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Financing for climate change investments in low-income countries

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Outline

- **The GEF**
- **GEF's 23 Years' Investment in Low Income Countries**
- **GEF 6 Resources and Strategy in Climate Change Mitigation**
- **A Case Study of GEF Investment in Africa**
- **Key Points in GEF 6 Project Development**



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The GEF - 23 Years

Operation:

Provided \$13.5 billion in grants and leveraged \$65 billion in co-financing for 3,900 projects in more than 165 developing countries

GEF 2020:

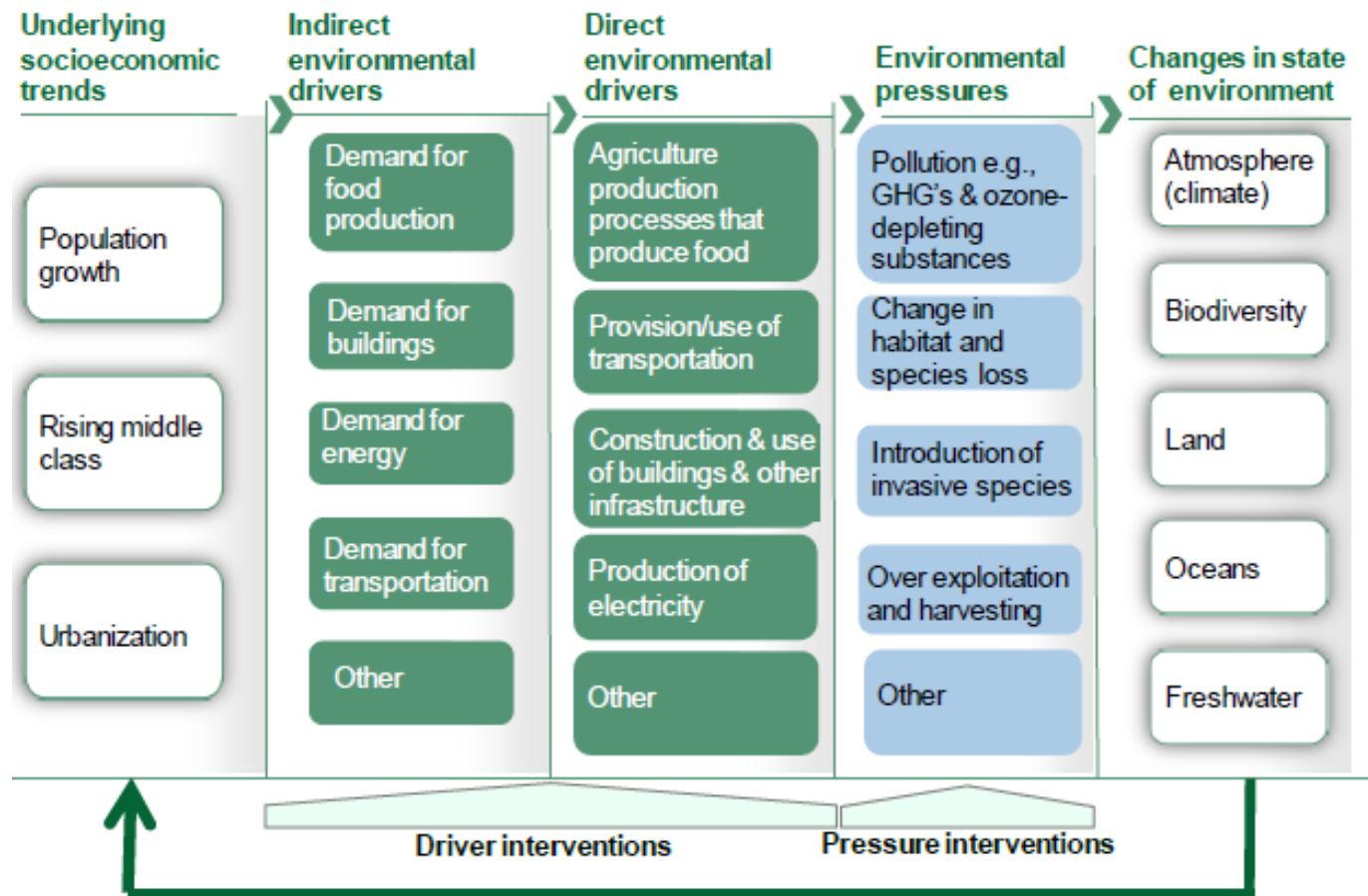
The GEF is to be a champion of the global environment, supporting transformational change and achieving global environmental benefits at scale



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GEF focusing on environmental drivers

The causal chain of environmental change



Changes in human welfare
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Requirements of the GEF CCM Projects

- At the corporate level, the GEF has a GHG mitigation target
 - GEF-5 (2010-2014): 500 million tonnes of CO₂eq
 - GEF-6 (2014-2018): 750 million tonnes
 - It is important for GEF to track emission reduction on the individual project level
- At the project level, GEF projects must
 - either have enabling activities and convention obligations; or
 - have greenhouse gas (GHG) emission mitigation targets at the time of the CEO endorsement; and
 - provide progress at the mid-term and project completion



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Financing for Climate Change Projects in Africa

- As of April 1, 2015, the GEF has invested US\$518.6 million for 631 projects in Africa in
 - Mitigation
 - Adaption
 - Technology Needs Assessments
 - National Communications to the UNFCCC
- The GEF grants leveraged US\$3.65 billion co-financing



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GEF 6 STAR for Africa (1) US\$

Country	Biodiversity	Climate Change	Land Degradation	Total for Country	Flexible?
Algeria	4,090,879	6,506,112	1,902,751	12,499,742	FALSE
Angola	6,603,161	4,041,063	3,042,449	13,686,673	FALSE
Benin	2,000,000	3,000,000	5,078,892	10,078,892	FALSE
Botswana	2,018,757	2,209,633	4,684,298	8,912,688	FALSE
Burkina Faso	2,000,000	3,146,823	6,187,774	11,334,597	FALSE
Burundi	2,000,000	3,000,000	1,278,545	6,278,545	TRUE
Cameroon	12,075,967	2,685,860	1,873,377	16,635,204	FALSE
Central African Republic	2,278,289	3,000,000	2,273,747	7,552,036	FALSE
Chad	2,379,724	3,000,000	3,214,100	8,593,824	FALSE
Comoros	2,622,671	3,000,000	1,000,000	6,622,671	TRUE
Congo	3,936,031	2,102,205	1,182,205	7,220,441	FALSE
Congo DR	16,380,880	9,579,651	1,000,000	26,960,531	FALSE
Cote d'Ivoire	4,190,165	2,000,000	3,536,672	9,726,837	FALSE
Djibouti	2,000,000	3,000,000	2,828,332	7,828,332	FALSE
Egypt	4,453,872	10,067,982	1,434,103	15,955,957	FALSE
Equatorial Guinea	2,000,000	3,000,000	1,000,000	6,000,000	TRUE
Eritrea	2,000,000	3,000,000	3,601,165	8,601,165	FALSE
Ethiopia	10,562,236	7,405,184	5,266,260	23,233,680	FALSE
Gabon	3,810,098	2,000,000	972,024	6,782,122	TRUE
Gambia	2,000,000	3,000,000	5,176,905	10,176,905	FALSE
Ghana	3,188,101	2,411,300	4,318,626	9,918,027	FALSE
Guinea	3,100,031	3,000,000	1,853,336	7,953,367	FALSE
Guinea-Bissau	2,000,000	3,000,000	1,003,726	6,003,726	TRUE
Kenya	10,283,952	4,040,997	4,629,515	18,954,464	FALSE
Lesotho	2,000,000	3,000,000	1,000,000	6,000,000	TRUE



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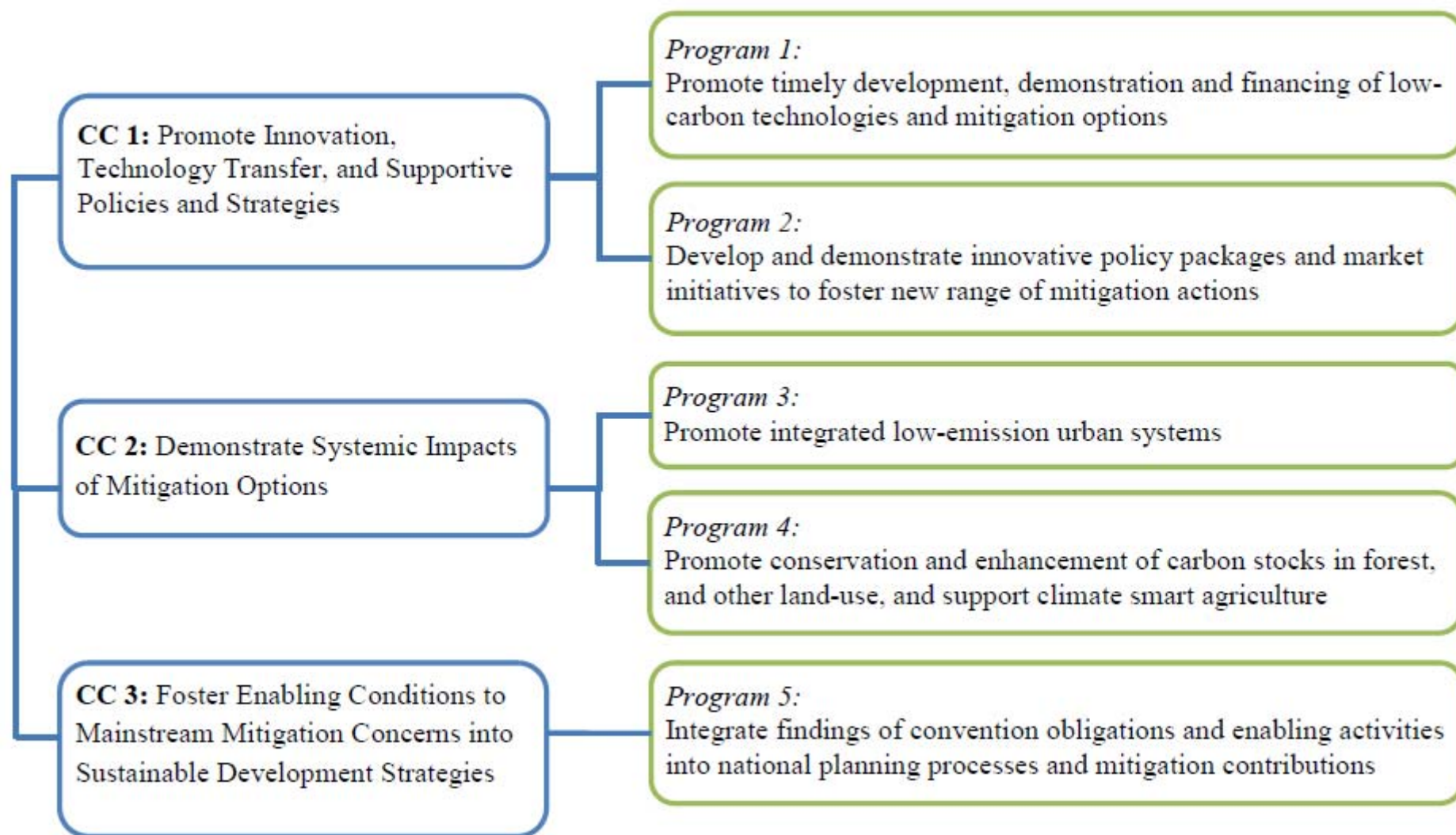
GEF 6 STAR for Africa (2) US\$

Country	Biodiversity	Climate Change	Land Degradation	Total for Country	Flexible?
Liberia	3,432,734	3,000,000	1,000,000	7,432,734	FALSE
Libya	1,500,000	2,000,000	913,777	4,413,777	TRUE
Madagascar	24,539,807	3,032,533	2,567,930	30,140,270	FALSE
Malawi	5,320,185	3,000,000	1,441,866	9,762,051	FALSE
Mali	2,097,510	3,000,000	4,060,520	9,158,030	FALSE
Mauritania	2,000,000	3,000,000	2,553,315	7,553,315	FALSE
Mauritius	5,407,512	5,105,070	907,866	11,420,448	FALSE
Morocco	4,898,530	4,853,667	4,772,814	14,525,011	FALSE
Mozambique	9,129,375	3,431,265	3,594,725	16,155,365	FALSE
Namibia	6,593,121	2,000,000	5,645,253	14,238,374	FALSE
Niger	2,000,000	3,000,000	4,601,154	9,601,154	FALSE
Nigeria	6,797,879	13,021,378	3,534,766	23,354,023	FALSE
Rwanda	2,000,000	3,000,000	1,241,824	6,241,824	TRUE
Sao Tome and Principe	3,776,014	3,000,000	3,554,738	10,330,752	FALSE
Senegal	2,094,521	3,000,000	5,417,150	10,511,671	FALSE
Seychelles	4,936,535	2,000,000	655,606	7,592,141	FALSE
Sierra Leone	2,111,520	3,000,000	1,000,000	6,111,520	TRUE
South Africa	22,785,839	17,982,244	5,183,246	45,951,329	FALSE
South Sudan	2,000,000	3,000,000	1,000,000	6,000,000	TRUE
Sudan	4,172,437	5,725,594	2,930,004	12,828,035	FALSE
Swaziland	1,500,000	2,000,000	2,909,629	6,409,629	TRUE
Tanzania	15,901,251	7,125,943	6,064,534	29,091,728	FALSE
Togo	2,000,000	3,000,000	2,214,007	7,214,007	FALSE
Tunisia	1,500,000	2,665,583	5,040,731	9,206,314	FALSE
Uganda	4,010,540	3,765,683	2,223,080	9,999,303	FALSE
Zambia	4,715,571	3,636,434	3,151,529	11,503,534	FALSE
Zimbabwe	2,700,395	2,086,982	4,215,265	9,002,642	FALSE
Grand Total	259,896,090	207,629,186	151,734,131	619,259,407	



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GEF-6 CCM Strategy



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GEF-6 IAP Programs

Combination of features:

- ✓ Ability to deliver on global environmental benefits beyond a single focal area of the GEF, building on existing linkages
- ✓ Time-bound nature of the concrete impact
- ✓ Relevance for the evolving agenda post-2015
- ✓ Require a new way for the GEF to do its business and make financing available at multiple levels (local, regional and global), including with flexibility to engage upfront with key partners and bring them on board

Candidates for GEF IAP Sustainable Cities Program from Africa:

- ✓ Dakar of Senegal
- ✓ Abidjan of Cote D'Ivoire
- ✓ Johannesburg of South Africa



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GEF 6 Sustainable Cities Program

Recognizing need to address urbanization as key driver of global environmental degradation and opportunity



GEF Supports for INDC Preparation

Some countries have programmed GEF resources for Intended Nationally Determined Contributions as of April 2015:

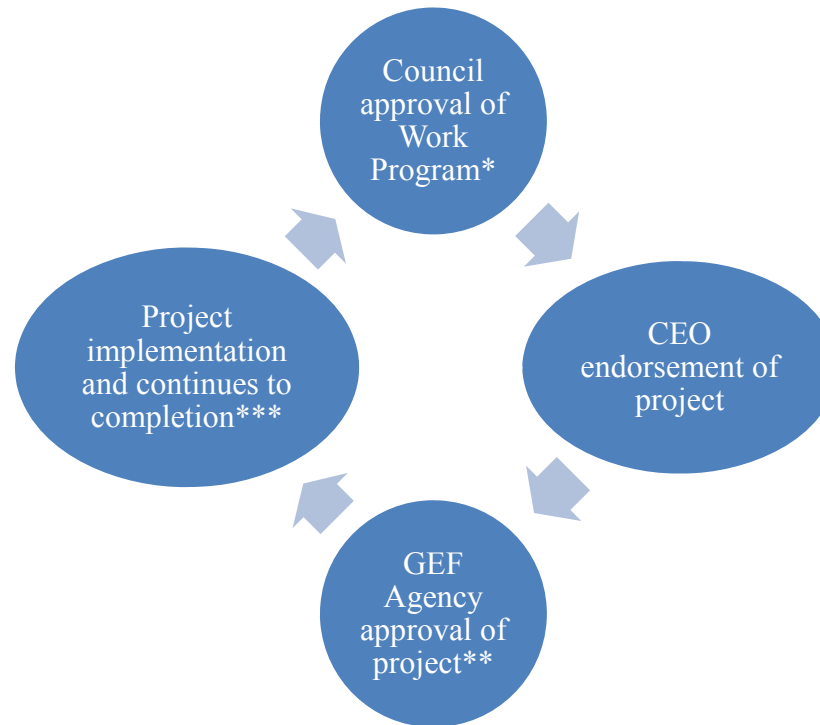
Afghanistan, Antigua and Barbuda, Azerbaijan, Benin, Bissau, Burundi, Cambodia, Chad, Congo, Congo DR, Cote d'Ivoire, Dominica, Gabon, Guinea, Eritrea, Fiji, Iraq, Kyrgyz Republic, Lesotho, Maldives, Mauritania, Moldova, Mongolia, Mozambique, Myanmar, Namibia, Nauru, Niger, Nigeria, Papua New Guinea, Rwanda, Senegal, Sri Lanka, Sao Tome & Principe, Seychelles, South Africa, Swaziland, Thailand, Timor L'este, Tunisia, Turkmenistan, Uzbekistan, Yemen, Zambia, and Zimbabwe.



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Full-Sized Project Cycle



* Work Program consists of PIFs cleared by the CEO

** GEF Agency approval of project signifies start of project implementation

*** Project completion follows terminal evaluation and financial closure



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Medium-Sized Project Cycle

MSPs follow a simplified **one-step approach** as part of the project streamlining measures*:

- Agencies and countries prepare an MSP document and submit it to the Secretariat for CEO approval once it is ready, on a rolling basis.
 - ✓ MSP approval request template will build in a PPG request feature of up to \$50,000 to help deflate the preparation expenses by the country on a reimbursement basis.*
- Follow the same GEF Agency internal approval process before implementation start.

There is also a **two-step approach**, if required:

- Submission of a PIF with PPG request, if needed;
- Submission of a well-prepared final MSP document plus a MSP Approval Request for CEO approval; and
- Follow the same GEF Agency internal approval process before implementation start.

* The one-step feature and the reimbursement of up to \$50,000 for project preparation expenses are new features proposed by an Inter-agency Project Cycle Working Group and included in a project cycle paper submitted to the October 2014 Council Meeting.



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Enabling Activities Project Cycle

Enabling Activities grant may avail any of the following two paths:

Direct Access (follow direct access policy – applies the World Bank Operations Policies and Procedures):

- Country submits EA proposal for CEO approval;
- CEO and country sign Grant Agreement and implementation starts.

Regular procedures of applying EA grant through Agencies:

- Agency submits EA proposal for CEO approval;
- Agency follows its own internal approval procedure and implementation starts; signs grant agreement with the country.



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Country endorsement

Endorsement by a national Operational Focal Point (OFP) is a requirement for the following:

- All FSP PIFs entering the work program, two-step MSP PIFs and Project Preparation Grants (PPGs) application;
- Program Framework Documents submitted for work program inclusion;
- Request for CEO approval of MSP final projects in a one-step MSP process;
- All Enabling Activities require CEO approval.

Projects in biodiversity, climate change, and land degradation focal areas also follow STAR rules.



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Project baseline

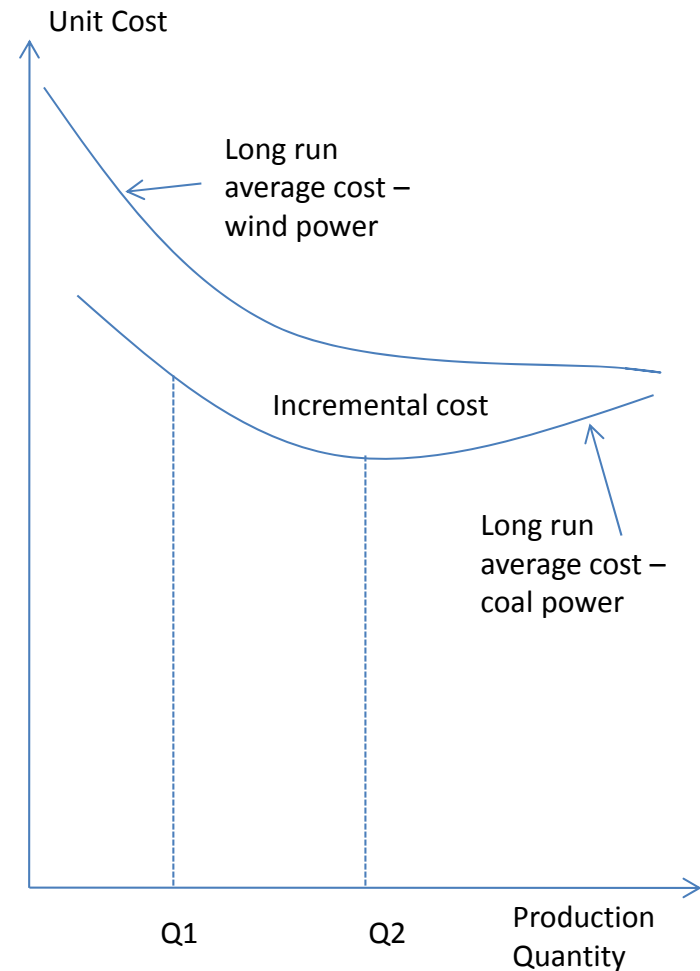
- Project Baseline: Activities that would happen in using fossil fuels without GEF's investment
- The costs of the baseline activities: to be covered by normal development expenditures such as government budgets, bilateral aid, the private sector, NGO resources, and loans from international financial institutions, including IDA.
- The impacts of the baseline activities (GHG emissions from fossil energy): to be estimated through historical projects and/or trend analyses



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Renewable energy project incremental costs

- GEF Project: Activities that would happen with GEF's investment
- Incremental costs of the GEF project may include
 - technology **licensing**;
 - procurement of **equipment** and engineering services;
 - acquisition of additional natural resources, such as land for wind farm development;
 - **policy**, standard and code development
 - training for professionals to manage new technologies, etc.



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GEF CSP Project in Morocco

- **Partners:** World Bank and Office National De L'electricite
 - **Project Finance:**
 - GEF Grant: \$43.9 million (8%)
 - Co-financing: \$524 million (92%)
 - **Features:**
 - Build 225 kV power lines, a 225 kV substation, and an access road
 - Install 20 MW of solar power
- Impacts:**
- Install 20 MW of solar power
 - Generate 37.5 GWh per year
 - The project will **reduce 450,000 tonnes of CO₂ in 20 years**



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GEF Co-financing

- Total of cash and in-kind resources committed by:
 - governments,
 - other multilateral or bilateral sources, private sector,
 - NGOs, project beneficiaries, and concerned GEF agencies.
- Essential for meeting the GEF project objectives



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Review criteria for FSP/MSP

- ✓ Country eligibility and ownership
- ✓ Global Environment Benefits
- ✓ GEF Focal area strategy
- ✓ Agency's Comparative advantage
- ✓ Resource availability
- ✓ Project consistency
- ✓ Project design
- ✓ Project financing and co-financing
- ✓ Monitoring and evaluation; and
- ✓ Agency's responses to comments and reviews



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Thank you!

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