de-risk climate financing – AfDB & GGGI[132]

Objectives	Activities	Expected results
Initiative 1: Room to Run guarantee facility, an initiative led by AfDB		
• Scale up climate finance commitments to USD 2 billion • Reduce the risk capital thus creating headroom for new lending operation	• Insurers are taking a USD 400 million first loss tranche • FCDO provides USD 1.6 billion of cover on a second loss basis • The transaction covers current/future loans from 11 borrowing countries of the Bank Group's non-concessional window	• Allow the Bank to raise new funds, half of which would go toward climate adaptation, and allow the bank to de-risk investments
Initiative 2: Enhancing the Climate Resilience of Infrastructure Assets, an initiative led by GGGI		
• Increase appetite for institutional investors by providing a first-loss mechanism	• Enable the issuance of the no-objection letter • Develop the GCF funding proposal • Engage with placement agents and conducting investor meetings	• AFC to obtain board approval of USD 260 million in concessional capital from GCF

— SPECIAL DRAWING RIGHTS

Special drawing rights (SDRs) are IMF's reserve currency instrument calculated from a weighted basket of major currencies. SDRs can be used to exchange for other currencies, the repayment of loans, payments of obligations, pledges, and payment of interest on loans.[133] Rather than a currency, it is a claim on the freely useable currencies of IMF members.[134] The allocation of SDRs to each member country is based on the member's IMF quota shares with stronger economies owning more quota shares and paying more to IMF. Members can hold their SDRs as part of their foreign exchange reserves, sell, or exchange them for freely usable currencies.[135]

SDRs are allocated by the IMF to its member countries and are backed by the other member country governments.[136] The largest-ever allocation of about SDR 456 billion (equivalent to USD 650 billion) was approved on August 2, 2021, to address the long-term global need for reserves, and help countries cope with the impact of the COVID-19 pandemic.[137]

132. Dalberg analysis; ANDCH partner documentation
133. Investopedia, Special Drawing Rights (SDRs): Definition and Requirements, 2022
134. AfDB, FAQS: What are Special Drawing Rights and why do they matter for Africa?, accessed on October 27, 2022
135. Ibid
136. Investopedia, Special Drawing Rights (SDRs): Definition and Requirements, 2022
137. IMF, Special Drawing Rights (SDR), accessed on October 27, 2022

However, African countries expect to receive just a fraction of the recent USD 650 billion SDR allocation; the AfDB is advocating that developed countries lend their SDRs to MDBs. Africa is set to receive just USD 33 billion in total with about USD 277 billion going to G7 countries.[138] The SDRs' allocation presents a unique opportunity for Africa to access cheaper capital to finance development. AfDB has designed a hybrid capital structure that will allow the borrowed SDRs to be leveraged as equity to further borrow from capital markets at affordable pricing thanks to its triple-A rating.[139] According to AfDB, for every USD 10 billion channeled in the form of equity-like loans, the Bank can on-lend USD 30-40 billion into the continent.[140]

– LIQUIDITY AND SUSTAINABILITY FACILITY

Championed by ECA and its immediate former Executive Secretary, Vera Songwe, the Liquidity and Sustainability Facility (LSF) seeks to make sovereign debt more affordable for African countries. The LSF will provide "concessional" repo financing[141] to private investors holding African government bonds to purchase more bonds but at a more favorable rate.[142] These investors will borrow from the LSF by pledging the bonds they hold as collateral. The LSF will be financed by official development assistance (ODA), multilateral development banks, and/or by developed countries.[143] This presents a win-win situation for both African countries and investors as governments will be able to raise financing at better rates while investors invest in more bonds without spending additional capital. The facility's first transaction was USD 200 million, and an additional USD 3 billion is expected to be raised through SDRs from IMF.[144] The size of the facility could reach USD 30 billion in the first years.[145] While this facility is not exclusively for climate projects, it could allow African countries to borrow for climate purposes more affordably.

Figure 13: Activities to reduce the cost of debt – UNECA[146]

Objectives	Activities	Expected results
Initiative 1: Liquidity and Sustainability Facility, an initiative led by ECA		
• Reduce the cost of private sector borrowing for African countries	• In the wake of COVID-19, African countries aligned on the creation of a Liquidity and Sustainability Facility • This was to compress liquidity premiums and improve sovereign access to international bond markets	• This could save est. USD 11 billion in borrowing costs over five years

138. AfDB, Special Drawing Rights And Reallocation For Low Income Countries, 2022
139. AfDB, Leveraging the power of Special Drawing Rights: how developed countries can help boost Africa's development, 2022
140. Ibid
141. Note: Repo is a short-term agreement to sell securities in order to buy them back at a slightly higher price
142. Daniela Gabor, The impact of the COVID-19 pandemic and crisis responses: Going beyond "business as usual", 2021
143. Eurodad, The Liquidity and Sustainability Facility for African sovereign bonds: who benefits?, 2021
144. ECA, Launch of the Liquidity and Sustainability Facility, 2021
145. Daniela Gabor, The Liquidity and Sustainability Facility for African Sovereign Bonds: A Good ECA/PIMCO Idea Whose Time Has Come?
146. Dalberg analysis; ANDCH partner documentation

— GREEN AND BLUE BONDS

Green bonds are debt instruments whose raised funds exclusively finance or re-finance "green" projects or assets.[147] Similarly, blue bonds exclusively support investments in healthy oceans and blue economies.[148] Labeling bonds as green or blue distinguishes them from conventional "vanilla" or even unlabeled bonds but they essentially have similar features in terms of risk, expected return, and structure.[149,150] Green and blue bonds are also a way for investors to signal and scale up their expectations concerning the environmental performance of their fixed-income investments.[151]

These financing tools hold great potential, but Africa is yet to fully tap into the opportunities. As of October 2019, USD 522 billion had been issued through green bonds with Africa accounting for just USD 2 billion (~0.4% of the total).[152] Since then, green bond issuance increased to USD 646 billion in 2021 and is on track to hit USD 1 trillion a year in 2022. Similar to green bonds, blue bonds are not yet common on the continent. Seychelles is the only African country to have launched one, albeit the world's first sovereign blue bond.[153]

ANDCH partners are supporting countries to raise financing through bonds.[154] Partners are developing knowledge documents to help guide countries through the process, advocating for countries to consider these as mechanisms for financing and for private investors to consider investing. Some ANDCH partners are also raising the financing directly.

Figure 14: Activities to promote green & blue economy – AfDB & ECA[155]

Objectives	Activities	Expected results
Initiative 1: Issuing of the first AfDB's local currency-denominated green bond initiative led by AfDB		
• Raise money to fund green projects	• In Sept 2022, AfDB issued a ZAR 200 million green bond • This was the Bank's first bond denominated in an African currency	• Finance eligible green projects in accordance with the Bank's Green Bond Program to support African countries' transition to green growth
Initiative 2: Great Blue Wall initiative involving ECA		
• Accelerate the blue economy in the Western Indian Ocean (WIO) region	• Support the establishment of fair and inclusive governance mechanisms at seascape level • Scale up the operationalization of nature-based solutions • Unlock the development of a regenerative blue economy	• Increase marine protected areas from to 30% by 2030 • Conserve and restore 2M hectares of blue ecosystems • Sequester 100M tons of CO2 • Create 1M blue jobs by 2030 • Develop livelihood opportunities for 70M people

147. OECD, Green bonds: Mobilising the debt capital markets for a low-carbon transition, 2015
148. IIED, Innovative financing for African economies to tackle debt, climate change and biodiversity loss, Oct 2021
149. Stockholm Sustainable Finance Centre, Scoping the Sustainable Finance Landscape in Africa: The ase of Green Bonds, 2020
150. Ibid
151. Stockholm Sustainable Finance Centre, Scoping the Sustainable Finance Landscape in Africa: The Case of Green Bonds, 2020
152. SEI, Scoping the green bond landscape in Africa, 2021
153. World Economic Forum, Blue bonds: What they are, and how they can help the oceans, 2019
154. IIED, Potomac Group LLC, UNECA, UNESCWA, UNDP, Linking sovereign debt to climate and nature outcomes: A guide for debt managers and environmental decision makers, 2021
155. Dalberg analysis; ANDCH partner documentation

— DEBT-FOR-NATURE / CLIMATE SWAPS

Debt-for-nature (DFN)/climate swaps are financial mechanisms that allow portions of a country's foreign debt to be forgiven in exchange for commitments to invest in biodiversity conservation and climate action.[156] hey are intended to facilitate an effective wealth transfer to a low- or middle-income country to finance local conservation or adaptation and mitigation efforts in the recipient country.[157] This debt can be written off directly by the creditor or purchased at a discount by a third party, with the savings reallocated to conservation efforts.[158]

DFN swaps are an opportunity to invest in climate-related projects while also supporting countries in reducing their debt burdens. African ecology is fundamental to mitigating the effects of climate change worldwide e.g., by providing important carbon sinks to offset global emissions.[159] It, however, is severely compromised and needs protection and restoration. There is a real opportunity to do this at the intersection of reducing African countries' debt burdens and investing in the protection and restoration of biodiversity and climate action – DFN swaps.[160] On the continent, this mechanism of financing is still in its early stages and has secured just over USD 135 million.[161] This is in part because of the significant challenges in their implementation including high transaction costs, requirements for long-term financial commitments, and limitations in evaluating the impact of conservation programs.[162] That said, debt swaps are a high-potential tool to address the immediate financing needs for conservation and climate adaptation efforts. They also hold significant potential to support a just transition for communities that are disproportionately impacted by climate change through the creation of jobs and incentivizing restoration actions.

Since COP20 in 2014, there has been renewed interest in debt-for-nature/climate swaps, but Africa has not truly tapped into these opportunities yet. In 2015, the Government of Seychelles in partnership with The Nature Conservancy concluded a USD 22 million debt-for-nature swap for ocean conservation. Currently, The Nature Conservancy is finalizing a USD 460 million debt purchase for Kenya.[163] Additionally, ANDCH partners continue to advocate for more swaps to happen through knowledge material development (e.g., ECA), conducting feasibility studies (e.g., AfDB), etc.[164] Partners need to continue pushing the thinking on scaling this mechanism across the continent and executing these transactions.

Figure 15: Activities to pilot DFN swap – ECA and GGGI[165]

Objectives	Activities	Expected results
Initiative 1: Debt swaps for climate and nature outcomes in West Africa, initiative involving ECA and GGGI		
• Demonstrate how innovative financing mechanisms and instruments could respond to the climate, nature, debt and Covid-19 crises	• Scope and design debt swaps to agree debt reduction or relief in exchange for a commitment to positive nature and climate targets	• Debt deals and implementation strategies for debt swaps for nature and climate in place

156. Earth.org, What Are Debt-For-Nature Swaps & How Can They Address Countries' Climate and Debt Crises?, 2021 Earth.org, What Are Debt-For-Nature Swaps & How Can They Address Countries' Climate and Debt Crises?, 2021
157. AfDB, Debt-for-Nature-Swaps: Feasibility and Policy Significance in Africa's Natural Resources Sector, 2022
158. Ibid
159. Ibid
160. Patel, S, Steele, P, Kelly, L and Adam, J-P, Innovative financing for Africa Harnessing debt for climate and nature, 2021
161. Ibid
162. Green FDC, Debt-For-Nature Swaps: A Triple-Win Solution for Debt Sustainability and Biodiversity Finance in the Belt and Road Initiative (BRI)?, 2021
163. CCFA, Debt-for-nature swaps and the oceans: The Belize Blue Bond, 2022
164. AfDB, Debt-for-Nature-Swaps:Feasibility and Policy Significance in Africa's Natural Resources Sector, 2022
165. IIED, Debt swaps for climate and nature outcomes in West Africa, 2022

Loss and damages financing options

There is pessimism about whether the UN-sponsored loss and damage fund would deploy the money in time and therefore alternatives have started to emerge. While historic, the loss and damage fund announced at the end of COP27 still has more questions than answers. Developing countries, particularly those at greater climate risks, rejoiced in the agreement as this has been a long time coming. However, beyond the details of the fund structure, size, source of funds, and actual beneficiaries, there are questions about the timely deployment of funds.[166] This is due to potential flows of money being found in a "mosaic" of sources in existing global, regional, and national financial institutions.[167] As a result, thought leaders have started to push forward proposals on how the fund could be structured.

Insurance schemes are frontrunners. With at-risk countries with debt-to-national income ratios 11.2% higher than those of their less vulnerable counterparts,[168] most thought leaders are pushing to channel the loss and damage financing through insurance. Approaches to structuring the scheme include (i) capitalizing a fund with donor funding and membership fees from participating governments to provide short-term liquidity when an extreme weather event happens (the case of the Caribbean Catastrophe Risk Insurance Facility), and (ii) creating a risk pool that provides automatic payouts when extreme weather events happen, with the payout being dependent on contingency plans being in place before the event (the case of African Risk Capacity).[169]

There are also proposals to channel loss and damage finance through existing global climate funds and/or multilateral banks. Loss and damage financing could be channeled through the Global Environment Facility, Green Climate Fund, and/or Adaptation Fund ensuring the additionality of loss and damage finance to adaptation finance and its provision while enjoying streamlined funding procedures to allow for simplified, including direct access by eligible countries to finance.[170] There are also proposals to expand the lending capacity of the World Bank and other development banks, by allowing them to take greater financial risks, which could potentially unlock an additional USD 1 trillion without any shareholder contribution.[171] This would be done by relying less on credit ratings when disbursing climate financing to vulnerable countries. Additionally, there is a push to explore new forms of debt relief that would suspend payments in the event of a climate-related disaster.[172]

166. The Economist, A new UN fund for "loss and damage" emerges from COP27, 2022
167. Ibid
168. Reuters, African insurers take up climate change fight with $14 bln pledge, 2022
169. Heinrich Böll Stiftung North America, Financing Loss and Damage: A Look at Governance and Implementation Options, 2017
170. Ibid
171. The Economist, A new UN fund for "loss and damage" emerges from COP27, 2022
172. Ibid

2.1.3 Facilitating private sector engagement and investment in NDC implementation

To implement NDCs in Africa, the private sector needs to be awakened to the urgency and opportunities in implementing the climate agenda. Climate change presents an unprecedented opportunity for African businesses to green their business models and create new ones that are aligned with current adaptation and mitigation efforts to take advantage of climate action-associated economic disruption. The global economy is increasingly becoming greener – in so doing creating a need for new sources and carriers of energy, novel technologies, industrial processes, etc., Africa is uniquely positioned to benefit from this paradigm shift due to its riches in natural resources critical to the transition. This creates an opportunity for climate-smart businesses to create new wealth and new jobs, particularly for people and communities at risk of losing livelihoods as the world becomes greener.

However, outside of specific pockets, private sector activity remains limited, with many of the climate projects and initiatives being developed still relying heavily on public financing. Governments acknowledge that a successful implementation of NDCs will most definitely require public-private collaboration and are working with partners to adapt project ideas.[173]

Facilitating private dialogues and initiatives to expand awareness of need and opportunity

ANDCH partners are facilitating dialogues and initiatives to showcase project development gains and mobilize financing to accelerate implementation. Partners are holding forums to present the gains made in project preparation and investment climate to private financiers and articulating the opportunities and need for financing to accelerate the implementation of NDCs. Through these, governments collect valuable feedback on projects being developed and how to best position them to attract private capital.

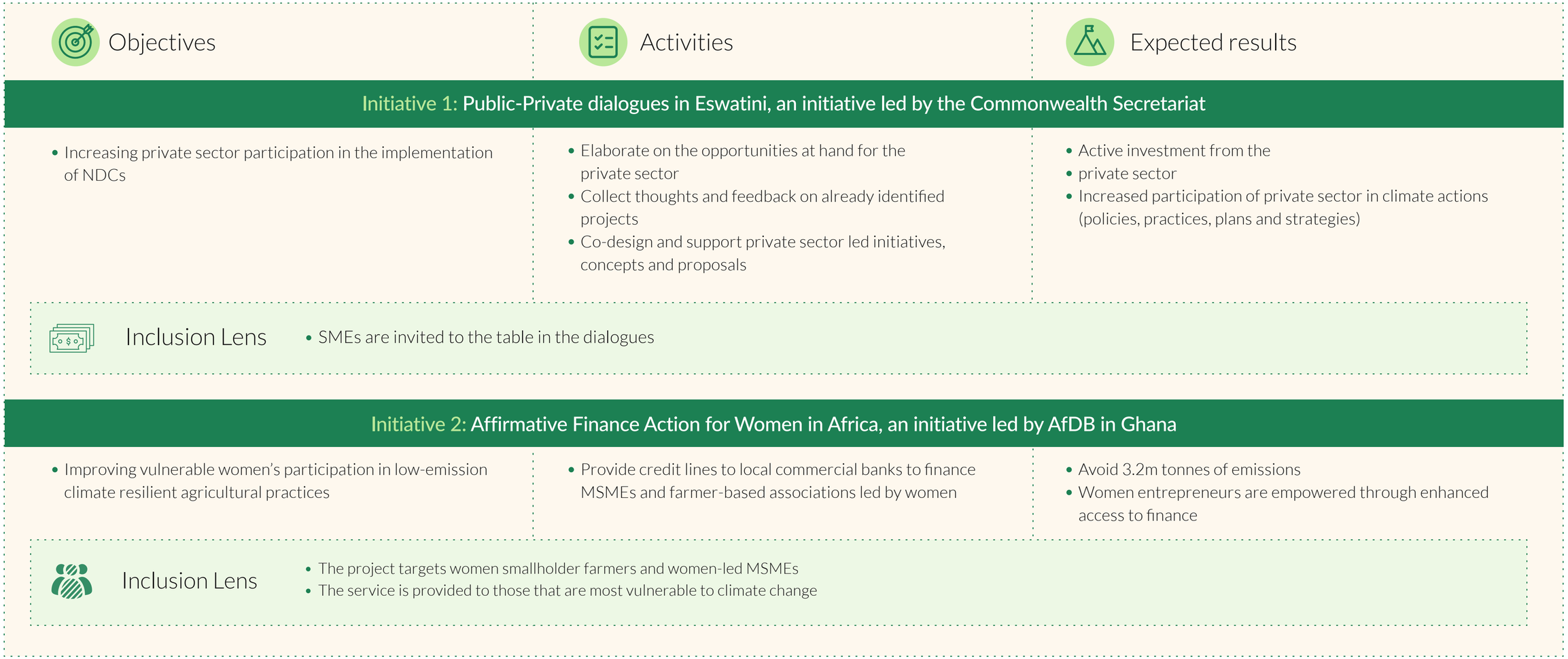
Figure 16: Inclusion in private sector participation in the implementation of NDCs

Inclusion in facilitating private sector engagement and investment in NDCs implementation

- **African economies are predominantly informal** and involving the private sector in NDCs implementation most certainly necessitates creating pathways for meaningful participation of MSMEs in the climate agenda
- Inclusion is important as it allows small businesses to be aware of the opportunities presented by NDCs implementation and the risks of climate change on their operations therefore allowing them to **adapt their business models accordingly**
- Partners are supporting efforts of MSMEs inclusion in private sector engagement through **dialogues** (Commonwealth Secretariat) and **youth-led climate adaptation projects** that adress gendered impacts as well as SRHR (UNFPA)

173. Dalberg analysis, 2022

Figure 16: *Activities to engage the private sector – The Commonwealth Secretariat & AfDB*[174]



174. Dalberg analysis; ANDCH partner documentation

Supporting (esp. vulnerable) private sector businesses with technical assistance

ANDCH partners are providing technical assistance to climate-smart businesses to scale their innovations. Partners support large private companies towards investment readiness, understanding their needs and linking them with development finance institutions, project preparation support instruments, and impact investors. There is an increased focus on adaptation businesses and projects. For example, GGGI provides free-of-cost advisory support in the areas of investment strategy, business case structuring, and accessing finance. GGGI also enables investor meetings and roadshows for fund managers with industry/trade associations and originates opportunities to build the fund's investment pipeline.

ANDCH partners are also providing early-stage support to adaptation innovations that seek to address climate challenges with a focus on youth/women-led projects. Partners are providing both financial and technical support to private sector-led, early-stage climate adaptation ideas to develop them into sustainable businesses. ANDCH partners are leveraging their in-depth sector expertise, reach and influence to spur growth. These initiatives tend to target young people and/or women, particularly those in rural/semi-rural areas and urban slums who are more vulnerable to the impacts of climate change. Among other things, partners are supporting businesses to adjust to the impact of climate change, providing tailored support to fine-tune business models and find product-market fit, etc.

Figure 17: *Activities to support private sector innovations – GGGI & UNFPA*[175]

Objectives	Activities	Expected results
Initiative 1: Enabling Africa's Transition to Sustainable Waste Management Solutions initiative led by GGGI		
• Support Replay Industries to raise Euro 3M in equity to establish an integrated PET bottle waste recycling factory	• Updating the market study • Preparing a comprehensive business plan • Developing an integrated financial model	• Replay Industries attracted interest from InfraCo Africa to co-finance the capital requirement
Initiative 2: Climate HackLab initiative led by UNFPA		
• Build climate resilience and generate innovative adaption solutions led by young people, especially women and girls	• Conduct short-term intensive venture development training • Make innovators familiar with and capable of applying lessons learned • Support individual innovators through training • Form a basis for further support measures	• Young people having the tools and skills to become change makers and to lead on innovative solutions
Inclusion Lens	• The Lab focuses on innovations championed by women and young people • These innovations are early-stage	

175. Ibid

Figure 18: Innovation - Support program for young entrepreneurs working on adaptation and resilience solutions[176]

INNOVATION

YouthADAPT Challenge – a youth and innovation support program

- **The program:** The Africa Adaptation Acceleration Program (AAAP) YouthADAPT Solutions Flagship Program aims to unlock USD 3 billion in financing for the youth; support 10,000 youth-led SMEs (50% women) in climate resilience; and build capacity for one million youth on climate adaptation for job creation. Every year, the program runs a challenge – YouthADAPT Challenge

- **The challenge:** The YouthADAPT Challenge is an annual competition and awards program for youth-led enterprises (50% women-led) that targets entrepreneurs young and MSMEs working on adaptation and resilience solutions in Africa.

- **Why the challenge:** This challenge seeks to boost sustainable job creation through support for entrepreneurship and youth-led innovation in climate change adaptation and resilience across Africa. Winners get up to USD 100,000 in grant funding, capacity building, and mentorship to support their climate change adaptation innovations across their communities and Africa at large.

- **ANDCH partner support:** AfDB provides funding from its Youth Entrepreneurship and Innovation Multidonor Trust Fund

176. YouthADAPT website; GCA, Winners of the 2021 YouthADAPT Solutions Challenge announced at COP26, 2021

3. Emerging Adaptation and Mitigation Priority Areas

NbS and a just energy transition are two key pillars of NDC implementation in Africa, but climate finance has to scale up to boost their adaptation and mitigation benefits. NbS can help adapt to climate change by reducing floods and erosion, regulating air and water quality, cooling cities, and preserving biodiversity. Africa's large primary forests and marine and coastal ecosystems are also powerful carbon sinks. However, these need preservation and restoration efforts to maintain their mitigation potential. Modern and sustainable energy services, such as solar irrigation and pumping systems, could also help reduce exposure to climate change hazards. Additionally, as energy demand increases, it is important to ensure that per capita GHG emissions from the electricity sector remain low through the implementation of low-carbon technologies. ANDCH partners are contributing to this by assisting countries to integrate NbS and energy transition into NDCs and implement programs.

3.1. NATURE-BASED SOLUTIONS

3.1.1 The critical role of NbS for adaptation and mitigation in Africa

Africa's natural ecosystems' adaptation and mitigation potential is huge but under threat. Protecting and restoring them through the implementation of NbS is urgent. Ecosystems are threatened by the combined effects of climate change, deforestation, overexploitation, and population growth. Every year, 3 million ha of Africa's forests are lost, leading to a 3% loss of GDP.[177] The biodiversity of the oceans, such as the Western Indian Ocean (WIO), is also seriously threatened due to a lack of sustainable management and overfishing.[178] NbS implementation would curb this loss through:

Adaptation:

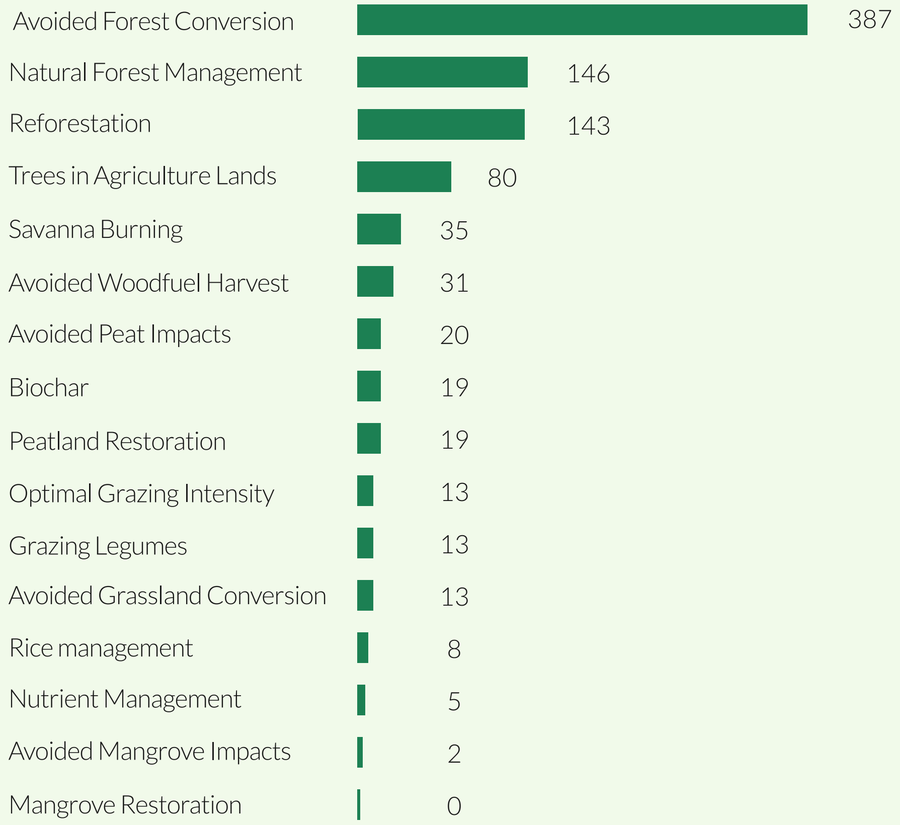
Natural ecosystems can be a cost-effective solution to adapt to climate change effects. For instance, coastal habitats can reduce wave heights by 35 to 71%, reducing floods;[179] plants can filter pollutants from wastewater, and a single tree can have a cooling performance of up to 10 standard air conditioners through transpiration.[180]

Mitigation:

Scientists estimate that implementing "cost-effective" NbS in Africa could help avoid and sequester up to 933 million tons of CO2eq per year, thus providing a mitigation solution and earning revenue in the process.[181]

Figure 19: Mitigation potential of natural climate solutions in Africa[182]

Africa cost effective (USD 100 per ton carbon) mitigation potential (avoided or sequestered carbon)
Millions of tons carbon per year



177. AUDA-NEPAD, The State of AFR100: the progress of forest landscape restoration by implementing partners, June 2022
178. WWF, Reviving the Western Indian Ocean Economy, Actions for a sustainable future, 2017
179. World Bank, Nature-based solutions for disaster risk management - Coastal flooding and erosion protection, 2018
180. Helmholtz Centre for Environmental Research and ICLEI Africa Secretariat, A Thematic Atlas of Nature's Benefits to Dar es Salaam, 2019
181. Nature 4 Climate, Natural Climate Solutions World Atlas, website consulted in Oct 2022
182. Ibid

Beyond their climate benefits, natural ecosystems play a social role in providing livelihoods in rural areas, but sustainable management is needed due to population growth. Vulnerable communities in rural areas heavily rely on natural ecosystems for their daily survival. 70% of the SSA population depends on forests and woodlands for its livelihood, providing food, protein sources, income, and employment.[183] The fisheries and aquaculture sector is also a key source of employment, especially for women (27% of its workers are women).[184] However, as Africa's population grows (expected to reach 2 billion by 2050),[185] natural resources risk being depleted unless managed and regulated. A critical part of NDC implementation will be providing meaningful, sustainable alternative energy and resource options and incentivizing natural ecosystem protection and restoration. Solutions include (i) clean cooking to reduce fuelwood-related deforestation, (ii) agroforestry practices to increase yields and avoid deforestation, and (iii) financial incentives (e.g., carbon credits), to generate revenues for NbS implementation. At COP27, ten African governments[186] took a step forward to define the principles of sustainable production of commodities such as cocoa, rubber, palm oil, and coffee to preserve livelihoods and protect forests, by signing the African Sustainable Commodity Initiative (ASCI).[187] These ten countries account for 25% of the world's tropical forests and 75% of Africa's forests.[188]

Figure 20: Innovation - Forest and agriculture waste as low-carbon fertilizer inputs [189]

INNOVATION

Forest and agricultural waste as innovative inputs for low-carbon fertilizers

- Declining agricultural yields unable to meet growing demand: **Agricultural yields are very low** in Africa due to a largely extensive and subsistence-based agricultural system. The **effects of climate change,** such as **drought,** will further erode yields if agricultural practices do not evolve. Meanwhile, population growth will quickly **push up the demand for food products** in African countries. To increase yields and intensify farming systems, it is essential to consider sustainable land management practices, including using **carbon-free alternatives to synthetic fertilizers.** Such chemicals contaminate food and water, with negative health consequences for local populations, and contribute to decrease soils fertility. In addition, the production of synthetic nitrogen fertilizers emits significant GHG

- Innovative low-carbon solutions to intensify agriculture: For instance, **biochar is an innovative and natural fertilizer made from crop waste,** which has both **adaptation and mitigation benefits.** It can **improve soil and crop productivity** as it helps the soil to retain nutrients and water. It can also be used in animal feed. In addition, producing and burying biochar is a form of **carbon removal.** Indeed, the carbon in biomass gets converted to biochar; and burying the biochar can keep the carbon out of the atmosphere for long periods of time. Because of its excellent absorption properties, **biochar also offers opportunities in other sectors** such as water and wastewater treatment

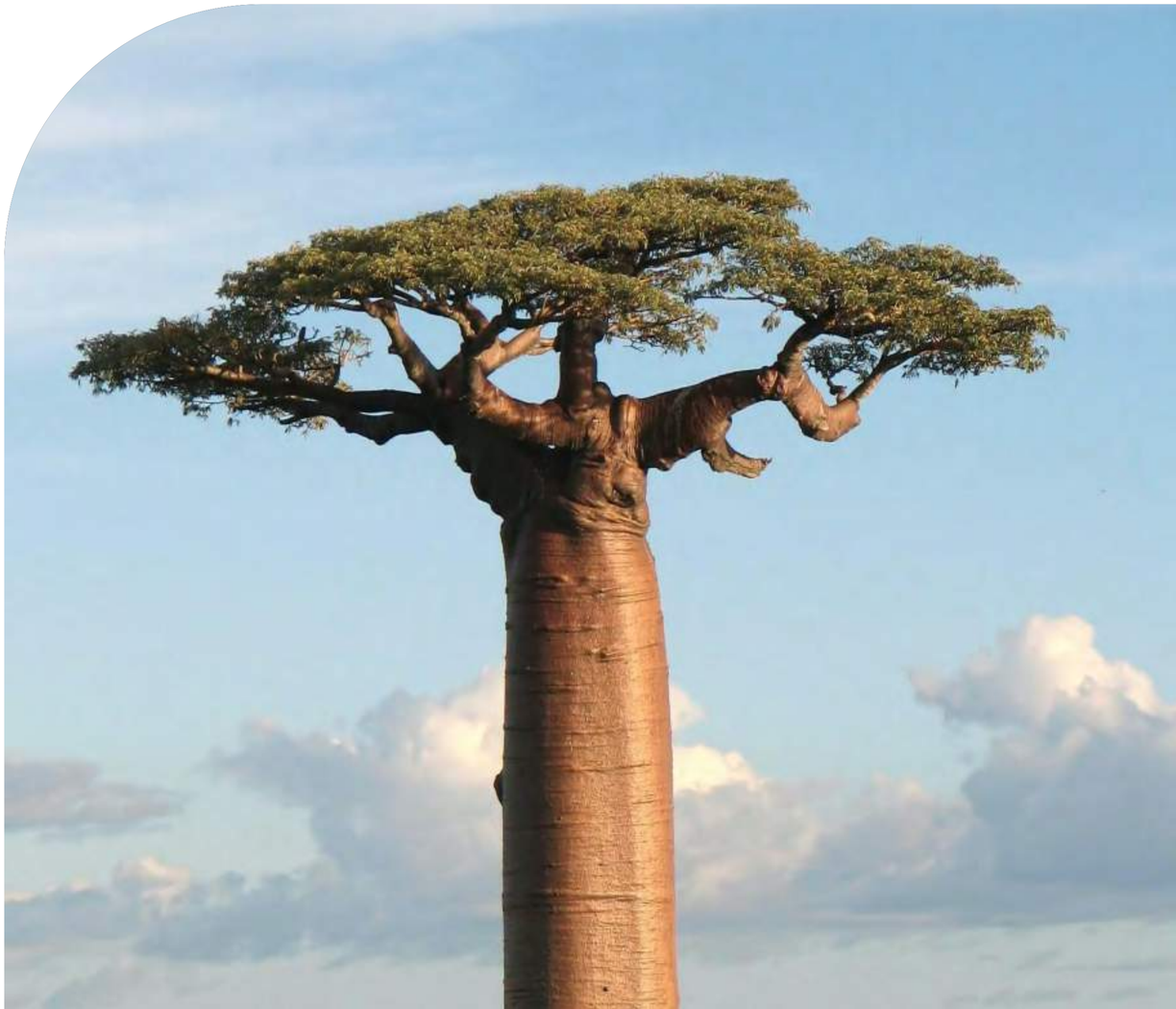
- ANDCH support in biochar use: ANDCH partners, such as **UNEP**, produced **materials such as visual guides** and **videos** on production and use of innovations such as biochar to scale it up in countries

183. Profor, Forests in Sub-Saharan Africa: Challenges & Opportunities, 2017
184. Ibid
185. World Economic Forum, Renewables could do much more than just transform Africa's energy sectors. Here's how, Sep 2022
186. These countries in West and Central Africa include the following: Cameroon, Central African Republic, Côte d'Ivoire, Democratic Republic of Congo, Gabon, Ghana, Liberia, Republic of Congo, Nigeria and Sierra Leone.
187. The Guardian, COP 27: Nigeria, nine other countries sign new Africa's sustainable commodities declaration, Nov 2022
188. Proforest, Ten Countries Commit to Sustainable Commodities in Africa, Nov 2022
189. W. Gwenzia et al., Biochar production and applications in sub-Saharan Africa: Opportunities, constraints, risks and uncertainties, 2015; Thefern.com, Report: Fertilizer responsible for more than 20 percent of total agricultural emissions, Nov 2021

Recognizing the significant environmental and socio-economic potential of NbS, and the urgent need for action, African countries are increasingly integrating them into their NDCs. According to a WWF report published in November 2021, most NDCs include NbS: 35 out of 36 updated NDCs in Africa referred to such solutions.[190] In addition, all of these 35 NDCs stated NbS in adaptation and 34 in mitigation, showing that countries increasingly understand the multiple benefits of NbS.[191] NDCs also generally included more quantifiable NbS targets and increasingly included marine ecosystems. However, 6 updated NDCs became less ambitious in terms of NbS, with (i) less detailed NbS programs in the updated NDCs, and (ii) NbS measures and goals not being updated.

3.1.2 Regional NbS initiatives to increase continental adaptation and mitigation

To support countries to catalyze NbS implementation for adaptation, as part of their NDC goals, ANDCH partners and other partners assist in implementing regional restoration and protection projects. Partners have contributed to the African Forest Landscape Restoration (AFR100), the Great Green Wall (GGW), and the Great Blue Wall (GBW) to maintain and restore the capacity of forests, grasslands, and coastal and marine ecosystems in the adaptation and mitigation of climate change. These programs have very strong adaptation objectives, including disaster risk reduction, water protection, soil stabilization, drought resistance, and increasing species diversity. These programs also aim to improve livelihoods and further engage with communities, women, youth, and local entrepreneurs. To achieve long-term scale, such multistakeholder partnerships require a great deal of coordination between countries and partners to achieve common environmental and socio-economic goals. In an important development, at COP27, two new AFR100 partners, i.e., Southbridge Investments and the Arab Bank for Economic Development in Africa (BADEA) announced a new partnership with AFR100, to develop a USD 2 billion fund, aiming to blend USD 500 million of concessional finance with USD 1.5 billion private investment to support local restoration efforts across the continent.[192]



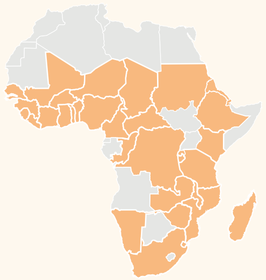
190. WWF, NDCs – a force for nature? – 4th edition – Nature in enhanced NDCs, Nov 2021
191. Ibid
192. WRI, RELEASE: Anchor Investments Announced to Launch $2 Billion Fund for Locally-Led Restoration in Africa, Nov 2022

Figure 21: The AFR100, the GGW, and the GBW regional restoration and conservation initiatives, with a strong community, gender, youth, and entrepreneurship focus[193]

Objectives	Activities	Expected results

Initiative 1: The AFR100, an initiative set up and led by AUDA-NEPAD (as the Secretariat)

NbS TYPE: FORESTS, FARMS AND GRASSLANDS RESTORATION



Countries covered by the AFR100

Objectives

- Preserving 100 million hectares by 2030

Activities

- Assess, identify, test and upscale restoration opportunities
- Catalyze investments into restoration opportunities
- Track and report on forest landscape restoration (FLR) efforts in the context of AFR100

Expected results

- The first phase of this initiative exceeded expectations by garnering commitments of almost 128 million hectares from 32 countries. But today the target of preserving 100 million hectares by 2030 is less than 1% achieved. Only 917,000 hectares were under restoration between 2016 and 2021 in 15 countries

Inclusion Lens

- Five Youth Ambassadors were selected to represent the AFR100 initiative. Their goal is to create momentum to restore degraded forests, farms, and grasslands by engaging with the AFR100's target audiences, providing an inspiring example for other youth to follow, and creating awareness among policy and decision-makers across the African continent of the economic and social opportunities that restoration can bring

Initiative 2: The GGW, led by the AUC, supported by AUDA NEPAD, the Commonwealth Secretariat and UNCCD

NbS TYPE: FORESTS, FARMS AND GRASSLANDS RESTORATION

Countries covered by the GGW

Objectives

- **GGW Sahel:** restore 100 million ha of degraded land, sequester 250 million tonnes of carbon, and create 10 million green jobs by 2030 (launched in 2007 - initial focus on 11 countries)
- **GGW SADC:** initiated in 2015 (16 countries)

Activities

GGW Sahel and SADC:

- Launch public awareness campaign
- Finance and implement restoration initiatives at local level through public-private partnerships
- Capacity building of national, regional and local actors on sustainable land management and innovative financing

Expected results

GGW Sahel:

- As of June 2022, more than USD 19 billion pledged to support the GGW
- By 2020, 18 million ha of land restored (i.e., 18% of the initial target of 100 million ha), 350,000 new jobs created and USD 90 million in revenue generated
- 9 tree crops value chains prioritized based on their environmental, social and market potential
- **GGW SADC:** Capacity building workshop with government entities, regional institutions, technical and development partners and financing institutions for the GGW SADC implementation (Aug 2022) environmental, social and market potential

Inclusion Lens

- Women's involvement (degree of women's participation in production, collection, distribution etc.) and health benefits (nutritional properties, use in pharmacopoeia and food security) were key indicators used in tree crop selection and prioritization process in the Sahel region
- On of the objectives of the GGW Is to grow economic opportunities for the world's youngest population

Initiative: The GBW, an initiative launched by IUCN and supported by ECA

NbS TYPE: COASTAL AND MARINE WETLAND RESTORATION AND PROTECTION

Countries covered by the GWB

- Increase marine protected areas from 8% in 2021 to 30% by 2030 in the WIO, conserve and restore 2 million ha of critical blue ecosystems, sequester 100 million tons of CO2, create 1 million blue jobs by 2030 and develop livelihood opportunities for 70 million people

- Establish a connected network of marine and coastal protected and conserved areas
- Support the establishment at scale of financially viable conservation enterprises within these areas
- Organize capacity building programs on credit rating, blue bond issuance frameworks, legal and legislative frameworks, project reporting requirements, and ESG standards

- The Blue Economy valuation toolkit developed and tested in 3 countries (Djibouti, Rwanda, Seychelles)
- Side-event on the blue bonds organized at the High-Level Political Forum on Sustainable Development (July 2022)
- 5 GBW projects selected to be accelerated at COP27 African Finance Roundtable (Aug 2022)

Inclusion Lens

- One of the three key pillars of the GBW is to unlock the development of a regenerative blue economy by accelerating the development of blue entrepreneurship opportunities that benefit the people and nature, especially for women and young people

In addition to these large regional projects, it is critical to mainstream NbS in national and sectoral plans and increase NbS incorporation into decision-making. Indeed, ANDCH partners support government authorities and policymakers to include NbS in sectoral policies and accompany them in the implementation process.

Figure 22: The IsDB knowledge product, raising awareness and guiding countries in the NbS implementation[194]

Objectives	Activities	Expected results
Initiative: The development of a knowledge product on NbS implementation, led by IsDB		
• Ensure that NbS are systematically incorporated into decision-making and investment projects by raising awareness and providing guidance about the potential of NbS for adaptation	• Capacity building of countries authorities on NbS benefits, NbS implementation and scale-up thanks to increased investments	• IsDB developed a report on NbS: "Guidance on the use of nature-based solutions for climate change adaptation" (2022)

Inclusion Lens

- In this report, IsDB acknowledges that NbS may reduce social inequalities affecting women, disadvantaged groups, the poor, and people living in slums/informal settlements for rural areas and communities. For instance, poor access to water in rural areas forces people, especially women and children, to walk for several hours to collect water.
- In the report, IsDB also notes that NbS helps address other social challenges, including reducing public health risks.

193. Source: AUDA-NEPAD, The State of AFR100: the progress of forest landscape restoration by implementing partners, June 2022; AFR100, Who are the AFR100 youth ambassadors?, website consulted in Oct 2022; UNCCD, The Great Green Wall initiative, website consulted in Oct 2022; Earth.org, The Great Green Wall is Failing, But its Legacy Could Still Be A Success, Mar 2021; World Economic Forum, The untapped potential of Great Green Wall value chains: an action agenda to scale restoration in the Sahel, Sep 2022, Great Blue Wall milestones 2021-2022; UICN, The Great Blue Wall – Towards a Blue future, 2022; IUCN, Great Blue Wall Initiative to accelerate the blue economy in region, Oct 2022

194. Dalberg analysis; ANDCH partner documentation

3.1.3 Market-based approaches to improving community ownership and long-term adaptation impact of NbS

Governments and development partners are increasingly recognizing community ownership as critical to the long-term success of NbS programs. ANDCH partners are increasingly supporting countries in the design, implementation, and monitoring of NbS programs, with a participatory and capacity-building approach. This increases local community buy-in and ensures that programs are equitable and fair, considering the voices of women, youth, indigenous peoples, and other vulnerable groups. Improving the inclusion of local populations by identifying their needs and integrating them into the design of programs and monitoring them over the long term will ensure that programs are more sustainable and beneficial to these populations.

Figure 23: The Nema-Chosso and Pout water protection projects, with strong community-based approaches[195]

Objectives	Activities	Expected results
Initiative 1: National Agricultural Land and Water Management Development Project (Nema-Chosso), led by IFAD and supported by AfDB		**NbS TYPE: FOREST AND COASTAL WETLAND RESTORATION**
 Country covered by the Nema-Chossoproject • Restore mangrove to make both environmental and socio-economic conditions more sustainable for local communities, while strengthening an ecosystem that plays a key role in terms of climate adaptation and mitigation, and biodiversity enhancement	• Invest in mangrove and forest restoration, partnering with the government (both at the national and decentralized levels) as well as nongovernmental institutions • Train populations from villages close to mangroves to mangrove regeneration exercise	• 1,458 ha of mangroves spread across 43 fishery communities were restored in Gambia in 2016-2019 • Local people observed that mangroves, fish and oyster stocks are regenerating fast in targeted areas, which will improve food security, and income (through food production), CO2 storage, and coastal erosion prevention
	Inclusion Lens: • The project is following a community-based approach, to ensure ownership and sustainability of the project. Management committees were trained at each beneficiary site to manage the investment and ensure community participation	
Initiative 2: Protect of water resources in the Pout zone using nature-based thanks to NbS, led by AFD		**NbS TYPE: PROTECTION OF WATER RESOURCES**
 Country covered by the Nema-Chossoproject • Promote infiltration and natural rainwater harvesting and improve the recharge of groundwater resources through NbS to enhance smallholders' farmers livelihoods and resilience to climate change	• Initiate a feasibility study • Create a new tool for the governance of water resources in Senegal (groundwater contract)	• The project was launched recently. Its main goal is to optimize the use of water resource, and to reduce water-related natural hazards: flooding, high river levels, and drought thanks to NbS. Eventually this will increase smallholders farmers resilience to climate change
	Inclusion Lens: • The project aims to ensure that women are represented and that their legitimacy is strengthened within bodies in charge of governing water resources, while also including them in technical activities so that they can earn additional income	

195. IFAD, Nature-based Solutions: Key results and lessons learned from IFAD's Adaptation for Smallholder Agriculture Programme (ASAP) - Technical Series, 2021; Adapt'Action – AFD, Promoting "Nature-based Solutions" to protect ecosystems and help communities to adapt to climate change, 2021

Financial incentives, including income generation or reduction of financial costs associated with reforestation and protection, are an efficient and concrete way to incentivize NbS implementation. Land restoration has high upfront costs and can take time to generate revenues. A critical tool available to support local implementers and communities to scale NbS projects is to promote short-term revenue generation incentives, including the sale of carbon credits and forest products or grant restoration payments. Removing barriers to farmers' access to financial services by providing concessional loans for green businesses can also help promote agroforestry practices adoption. ANDCH partners support African countries in market-based initiatives implementation to increase NbS uptake.

Figure 24: Technology to improve forest land restoration and funding traceability [196]

TECHNOLOGY

Technology to improve forest land restoration and funding traceability

- Limited availability and reliability of funding and FLR data: There is: (i) **lack of reliable data on financing flows from development partners and investors to countries, and ultimately to farmers** (current distribution systems to farmers rely mainly on opaque money transfers that are inefficient, slow and vulnerable to fraud); (ii) **limited information on the reforestation results** (number of trees effectively planted? Where? Which species?). As a result, investors are reluctant to invest and farmers have little incentive to act, making it more difficult to scale up and incentivize NbS programs

- Technology to improve funding and FLR traceability: A combination of **blockchain, remote sensors and satellite data,** can help and increase the level of **accuracy and frequency of funding and FLR data** collection. For instance, the **FLRchain** (a blockchain-based application developed by IUCN and Gaiachain) can help increase the transparency of the payment system and link payments to specific FLR actions. FLRchain currently relies heavily on field data submitted by farmers and producer organizations. Blockchain technologies could be linked to other solutions, such as **remote sensing or satellite data,** to improve monitoring restoration progress and reduce the costs associated with data collection. **TerraMatch** (developed by the World Resources Institute) is another platform that helps connect funders with projects that grow trees and restore land and helps measuring progress to track the impact of investment over time

- Blockchain applied to ANDCH partners work: Regional restoration initiatives launched by ANDCH partners, such as the AFR100 for example, and carbon offset markets could Stronger incentives of farmers and producer organizations could also result from these blockchain-based application benefit from the increased transparency and efficiency of such technologies.

196. IUCN, Blockchain for forest landscape restoration: FLRchain marries two brilliant concepts, Mar 2021; Medium.com, Introducing the FLRchain, May 2021

Figure 25: The Inclusive Green Financing Initiative (IGREENFIN I) and the Africa Land Accelerator, market-based initiatives, with strong youth, entrepreneurship, and gender lenses[197]

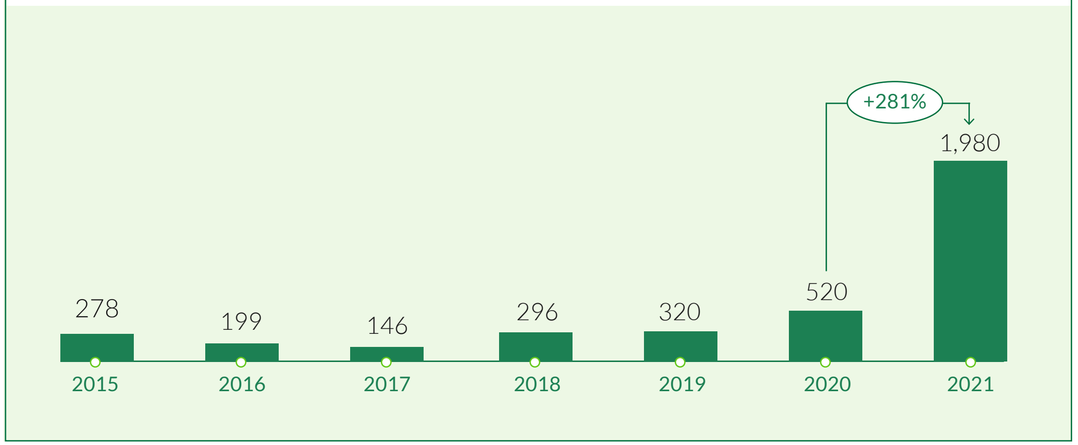
Objectives	Activities	Expected results
Initiative 1: The IGREENFIN I programme, supported by the IFAD		
• Build and scale up the resilience and adaptive capacity of farmers in 13 African countries by removing key barriers to farmers' access to financial and non-financial services that support the adoption of best climate change adaptation and mitigation practices and solutions; contribute to the restoration of 200,000 ha of degraded areas and increase smallholder farmers' yields	• Provide access to concessional loans for green business projects prepared by farmer's organizations (FOs), women and youth organizations, cooperatives and MSMEs • Provide technical support and capacity building for the adoption of climate resilient agricultural and land use practices, and prepare viable green business plans • Compile best practices in a catalogue of adaptation and mitigation solutions available	• Introducing cashew and mango trees in agroforestry systems, intercropping with cereals, efficient irrigation, and soil conservation techniques will help control soil erosion and improve carbon sequestration • These solutions will be combined with innovative climate-smart services (e.g., weather forecasts) and index-based insurance services
Inclusion Lens	• Rural gender disparities and youth unemployment were criteria for selecting countries for the project • A gender assessment also was conducted in 2020, before launching the project • IFAD also acknowledges that renewable energy for smallholder agriculture approach (RESA) can produce various benefits across thematic areas such as, gender empowerment, nutrition and youth employment	
Initiative 2: The Africa Land Accelerator, a programme launched by WRI with support from the AUDA-NEPAD		
• Accelerate entrepreneurs, and particularly women and youth, who restore degraded forests, farmland and pasture in Africa	• Support the entrepreneurs in with pitching, communication, financial and supply chain module trainings • Provide networking opportunities and boost companies' investment readiness • Offer innovation grants	• The accelerator has now worked with 104 entrepreneurs from 34 countries in total, including 78 local businesses from 27 countries for its third cohort in 2021. The 104 alumni have created 11,200 jobs, worked with 56,000 farmers and restored 127,000 hectares in 34 countries
Inclusion Lens	• The Africa Land Accelerator programme was specifically designed for young entrepreneurs • It also strongly encourages women to apply. From powerful women-led businesses, to business models that empower women, land restoration can be a catalyst for gender equity	

197. IFAD, Funding Proposal – Greening Agricultural Banks & the Financial Sector to Foster Climate Resilient, Low Emission Smallholder Agriculture in the Great Green Wall (GGW) countries - Phase I, Nov 2021; WRI, Land Accelerator Africa, website, consulted in Oct 2022; WRI, Land Accelerator Africa: Dozens of Restoration Entrepreneurs. One Mission, Sept 2021; AFR100, Webinar-Africa's land restoration entrepreneurs lead on gender equity, Feb 2022

Carbon markets represent a great opportunity to access critically needed finance to support conservation and restoration efforts while promoting just and equitable NbS projects that improve vulnerable populations' climate resilience. The role of carbon markets in climate finance is growing as transactions continue to increase voluntary carbon market trade grew by 2.8x in 2021.[198] The results of COP26 marked a step forward in finalizing rules for the operation of voluntary carbon market rules, opening up the promise of carbon markets. African countries now need to build capacity and prepare to meet the requirements for implementation of Article 6, as well as formulate national targets to participate in international carbon markets.

ANDCH partners, including GGGI and UNEP, are supporting countries such as Morocco, Senegal, and Zambia to achieve this. Partners such as ECA are also participating in building regional platforms to promote the growth of carbon markets. Indeed, the Africa Carbon Markets Initiative (ACMI) was launched at COP27 to expand Africa's participation in the voluntary carbon market. Other partners, including NGOs and private project developers, announced partnerships for community-led nature-based carbon removals programs based on credit sales. For instance, the Global EverGreening Alliance and Climate Impact Partners committed to invest USD 330 million in carbon removal projects in Africa and Asia.[199] The aim is to generate revenue from planned carbon credits sales and allocate it directly to the communities involved (1.4 million African and Asian households are expected to benefit from this program).[200]

Voluntary Carbon Market Size by Value of Traded Carbon Credits at global level
USD, 2015-2021



198. Ecosystem Market Place, State of the Voluntary Carbon Markets 2022 Q3, 2022; K. Trenberth, 2022's supercharged summer of climate extremes: How global warming and La Niña fueled disasters on top of disaster, 2022; Net zero stock-take 2022, 2022; The World Bank, State and Trends of Carbon Pricing, 2022; Atlantic Council, The Inflation Reduction Act gives carbon removal a big boost, 2022

199. World Economic Forum, 10 key takeaways from COP27 on nature's critical role, Nov 2022; Carbon Herald, Climate Impact Partners Makes A Deal To Expand Carbon Removal Projects In Africa, Nov 2022

200. Ibid

Figure 27: *The ACMI, DAPA, SPAR6C initiatives on carbon markets in Africa*[201]

Objectives	Activities	Expected results
Initiative 1: The Africa Carbon Markets Initiative (ACMI), initiated by ECA and other partners		
• Expand Africa's participation in voluntary carbon market, support the growth of carbon credit production and create jobs on the continent	*A selection of ACMI activities include the following (not exhaustive)* • Develop country voluntary carbon market activation plans • Scale up multiple new and existing African project developers / suppliers • Scale up programmes for micro carbon credits generation involving smallholder farmers • Build additional capacity of MRV activities of carbon credit generating projects	• Produce 300 million carbon credits annually by 2030, and 1.5 billion credits annually by 2050 • Unlock 6 billion in revenue by 2030 and over 120 billion by 2050 • Support 30 million jobs by 2030 and over 110 million jobs by 2050 • Distribute revenue equitably and transparently with local communities
Initiative 2: Designing Policy Approaches under Article 6 of the Paris Agreement (DAPA), initiated by GGGI		
• Guide the identification of suitable policies and the design of diverse components of a crediting program (Senegal and Morocco)	• Capacity-building and exchanges (learning-by-doing experience) • Design of Article 6 strategy • Definition of regulatory elements	• In Senegal, the Article 6 Strategy is currently being designed • In Morocco, regulatory elements in the energy sector are being defined
Initiative 3: The Supporting Preparedness for Article 6 Cooperation (SPAR6C) program, led by GGGI and supported by UNEP		
• Build the enabling environment of Zambia for carbon trading under Article 6	• Organize capacity building workshops • Facilitate best practices and lessons learned workshops • Identify pilot projects • Develop planning document enabling medium- and long-term low emission planning • Establish a coordination mechanism able to identify, validate, manage, and supervise potential Article 6 transactions	• At least 3 Article 6 pilot projects will be identified and evaluated by government of Zambia for cooperative approaches by 2026 • At least 2 planning documents enabling medium- and long-term low emission planning will be implemented or strengthened by 2027 • At least one institutional arrangement will be enhanced in readiness for trading under Article 6 using guidance or tools adopted for Zambia by 2027

201. ACMI, Africa Carbon Markets Initiative (ACMI): Roadmap Report Harnessing carbon markets for Africa, Nov 2022; Climate Champions, Africa Carbon Markets Initiative launched to dramatically expand Africa's participation in voluntary carbon market, Nov 2022; International Climate Initiative, Supporting Preparedness for Article 6 Cooperation (SPAR6C): For high ambition NDC implementation, Nov 2021; GGGI, DAPA Project Phase II Launched – Designing Policy Approaches under Article 6 of the Paris Agreement, Sep 2021

3.2. JUST ENERGY TRANSITION

3.2.1 The path to Africa's energy transition

While access to power is limited in Africa compared to the rest of the world, demand will increase significantly, making it critical to rapidly improve access to clean energy. Africa has the lowest rates of energy access and consumption in the world: the continent accounts for 17% of the world's population but only generates 4% of the world's electricity.[202] Low power generation results in poor electricity access: 43% of Africa's population has no electricity access.[203] Access to clean cooking is also very low (20% in SSA,[204] 4% in rural areas).[205] But in the coming years, rising incomes, growing population, and rapid urbanization will combine to push total electricity demand in Africa to at least double by 2040.[206] Meeting the growing energy demand, while providing clean energy, as outlined in SDG 7, will be the main challenge for policymakers in Africa.[207]

Ensuring an energy transition that benefits the most vulnerable and improving their livelihoods is essential. Indeed, fairness in access to and use of clean energy is essential as it can create (i) green jobs for marginalized groups, (ii) improve productivity and create additional income, (iii) improve the health of populations in rural areas, and (iv) enhance the educational environment for children. A systematic shift away from fossil fuels (~90.5% of Africa's energy mix in 2020[208]) towards an energy system based on renewable energy could lead to a 25% increase in the welfare index and a 4% increase in economy-wide jobs by 2050,[209] including jobs for marginalized groups. For instance, jobs could be created in sectors including solar energy, energy efficiency, or efficient cookstoves. It is essential to ensure that the energy transition is 'just', (i) making sure that vulnerable groups and populations that may have not had access to such jobs or value chains can benefit from the green jobs to be created, and (ii) ensuring that this transition does not further entrench inequality. Modern energy and technology can also help save time spent on economic activities, thereby increasing productivity.[210] Reliable and affordable access to clean energy is also associated with improved health outcomes, as emissions-free cooking reduces indoor air pollution and prevents premature deaths, especially for women and children.[211] In a similar vein, electrifying health clinics could save lives. Improving access to clean electricity also means providing power to children at unelectrified schools, thus improving educational conditions.

202. White Case, Renewable energy in Africa: Update in the era of climate change, Nov 2021
203. International Energy Agency (IEA), Africa Energy Outlook 2022, 2022
204. Climate action tracker, Natural Gas in Africa - Why fossil fuels cannot sustainably meet the continent's growing energy demand, May 2022
205. Ibid
206. IEA, Africa Energy Outlook 2019, 2019
207. SDG 7: "Ensure access to affordable, reliable, sustainable and modern energy for all"
208. World Economic Forum, Africa is leading the way in solar power potential, Sept 2022; Note: Fossil fuels include: oil (38.7% of the energy mix), natural gas (29.7%), and coal (22.1%). Nuclear accounts for 0.7%, while renewable energies account for 8,8% (hydro: 6.8%, wind: 1%, solar: 0.6% and bioenergy: 0.4%)
209. World Economic Forum, Renewables could do much more than just transform Africa's energy sectors. Here's how, Sep 2022
210. PISCES, Energy and Adaptation Exploring how energy access can enable climate change adaptation, 2013
211. IFRI, Power to the Cooks! New Clean Cooking Opportunities for Sustainable Development in Sub-Saharan Africa, Feb 2022

Figure 28: Just energy transition – gender equity[212]

Just energy transition – gender equity

- **Lack of inclusiveness in the energy transition:** While some individuals will gain new jobs in green sectors, others may not be well-positioned to take advantage of the opportunities. In the renewable energy sector, in particular, **gender norms may exclude women** from new high-tech value chains unless deliberate policy incentives and targeted capacity-support measures are enacted. For example, according to the green jobs assessment by UNDP in **Zimbabwe,** policy interventions to create hydropower energy would benefit unskilled men the most (~220,000 job gains for men versus ~170,000 for women), while the policy intervention to invest in conservation agriculture would benefit unskilled women the most (~70,000 job gains for women versus 4,000 for men)

- **Gender equality in the energy transition:** According to ILO, **"gender-transformative" reskilling measures** will be necessary for low-, mid- and high-skilled occupations to ensure women's access to new jobs. Recognizing the **gender-differentiated effects of the green transition** and ensuring that women and other groups can improve their livelihoods and take leadership roles will be important for countries

- **ANDCH support for inclusiveness in the energy transition:** ANDCH partners, such as **UNDP,** are organizing regional **capacity-building workshops** to enhance national capacity to assess energy transition impacts and identify target groups, including women, and measures for a just transition. The **AfDB** is also providing **financial and technical assistance** to countries such as **South Africa** in their Just Energy Transition process, ensuring that those most directly affected by a transition from coal - workers and communities including women and girls – are not left behind. At COP27, the South African government's new **Just Energy Transition Partnership (JETP)** investment plan was launched, covering three priority sectors, including the **energy sector, electric vehicles and green hydrogen.** A "just" approach underpins the plan, aiming to ensure that those most directly affected by the transition from coal - **workers and communities, including women and girls** - are not left behind. At COP27, European countries, i.e., France and Germany, also committed funds for South Africa's energy transition (loan agreements for USD 300 million in concessional financing)

212. AfDB, CIF Annual report 2020 – Just transition, 2020; UNDP, How Just Transition Can Help Deliver the Paris Agreement, 2022; AfDB, Joint Statement of the Government of the Republic of South Africa and the African Development Bank in relation to South Africa's Just Energy Transition process, May 2022; European Commission, Joint Statement: South Africa Just Energy Transition Investment Plan, Nov 2022; Reuters, Show us the money: Developing world at COP27 seeks financing details, Nov 2022

Clean energy is gaining traction in NDCs as a key pathway to meet energy access needs, as well as adaptation and mitigation goals. Indeed, most NDCs quantified renewable energy targets (85%, i.e., 45 NDCs out of 53 in Africa, 2021).[213] Clean energy has strong adaptation and mitigation benefits:

Adaptation:

Modern and sustainable energy services can play a key role in strengthening societies' capacities to adapt to climate change, as they could reduce vulnerability and exposure to natural disasters.[214] For instance, solar irrigation and pumping systems can help reduce water scarcity for agricultural use, a key risk associated with drought. Solar-powered food refrigeration can help reduce food loss, a key risk associated with rising temperatures.

Mitigation:

Energy is the second largest source of GHGs in SSA, totaling 1 GtCO2eq (behind the AFOLU sector at 2.3 GtCO2eq in 2019).[215] However, there are large disparities in terms of national GHG per capita from the power sectors in Africa. Rates are often very high in countries with well-developed power sectors. For instance, North and Southern Africa levels (respectively 2.34 and 2.39 tCO2 per capita) are nearly 15 times higher than those in Central Africa (0.16 tCO2 per capita).[216] To meet Africa's long-term GHGs reduction commitments, the challenge will be promoting low-carbon technologies rather than fossil fuel sources to meet the growing electricity demand in all African countries.

213. NDC Partnership, NDC Partnership: facilitating clean energy transitions in Sub-Saharan Africa, Apr 2021
214. IRENA, Bracing for Climate Impact: Renewables as a Climate Change Adaptation Strategy, Aug 2021
215. Climatewatchdata (source: CAIT), website consulted in Oct 2022
216. KfW, GIZ, IRENA, The Renewable Energy Transition in Africa Powering Access, Resilience and Prosperity, 2021

Figure 30: Innovation and technology - The shift to e-mobility in Africa[217]

INNOVATION & TECHNOLOGY

The shift to e-mobility in Africa

- **Climate and economic benefits of transport decarbonization:**
  - Climate benefits: **Transitioning from fuel-based transport to electric vehicles (EVs)** in Africa will help advance **SDGs 3 (Health and Wellbeing)** and **13 (Climate Action)**. Indeed, EVs do not emit harmful air pollutants and their net GHGs are lower than Internal Combustion Engine (ICE) equivalents
  - Economic benefits: **EVs, as a new technology, are emerging in Africa but still very rare** while other regions worldwide have already started the transition. Africa risks being left with stranded fossil fuel infrastructure if it continues to invest in it while the global transport sector rapidly electrifies. Adopting global trends will **prevent African transport technologies and infrastructure from becoming obsolete** in the future

- **E-mobility in NDCs:** E-mobility is a topic that is increasingly included in NDCs as **technological developments** led to **reduced cost of EVs.** However, EVs tend to have a higher purchase price than equivalent ICEs - thus **attention to affordability** for African markets is essential. Several start-ups are pioneering **new business models** designed to increase access to e-mobility solutions in Africa. Innovative methods include **battery swapping** (e.g. Ampersand), **PayGo** (e.g. Metro Africa Xpress), **and ride-sharing** (e.g. Bolt)

- **ANDCH support to e-mobility programmes:** Through its **global e-mobility programme** platform, UNEP is (i) providing **technical support** and **training,** (ii) promoting **learning and best practice sharing,** (iii) providing a **helpdesk** for the countries and cities keen to introduce e-mobility, (iv) establishing **marketplaces** to **mobilise financing** and **bring together stakeholders** of the value e-mobility chain (including countries, cities, and e-mobility suppliers and financers). **UNEP and GGGI** also supported **Rwanda** by: (i) conducting a background and **feasibility study** on introduction of electric vehicles; (ii) hosting an **e-mobility showcase** in Rwanda to connect companies with potential investors; (iii) bridging the **knowledge** gap for the uptake of **electric buses** (by promoting investment, producing an Electric Bus Charging Infrastructure Report; and training government staff on e-Bus System Planning and Optimisation)

While investments and projects in renewable energy are critical to achieving climate goals, African countries have recently agreed on the use of natural gas as a transition option with long-term substitution. As stated in the Kigali Communiqué and the Africa Common Position on Energy Access and Transition (May-June 2022), strengthening renewable energy is critical to achieving adaptation and mitigation NDC goals, but gas will act as a transition fuel. Gas is a stable and available energy source for many countries that could be used to improve Africa's energy access and meet electricity demand. The continent holds 9% of world gas reserves, but currently produces only 6% of global natural gas.[218] In the future, gas production and consumption are expected to triple in SSA under the International Energy Agency's (IEA) stated policies scenario by 2040.[219] African countries are also beginning to export some of their natural gas. Indeed, in the context of the energy crisis sparked by the Russia-Ukraine war, European countries are seeking to obtain gas supplies from new sources, including African countries. At COP27, three deals that would deliver gas produced in Egypt, Nigeria, and Tanzania to European markets were struck[220]. Other governments and companies are courting projects in countries such as Senegal and Algeria.[221] Revenues from gas exports could be reallocated to finance large-scale renewable energy projects and help replace gas with renewable energy to achieve the long-term net zero emissions goal.

217. UNEP, Electric mobility projects in Africa, website consulted in Nov 2022; UNEP, Supporting the global shift to electric mobility, website consulted in Nov 2022; Climate Portal, Six ways Rwanda is building climate resilient transport systems, Feb 2022

218. Ibid
219. Climate action tracker, Natural Gas in Africa Why fossil fuels cannot sustainably meet the continent's growing energy demand, May 2022
220. Inside Climate News, At COP27, Activists say Europe wants Africa to become its "gas station", Nov 2022
221. Nature.com, COP27 climate talks: what succeeded, what failed and what's next, Nov 2022

3.2.2 Increased renewable energy production to meet adaptation and mitigation NDC goals

Increasing renewable energy production in Africa is critical to meeting NDCs' adaptation and mitigation goals, as well as economic and social needs, especially for urban dwellers and industries. While Africa has significant renewable power potential (~60% of the world's best solar resources[222]) Africa received only 2% of global renewable energy investments in the last two decades.[223] A range of factors shapes this gap – including weak demand, capacity constraints, weak procurement, and limited use of financing instruments to reduce private sector investment risk. Implementing reverse auction frameworks could help drive down bid prices and ensure a reliable supply of renewable electricity. ANDCH partners, such as the AfDB under the Desert to Power (DtP) initiative, use instruments such as Partial Risk Guarantees (PRGs) to attract investment. The Africa Renewable Energy Initiative (AREI), launched by AUC, also supports and funds policy development projects through payment guarantees/feed-in tariffs, and provides ongoing capacity building in Africa to foster renewable energy uptake.

Large energy-intensive green industrial projects, including green hydrogen and carbon removal technologies, can also help to anchor the shift from fossil fuels to renewable energy. Africa's abundant solar and onshore wind energy could make it a global hub for producing low-carbon and green hydrogen. The continent could produce up to 5,000 megatons of hydrogen a year, at less than USD 2 per kg, which is the equivalent of the global total energy supply today.[224] This could lead to GHGs reduction in industry and transport and could help store renewable energy. Substantial domestic revenues from hydrogen exports could then be reinvested in other renewable energy infrastructure projects creating employment opportunities, especially for youth and women. To achieve this, governments, the private sector, and civil society actors must work together more closely to define policy and investment frameworks. Supported by ECA, AfDB, and AUDA-NEPAD, the Alliance for Green Hydrogen in Africa (AGHA) will play an important role in fostering the development of hydrogen in Africa. Several new deals and partnerships were announced at COP27 by governments and private companies, particularly between Europe and African countries, including Egypt and Namibia.[225] Other private sector announcements on developing renewable hydrogen in Africa include: (i) the development of a two-gigawatt green hydrogen project in the Suez Canal Economic Zone in Egypt, (ii) the co-development of gigawatt-scale green hydrogen project in Morocco through a partnership with an Israeli company, (ii) the development of an affordable green fertilizer supply chain and other green hydrogen-based industries in Kenya.[226]

African countries are also increasingly interested in engineered technologies that capture and store CO2 emissions. Produced with low-cost renewable energy in Africa, carbon removal technologies could be very competitive in the global market and could generate significant revenues for African countries, while having strong mitigation power. However, key enablers include financial incentives (to catalyze private sector investment), technology transfer, local research & development, and local capacity building.

222. IEA, Africa Energy Outlook 2022, 2022
223. World Economic Forum, Renewables could do much more than just transform Africa's energy sectors. Here's how, Sep 2022
224. Ibid
225. Bennett Jones, COP27 Hydrogen Wrap-Up: A Focus on Africa and Europe, Nov 2022
226. Ibid

Figure 31: The DtP and the AGHA, two regional renewable energy initiatives[227]

Objectives	Activities	Expected results
Initiative 1: Desert to Power (DtP), an initiative led by AfDB		
• Provide 250 million people in 11 Sahel countries with electricity by increasing by 10 GW of solar generation capacity via public, private, and on-grid and off-grid projects by 2030, and foster training and job creation among women, men and youth Inclusion Lens • A Gender Plan was developed for the DtP project	• Identify solar power projects, prepared them to be invested in and implement them • Catalyze private sector investment by using de-risking instruments (loans, partial risks guarantees, etc.) and Addressing capacity constraints in competitive procurement frameworks • Provide technical assistance to implement projects and strengthen adaptation and resilience measures	• The initial phase is dedicated to the G5 Sahel countries (i.e., Burkina Faso, Chad, Mali, Mauritania and Niger) where projects were identified and prepared to facilitate their bankability • The Green Climate Fund approved the landmark DtP G5 Sahel Financing Facility, comprising of USD 150 million in concessional resources (Oct 2021)
Initiative 2: Africa Green Hydrogen Alliance (AGHA), an initiative supported by AfDB, AUDA-NEPAD and ECA		
• Connect existing initiatives and leadership efforts, with the potential to generate new green hydrogen industry awareness, opportunities and action	• Intensify regional collaboration, coordination and potential synergies on green hydrogen projects • Foster policy alignment on green hydrogen • Mobilize resource to accelerate the development of such projects	• Representatives from African governments (Nigeria, Ghana, Niger, Algeria, Angola, Cameroon, DRC, and Rwanda), the private sector, civil society and development partners attended the AGHA inaugural forum held and discussed the various enablers to unlock the opportunities for a green hydrogen economy in Africa (Sep 2022)

3.2.3 Distributed energy solutions to improve vulnerable communities' access

Providing grid access in rural areas is complex due to lower density than in cities; however, distributed renewable energy solutions are proving themselves to be cost-effective solutions in remote areas. Decentralized renewable energy is relevant in places where the grid cannot easily or cost-effectively reach people, such as in rural areas, where 80% of people do not have access to electricity.[228] Specifically, off-grid solar systems and mini-grids can provide affordable modern electricity services, powering homes, healthcare facilities, and schools. Solar home systems (SHS) and solar water pumps (SWP) deployment accelerated since 2015 due to declining costs of products,[229] increasing number of suppliers in SSA, and payment innovations (e.g., pay-as-you-go).[230]

227. AfDB, 2nd Progress Report - Transforming the G5 Sahel countries from Fragility to Resilience in the Energy Sector, Aug 2022; AfDB, Chad - Djermaya 28 MW Solar PV IPP - Senior Loan, website consulted in Oct 2022; Power Engineering International, Sahel Desert to Power initiative heats up with AfDB's financial backing, Feb 2022; UNFCCC Climate Champions, Africa Green Hydrogen Alliance, website consulted in Oct 2022

228. Ibid
229. African Business, Africa's off-grid solar sector seeks to rebuild after pandemic shock, June 2022
230. IEA, Africa Energy Outlook 2022, 2022

Figure 32: Technology - Productive use leveraging distributed solar energy in agriculture[231]

TECHNOLOGY

Productive use leveraging distributed solar energy in agriculture

- Need for mechanization in agriculture: **Processing, storing and cooling capacities are very low** in Africa, partly due to: (i) **limited access to energy** in rural areas, and (ii) **insufficient financial resources** of smallholder farmers to pay for machinery. This results in extensive post-harvest losses, low agricultural yields and limited agricultural revenues for rural populations. Furthermore, when agricultural machines are used, which is rare, they are often powered by **expensive and carbon-intensive diesel generators**

- Off-grid technologies for productive uses in agriculture: **Mechanized, small-scale, off-grid milling, drying, pressing, and cooling** could benefit smallholder farmers while remaining **low carbon technologies**. Innovative financing technologies, such as **pay-as-you-go systems**, will help finance the acquisition of off-grid technologies by farmers themselves, allowing them to pay back small amounts monthly through phone apps and e-money

- ANDCH support to productive use in agriculture: **ANDCH partners** support **market-based solutions** that enhance the deployment of distributed energy solutions in rural areas. For example, **IsDB** has partnered with the TRINE platform to **finance solar energy solutions** in Africa. Many of the businesses funded through this platform are based on **pay-as-you-go systems**

SHS and SWP can help vulnerable communities in remote areas, including farmers, access electricity, adapt to and mitigate climate change, and reduce poverty. As 95% of farmlands in SSA rely on unpredictable seasonal rain to meet water needs, SWPs can increase yields and crop diversity. Every 10% increase in agricultural yield leads to a 7% reduction in poverty in Africa.[232] SWP could also help reduce GHGs compared with pumps operated with either grid electricity or diesel pumps.[233] However, off-grid investments remain insufficient, as grid-connected power projects continue to attract most of the financial flows in Africa.[234] To address this financing gap, ANDCH partners support market-based solutions, improving the financial viability, and promoting commercial investment for SHS and SWP in Africa. Recently, significant progress was also made in scaling initiatives and finance commitments for distributed energy projects in Africa. For instance, the US committed USD 2 billion in June 2022 to develop solar projects in Angola to expand solar mini-grids, home power kits, and solar-to-power telecommunications.[235]

231. Lighting Global, The Market Opportunity for Productive Use Leveraging Solar Energy (PULSE) in Sub-Saharan Africa, 2019; IsDB, Support provided to African countries on managing the impacts of climate actions and just transition measures, Sep 2022; IsDB, Partnerships - Vol 2, Aug 2021
232. Lighting Global, The Market Opportunity for Productive Use Leveraging Solar Energy (PULSE) in Sub-Saharan Africa, 2019
233. FAO, The benefits and risks of solar-powered irrigation - a global overview, 2018; Note: Unit used is CO2-eq/kWh
234. Climate Finance Innovators, Financing sustainable energy access in African NDCs, Aug 2022
235. Energy Capital Power, U.S. Commits $2 Billion for Solar Deployment in Angola, June 2022

Figure 33: The TRINE crowdfunding platform and the Africa Minigrids Program (AMP), promoting distributed energy solutions[236]

Objectives	Activities	Expected results
Initiative 1: The TRINE crowdfunding platform, supported by the IsDB		
• Support Nigeria and Uganda on SHS through crowdfunding financing mechanism • In Nigeria, purchase 40,000 SHS to connect 175,000 people with electricity	• Catalyze investments in social enterprises in Nigeria and Uganda provides affordable solar systems to off-grid households	• In Nigeria, TRINE raised EUR 2 million from 4,000 crowdfunding investors through 3 campaigns; the IsDB invested USD 1 million in Greenlight Planet. As a result, 50,000 households and 292,000 people benefited from access to renewable energy
Initiative 2: The Africa Minigrids Program (AMP), an initiative launched by UNDP		
• Increase access to electricity through renewable energy minigrids, leverage USD 650 million in co-financing and reach over 400,000 direct beneficiaries and 29 million indirect beneficiaries in 18 African countries	• Increase the commercial viability of renewable energy minigrids projects • Develop knowledge tools for both public and private actors • Provide tailored technical assistance to countries • Support the digitalization in the minigrids market	• The AMP is currently in the final design stage, will commence implementation in 2022 and continue until 2026
Inclusion Lens	• Gender Action Plans (GAPs) will be developed as part of the National Projects, to ensure that the development of minigrids in each participating country considers the energy and income-generation needs and characteristics of men and women, as well as boys and girls (i.e. youth). Working groups organized around the program's three thematic areas (policies, private sector and financing) will be established and will convene regularly	

236. IsDB, Support provided to African countries on managing the impacts of climate actions and just transition measures, Sep 2022; IsDB, Partnerships - Vol 2, August 2021; UNDP, The bold choices that will define the future of development, Jan 2022 GEF, The Africa Minigrids Program, Oct 2021; GEF, GEF-7 Africa Minigrids Program - Program Framework Document, 2019

Figure 34: The D. Light, the EBAFOSA, and the renewable energy for productive use (RE4PU), three other market-based initiatives[237]

Objectives	Activities	Expected results
Initiative 3: D. Light, a company supported by AFD (Proparco)		
• Provide solar energy to over 1 million people in 4 countries: Kenya, Nigeria, Tanzania and Uganda and avoid the emission of over 550,000 tCO2e per year	• Capacity building for local workers • Provide access to pay-as-you-go credit facilities	• Equity investment of USD 10M into D. Light • Support 6,800 jobs over 5 years
Initiative 4: The Ecosystems Based Adaptation for Food Security Assembly (EBAFOSA) initiative supported by UNEP		
• Provide solar dryers to enable agro-value chain actors to increase productivity, income, and food security in over 20 countries	• Capacity building for (i) youth and the informal sector to train them to manufacture decentralized solar dryers; (ii) for informal smallholder farmers and cooperatives to use decentralized solar dryers in their farming process.	• In Uganda for a 2-month pilot project with 3 cooperative groups (i.e., 22 households): 1,000 kg of pumpkin chips and 580 kg of perishable produce valued at a total of UGX 406,000 was preserved from loss arising from supply chain lockdowns
Inclusion Lens	• During the project, solar dryers were made by youth, which helped create jobs and build their capacity	
Initiative 5: The RE4PU initiative, supported by GGGI		
• Mobilize investment for renewable energy for productive use in agriculture in Senegal	• Identify opportunities for renewable energy to improve agricultural productivity and resilience to climate change in the rice value chain • Introduce solar PV electricity for agricultural development where electrical pumping is currently absent and/or to substitute diesel-powered pumping sets	• Update Senegal's Country Planning Framework (CPF) 2019-2023, with a focus on renewable energy for productive use in agriculture • The solar PV electricity for agriculture project will contribute to mitigation and to generating foreign exchange savings on reduced diesel imports

237. The Ecosystems Based Adaptation for Food Security Assembly (EBAFOSA) policy-action framework Initiative, impact in Uganda; EBAFOSA, Solar Dryer Training Report for EBAFOSA Uganda, 2020; GGGI, Senegal Green Growth Pathways, 2020

SHS is not an efficient source of cooking energy; distributed clean cooking technologies, on the other hand, can improve climate change resilience and livelihoods, especially for rural women and youth. In SSA, 950 million people rely on wood and charcoal for cooking.[238] This leads to negative environmental impacts, including deforestation, emissions of GHGs, short-lived climate pollutants (SLCPs), as well as health impacts, particularly to women and children. Inefficient combustion produces a range of GHGs, including black carbon, which has a warming impact on climate that is 460-1,500x stronger than CO2.[239] Clean cookstoves, including biomass, biogas, ethanol, electric, and LPG-based cooking technologies, could improve health and prevent the deaths of millions of people.[240] Clean cookstoves can also reduce the time spent collecting firewood, a burden that disproportionately falls on women, and free up their time to attend school, generate income, etc. To this end, ANDCH partners invest in profitable and scalable companies offering cooking energy solutions in Africa.

Figure 35: The SPARK+ Africa Fund, financing clean cooking solutions[241]

Objectives	Activities	Expected results
Initiative: SPARK+ Africa Fund, supported by the AfDB		
• Deliver clean cooking solutions to over 2 million households across Africa and reduce carbon emissions by 16 MtCO2eq	• Invest debt and mezzanine capital in leading companies providing cooking fuels solutions • Provide complementary Technical Assistance via its TA partners (including Stichting Modern Cooking and the Clean Cooking Alliance)	• AfDB approved a USD 5 million investment in the SPARK+ Africa Fund in 2020 (through the Sustainable Energy Fund for Africa (SEFA))

Inclusion Lens

- By financing businesses offering clean cooking solutions, the SPARK+ Africa Fund has a positive impact on the empowerment of women and girls. By spending less time collecting fuel in the wild and cooking, they will have more time to develop socio-economic activities that will allow them to generate income or attend school.
- Women, in particular, are also exposed to unhealthy pollutants emitted by cooking with biomass fuels and obsolete stoves. This program will help reduce women's health problems

238. UNFCCC, Too Many Cooks, June 2021; UNDP Climate Promise, Achieving clean cooking for all in Africa needs people at the centre, May 2022
239. Ibid
240. Brookings, Africa's just energy transition could boost health outcomes, Mar 2022
241. Dalberg analysis; ANDCH partner documentation

4. Policy recommendations to accelerate Africa's Climate Actions

A paradigm shift in the way that African countries consider their NDCs can help them take advantage of the economic disruption associated with the global response to climate change to industrialize and grow their economies. The global economy is increasingly becoming greener with new sources and carriers of energy, technologies and industrial processes, and ways of doing agriculture. This presents an unprecedented opportunity for Africa to industrialize fast and in a green way. Africa is blessed with enormous renewable resources, extensive unused, potentially fertile land, an often-untouched coastline, a young, growing workforce, and deep reserves of minerals which could be sustainably extracted in a climate-smart way. At the same time, leading markets have aging populations, and face enormous inertia from legacy fossil fuel-based energy systems. The intersection of these trends presents a significant opportunity for Africa. Climate finance flows, a significant proportion of which are concessional, can be used to build a green energy and industrial base oriented at serving low-carbon global export markets. Another opportunity emerges from carbon removal – where Africa's endowments leave it ideally placed to undertake the large-scale sequestration projects needed to reach net zero and to earn export revenues for these efforts

However, to take advantage of these opportunities, climate action and NDC implementation must anchor inclusive economic development. The two are inherently connected. Setting a long-term growth agenda that explicitly recognizes the opportunities that a low-carbon economy presents and equipping and incentivizing private sector actors to buy into this vision presents a compelling way to meet NDC goals while driving social and economic change

ANDCH programming showcases a wide variety of promising and effective tools and approaches that can enable private investment into green activities – yet significantly more is needed. As outlined through the report, ANDCH partners have taken significant steps to provide policy direction and develop tools to expand investment into NDC implementation. Yet significantly more is needed. More efforts are needed to provide policy certainty, promote shared learnings, enable market access, and provide coordinated de-risking, finance, and technical support. Considering these challenges, several recommendations for future programming emerge:

4.1 INCLUSIVE CLIMATE CHANGE STRATEGY, PLANNING AND MONITORING

- **Prioritize the development of low carbon and climate resilient development strategy and planning.** The LT-LEDS are an opportunity for countries to integrate climate action into their economic development by creating holistic pathways to a low-carbon economy. It is an opportunity to present the benefits of a low-carbon economy beyond going green to incentivize the private sector to buy into the climate vision and support the implementation of NDCs. With most of the updated NDCs costed, there is an easier pathway to develop investment plans to ensure that clear business cases are built for NDC implementation. An NDC-P program to support Rwanda, Uganda, Nigeria, and Ethiopia to make climate action a key pillar of their development strategies has started to yield results, but the efforts need to be expanded to more countries

- **Further cascade NDCs into other economic development planning documents and streamline climate policies in continent-wide programs.** Climate action needs to be at the center of African countries' development agenda, anchoring the continent's development pathway. NDC implementation should therefore shift from being seen as purely climate focused to informing wider growth policy on the continent. That will be done when NDCs are cascaded into all development agendas from the continental level to sub-national levels and locally led solutions. Additionally, climate policies need to be linked to large continent-wide programs such as the Africa Continental Free Trade Area (AfCFTA). There is a real opportunity to anchor Africa's industrialization on abundant natural resources that are geared toward low-carbon and climate-resilient development. Programs such as UNDP's economic recovery initiative to support countries build back better post-COVID and in more climate-friendly ways have been successful so far but they need to be expanded to more countries

- **Double down on adaptation and resilience.** To accelerate climate adaptation action in Africa, the continent needs to develop a shared understanding of priority actions and accelerate the development of NAPs. While NDCs have adaptation components, developing NAPs will help codify targets and potentially increase ambition as well as fast-track the implementation of adaptative measures. Resilience should be built across key sectors like agriculture and water management, among others. Programs at GGGI and UNDP are supporting countries such as Ethiopia, Benin, DRC, etc., to develop their NAPs but there is a significant gap in scale

- **Take lead in the discussions to establish an overarching loss and damage architecture including by producing more thought leadership and advocacy through high-level convenings.** As the loss and damage financing mechanism is still in its early stages and involves incredibly complex considerations, Africa must take a leading place at the discussion table to ensure that its voice is heard. To anticipate this, partners should collaborate with leading African think tanks, government agencies, etc., to develop thought leadership on the structuring of the overall architecture. Partners should also work with governments to hold high-level convenings to amplify Africa's voice. ECA and AfDB are leading similar advocacy efforts but these need to further be deepened and scaled

- **Foster a just transition by strengthening the inclusion of women, youth, entrepreneurship, informal workers, and indigenous peoples in all sectors of climate policy and action at the national and regional levels, as these groups are highly vulnerable to climate change impacts.** To ensure a participatory approach in NDCs,

NAPs, LT-LEDS, and national and regional projects, during the design, update, and implementation phases, it is essential to strengthen and increase data disaggregation. Indeed, countries need to strengthen country-level evidence on the impact of climate change on gender equality, youth, small entrepreneurs, and the informal sector through detailed country-level research. They should then determine quantified targets for these vulnerable groups and dedicate budget lines to ensure that these targets are met. Costed action, tied to monitoring and indicators that reflect these vulnerable groups, requires more financial and technical support. ANDCH partners, such as the Commonwealth Secretariat, conducted assessments on gender integration in NDCs. UNDP also published a report entitled "How Just Transition Can Help Deliver the Paris Agreement" on the integration of a just transition into all sectors of the economy, through NDCs and their implementation. In the future, partners can continue to help countries ensure that all NDCs, climate programs, etc. incorporate the just transition aspect

- **Increase transparency by accelerating the implementation of both adaptation and mitigation MRV systems and by supporting countries in setting up climate data collection systems, methodologies to define indicators, and coordination mechanisms for implementation.** Indeed, GGGI assisted Burkina Faso to launch an open web-based MRV platform to help track progress against its NDC. This platform also serves as a data sharing and archiving system on GHGs, adaptation and mitigation actions, and any kind of financial, technological, and capacity-building support. Burkina Faso is now one of the five African countries that have an MRV digital platform – others being Mali, Senegal, Morocco, and Tunisia. Hence, ANDCH partners can continue to support countries in setting up national MRV systems to monitor NDC implementation and integrating them into national MEAL processes

- **Address multiple intersecting forms of discrimination and structural drivers of gender inequality** through the development and implementation of equitable climate policies and strengthen the evidence base for the interlinkages between climate, gender and SRHR in the region by supporting locally led research and collecting disaggregated data including data on the differentiated impacts of climate change

4.2 INNOVATIVE, ADAPTED, AND SUSTAINABLE CLIMATE FINANCE

- **Focus on commercially viable, private sector project models when translating NDCs into investment projects and apply an inclusion lens to ensure climate investments have wide, positive effects.** More countries need to translate their NDC targets into well-designed, technically-sound investable projects with both economic and impact returns. In doing so, countries need to reckon with the fact that exponential growth in climate financing in Africa will be led by the private sector. Therefore, they need to continuously create an environment that incentivizes and mobilizes private investments. These models should have pathways for meaningful involvement of informal businesses as they are the bulk of African economies as well as be youth friendly. While still in early stages, private sector support at the Commonwealth Secretariat has already made headway in creating pathways for increased participation of the private sector as well as mobilizing it and will need deepening and expanding

- **Scale climate finance by expanding the use of innovative financing tools – including the use of more de-risking tools to scale private sector investment.** To increase investor confidence in a private-sector-led NDC implementation model, Africa will need to continue to minimize the risks put forward by private investors. The continent will need access to more mechanisms of de-risking by venturing into currently untapped tools (e.g., green and blue bonds) and developing new, innovative ones. Additionally, the size of these tools will need to be significantly increased to maximize private capital flows. Several programs at AfDB, including the Room2Run facility and special drawing rights advocacy, have started to yield results, but more development partners are needed to scale the size and reach of innovative financing tools

- **Recognize the sovereign fiscal debt constraints facing the most climate-vulnerable countries and target as recipients of concessional finance.** Africa's most climate-vulnerable countries have accumulated significant amounts of debt and therefore cannot sustainably finance their climate agenda through traditional debt instruments. Partners need to continuously rally around them and advocate for more debt-for-nature/climate swaps to be executed on the continent. There is also an opportunity to continuously green non-debt, development financing by allocating more funds to climate-smart projects. Initiatives such as ECA's liquidity and sustainability facility need to be scaled

- **Unlock carbon finance to fund NbS projects by strengthening regulatory frameworks and technical skills.** To do so, countries in the region need to formulate relevant policies, establish institutions and strong governance systems, and mandate and adopt legislations that allow for carbon trading. ANDCH partners such as GGGI and the UNDP are supporting countries including Senegal, Morocco, and Zambia in designing policies, developing regulations, and organizing capacity-building workshops to prepare them for carbon trading under Article 6. With the launch of the ACMI at COP27, supported by ECA, more countries will need the support of ANDCH partners to build enabling environments critical to participating in the voluntary carbon market. This environment should make it easy for implementers to derive economic benefits by getting their carbon money to incentivize the implementation of NbS projects. This will form the basis of the just transition for African countries

4.3 ROBUST AND ENHANCED REGIONAL PROGRAMS, GOVERNANCE, AND COORDINATION

- **Strengthen regional and continental lenses associated with climate action by strengthening regional thematic programs to green the AfCFTA and the implementation of the AU Green Recovery Action Plan (GRAP) 2021-2027.** The development of large, integrated, regional/continental flagship projects, such as AFR100, GGW, and GBW initiated and supported by AUDA-NEPAD, AUC, the Commonwealth Secretariat, ECA, and UNCCCD, has the potential to attract more funding than isolated projects. For instance, as of June 2022, more than USD 19 billion had been pledged by the AfDB, the AFD, the European Commission, the World Bank, and the European Investment Bank (EIB), to support the GGW. This could help the continent overcome current funding challenges by leveraging enhanced collaboration at the regional level. However, the bodies governing these regional programs sometimes lack the funding and power to act. Therefore, this requires close coordination between different actors (government, technical and financial partners, civil society, etc.), strong political will, and dedicated funding for governance bodies

- **Strengthen governance at the country level. National ownership is key to delivering NDCs and LT-LEDS and needs to be mainstreamed in the national development planning and delivery processes.** To maximize impact at the national level, partners need to strengthen the entities leading NDC implementation, particularly coordination and leadership to ensure that climate change is consistently taken into account in sectoral policies. Additionally, partners need to continuously build the capacity of these entities in developing and managing NDC-related initiatives and investments. This should translate into a strengthened oversight role of the Committee of African Heads of State and Government on Climate Change (CAHOSCC) and the African Ministerial Conference on the Environment (AMCEN). Besides, the role of sub-national and non-state actors in the implementation of NDCs and LT-LEDS must be considered and reinforced. Programs such as NDC-P's coordination work need to be financed and resourced to ensure sustainability and scale

- **Promote and increase coordination, learning, scaling, and replicating successful models at the regional/continental level.** At the regional/continental level, partners need to continuously strengthen coordination mechanisms to ensure that efforts are not duplicated. For example, the launch of the ANDCH collaborative platform in 2017, is already a great first step towards coordinating development partners to collaborate and effectively provide support for NDC implementation in African countries. There is also the Africa Adaptation Initiative, led by UNDP, which aims to coordinate adaptation actions on the continent. This will enhance peer learning and monitoring across the continent and make it easier to scale and replicate successful models. For example, this could translate in:
  - Coordinating Africa's priorities at the Paris Agreement Conference of Parties negotiations through the increased facilitation of the Africa Group of Negotiators (AGN)
  - Encouraging efforts to foster collaboration and partnerships such as through the Africa NDC Hub for efficient and fast delivery

- **Foster and encourage the scaling up of innovative solutions and technologies, especially by incorporating private sector solutions into regional programs to ensure transparency as well as effective tracking of impact and allocated funds.** Solutions such as blockchain and satellite data applied to regional programs supported by ANDCH partners, such as AFR100, GGW, or GBW, would help track farmers' payments for FLR actions and ensure effective reforestation