

International and National Climate Finance for industrial areas

Existing mechanisms and recommendations

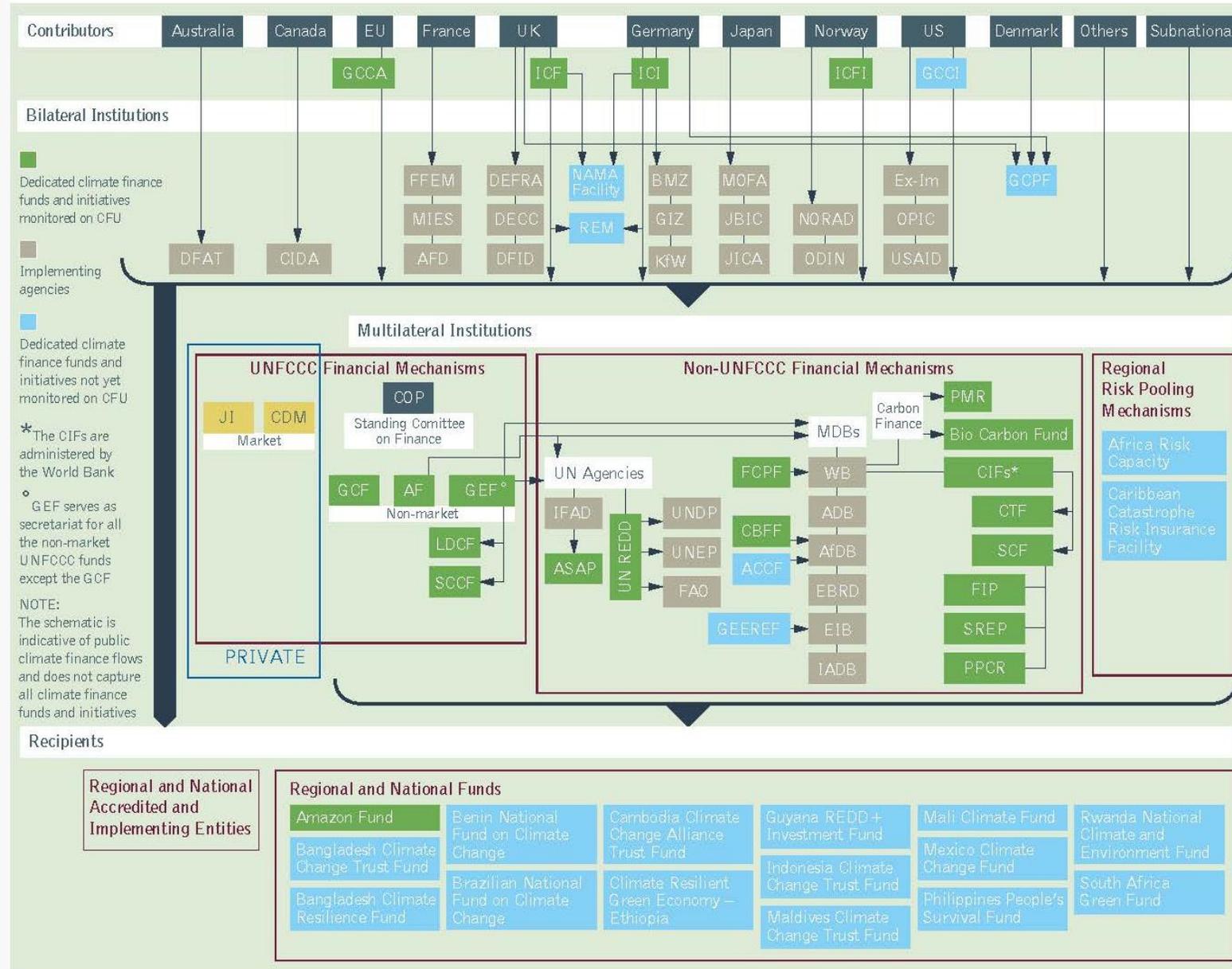
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Three main points -

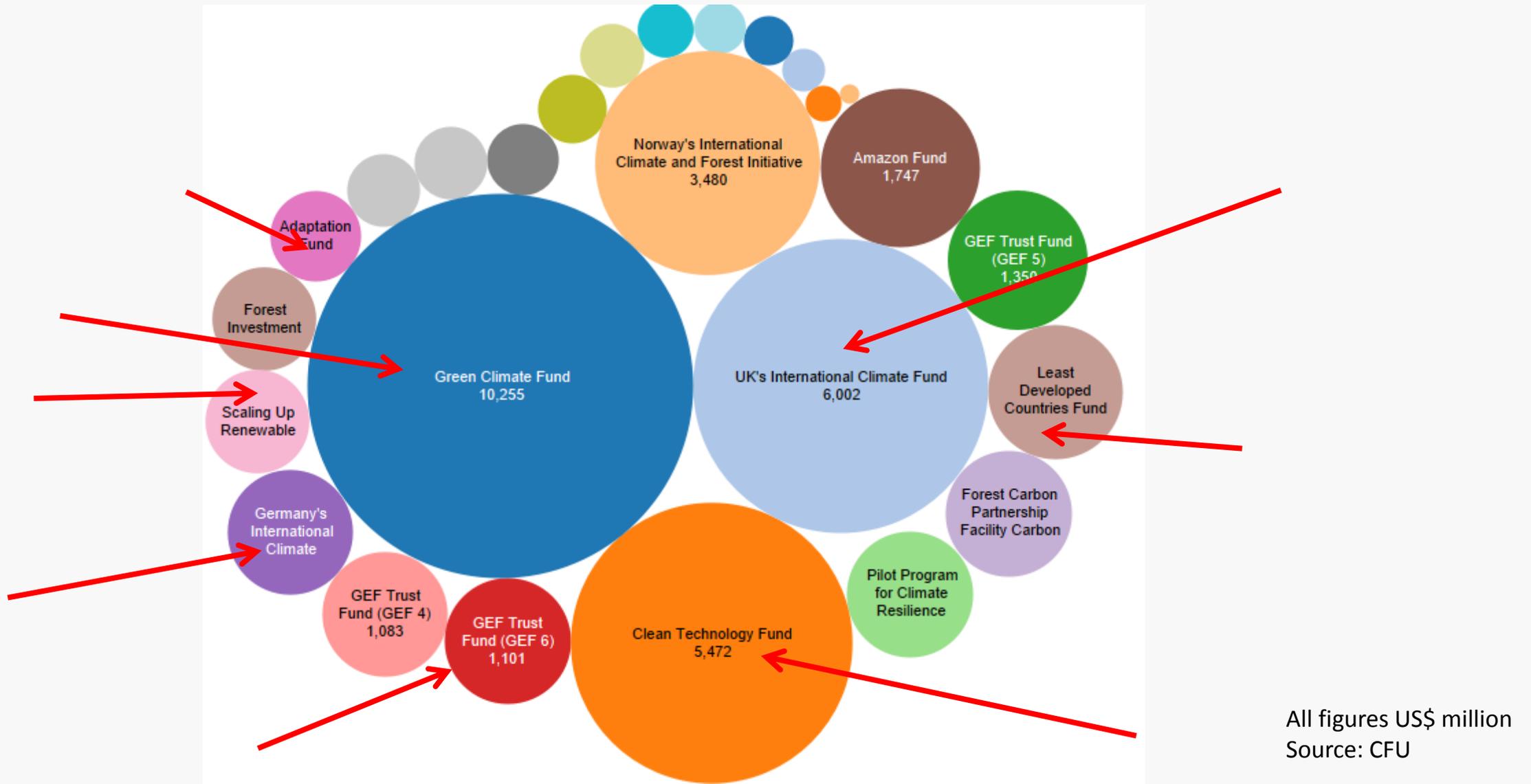
1. An overview of international 'Climate Finance' – it is complex; there is a need for easier access
2. Industrial areas demonstrate clear opportunities, and the private sector is critical to achieving the required scale
3. Ingredients for successful large-scale climate financing: National policies, investment environment, national carbon fund or green bank?

The Climate Finance Complex

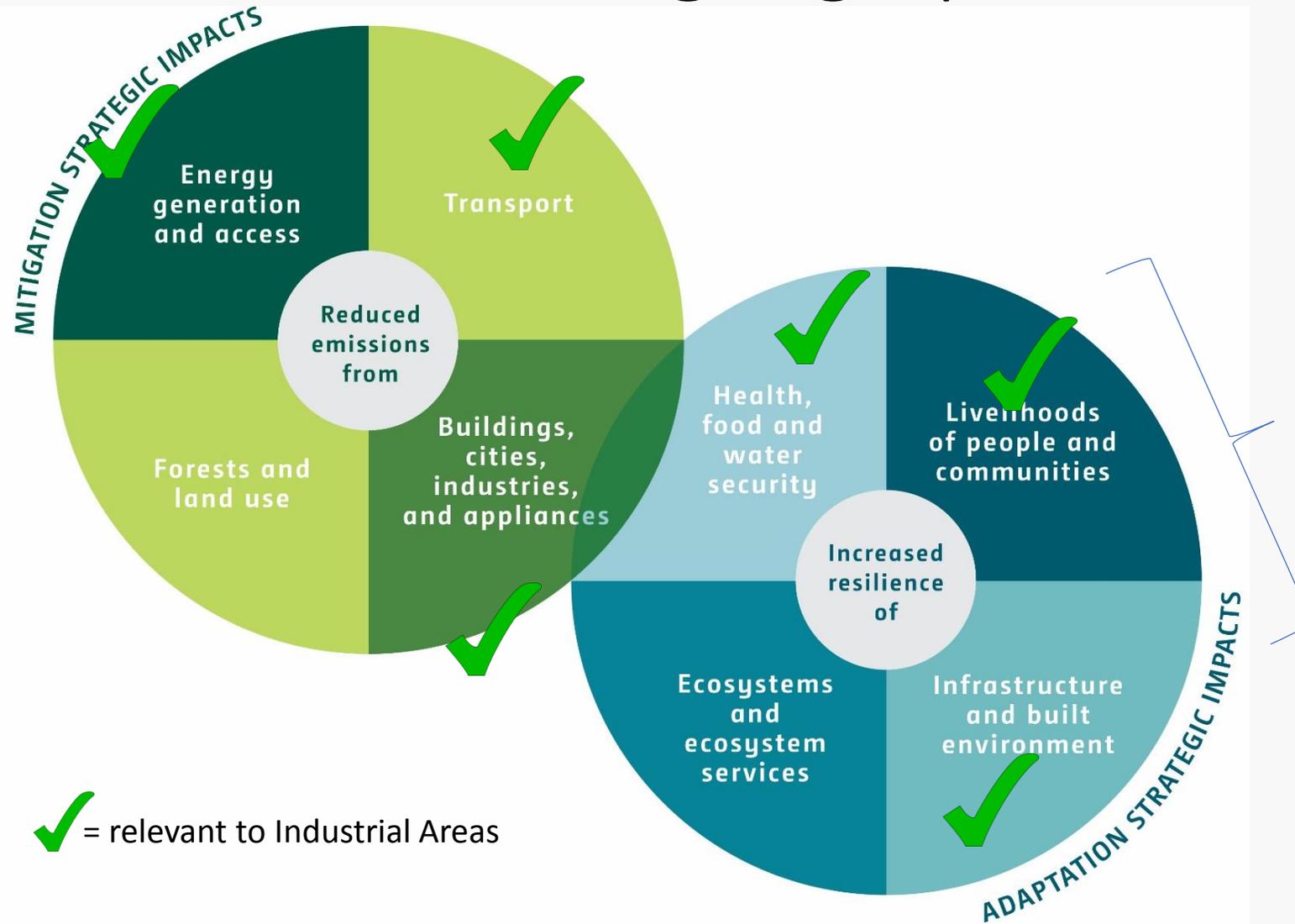


Source: CFU

Fund sizes, based on pledges from donors



The GCF has clear priorities, as well as goals for thematic and geographical balance



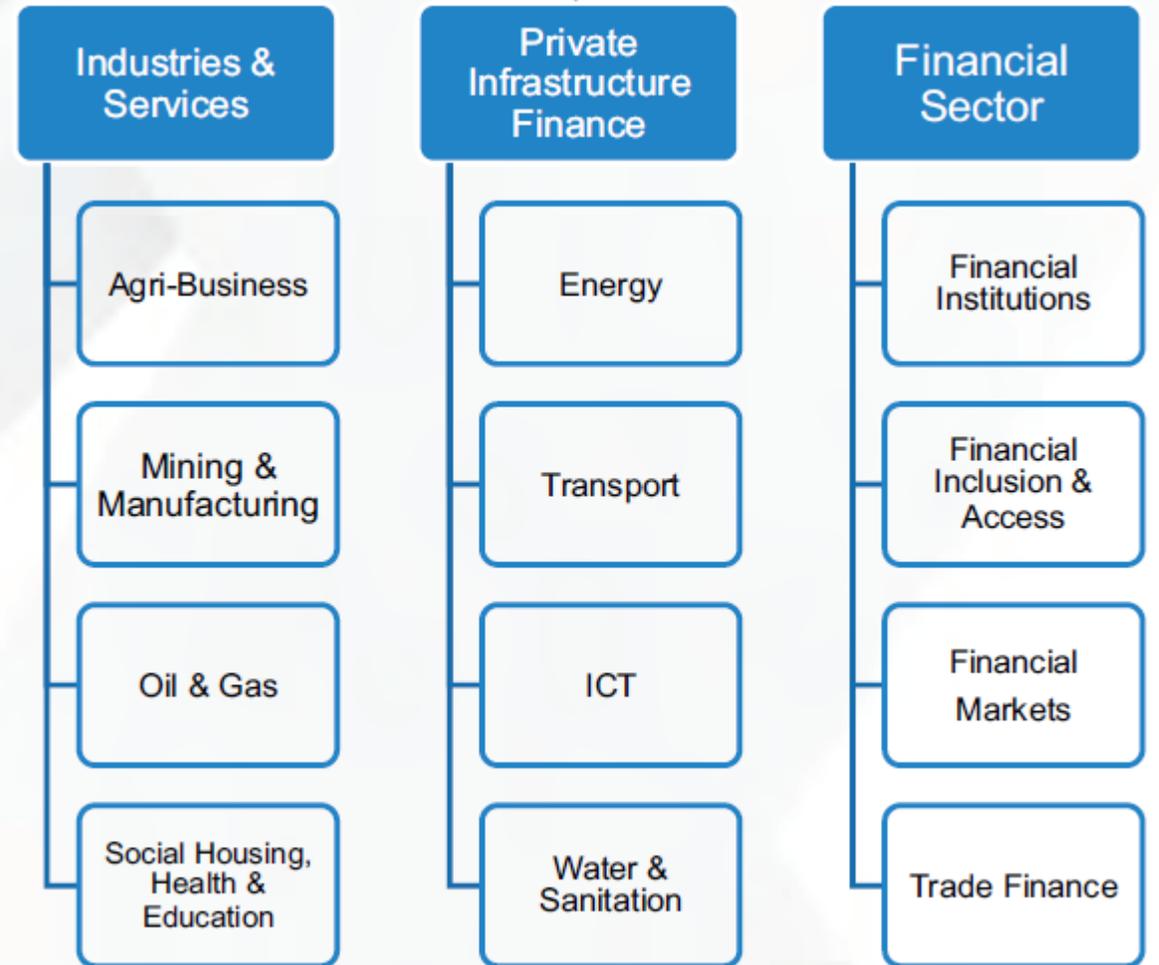
Adaptation = 50%, of which
LDCs, SIDS & Africa = 50%
(25% of total = ~\$2.5bn)

Climate finance and industrial areas

- There is great potential still for IAs
- Africa's challenges include industrialisation
 - 'Adaptation' = resilient infrastructure, supply chains
 - 'Mitigation' = resource efficiency, against business as usual scenario
 - Clearly a lot of overlap in case of industrial areas
- Climate finance can help achieve foundation for successful IAs
 - Energy – clean, secure supply
 - Water & waste – treatment and value recovery
 - Transport and supply chain – resilient supply chain, upstream as well

Private sector is critical to African development and to climate finance globally

- Public sector is still central to international climate finance
- But only with a bigger role for the private sector can climate finance targets be met
- Gobs must create right investment environment (risk/reward)
- AfDB invests in private sector through 3 pillars



Source: Africa Development Bank

Example: Green Morocco Plan → NOOR

- AfDB supported plan with concessional loans for Technical Assistance
- Water efficiency, to reduce consumption while increasing output
- Ain Beni Mathar Solar Thermal Power Station – combining gas and solar. Of €420m cost, GEF grant was 10% and AfDB loan €287m (2010)
- NOOR I, II and III at Ouarzazate (2015). Pure solarthermal. This time, a PPP including \$100m from AfDB's own resources, plus \$100m from Clean Technology Fund.

Conclusions and recommendations

- Industrial areas hold opportunities and are drivers of development.
- Private sector is key component of climate finance picture.
- Climate finance can appear complex and access is an issue.
- Investments that hope to attract climate finance must have the process, timing, SDGs in mind.
- Investment environment is important – stable policy framework
- Consider national climate fund as an important toolbox

Sustainable
Industrial Areas:
Be Part of the
Climate Solution



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