Financing Green Business in Africa.

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Climate Finance at the AfDB

Sustainable Energy Fund for Africa

Africa Climate Change Fund

Africa Renewable Energy Initiative

Green Climate Fund

Climate Investment Funds

The Global Environment Facility

The Adaptation Fund

AfDB's role

Bank's Own Trust Fund

[Structuring is ongoing]

External Funds (AfDB Implementing Entity)

[Terms of Cooperation (AMA) not yet finalized]
Relevant GCF strategic impact areas for SCP

- **Mitigation Strategic Impacts**
  - Energy generation and access
  - Forests and land use
  - Reduced emissions from buildings, cities, industries, and appliances
  - Transport

- **Adaptation Strategic Impacts**
  - Health, food and water security
  - Livelihoods of people and communities
  - Increased resilience of ecosystems and ecosystem services
  - Infrastructure and built environment
Some GCF Entry Points for SCP

• Support development and submission of funding proposals for projects and programmes (including for Project Preparation).

• Support Readiness Activities in RMCs - through ACCF.

• Implement and manage funded Activities (projects and programmes with funded incremental climate costs)

• Deploy, on-lend, blend a wide range of financial instruments (grants, concessional loans, equity and guarantees).

• Catalyze private sector investments.

• Scale up access to climate finance
Some Strategies for Concessionality.

The Principle of Minimum Concessionality needs to be applied to avoid market distortions and crowding-out other financiers.
Some Strategies for Increment Costs for SCP projects

Costs Components:
- Construction Expenditure: real assets, engineering, physical infrastructure, equipment and facilities, labor, management.
- Operational Expenditure: application fees, interests, insurance, equity shares.
- Maintenance Expenditure: application fees, interests, insurance, equity shares.
- Investment Expenditure: application fees, interests, insurance, equity shares.

Expenditure Financing:
- Pre-feasibility
- Feasibility
- Design
- Construction
- Operation/Maintenance
Some Strategies for SCP project financing structure?

- **Low risks and uncertainty**
  - High returns
  - Swaps: interest rate, Currency, index etc
  - Equity and Quasi Equity
  - Surety bonds and other real options, guarantees
  - Climate risks insurance

- **Medium risks and uncertainty**
  - Medium returns
  - Market debt, Soft debt
  - Swaps: interest rate, Currency, index etc
  - Surety bonds and other real options, guarantees
  - Climate risks insurance

- **High risks and uncertainty**
  - Low returns
  - Grants, subsidies, other incentives
  - Surety bonds and other real options, guarantees
  - Climate risks insurance

**Equity and Quasi Equity/mezzanine finance**

**Soft and market-based debt, guarantees**

**Grants interest subsidies, other incentives**
Thank you for your attention