



AFRICAN DEVELOPMENT BANK GROUP

AfDB - getting ready for a post 2020 world

Exploring Transformational Pathways to 1.5C

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Contents

Part 1 – AfDB getting ready for a post 2020 world

- AfDB's Hi 5s
- New Deal on Energy
- Climate Finance Targets

Part 2 – Steps to achieve the 1.5°C goal

- No Silver Bullet
- Social and Environmental integrity in the Paris Agreement
- Alternative options and 10 essential actions

Conclusion



The Hi 5s

- **Light up and Power Africa**
- **Feed Africa**
- **Industrialize Africa**
- **Integrate Africa**
- **Improve the livelihoods for African People**

- These goals are strongly linked to the SDGs
- AfDB is restructuring to create a business delivery model to suit these goals
- They are not specifically aligned to NDCs but we will encourage Governments to utilize technologies which will help to achieve NDCs going forward
- For example, we are about to start advising Governments of the long term emission liabilities that AfDB funded assets will create
- Light up and Power Africa is the priority – New Deal for Energy

Nine Flagship Programs under the New Deal

- Standardized independent power producer (IPP) procurement program
- Renewable Energy Program
- Energy Efficiency Program
- Power utility transformation program
- Early stage project support facility
- Funding catalyst program
- Promoting bottom of the pyramid access
- Mobile payment program
- Access to clean and efficient cooking solutions
- Regional and sub-regional project acceleration program
- Country-wide energy sector turnarounds
- Transformative partnerships on energy for Africa.

Climate Finance

- 2015 Climate finance was in the region of USD1.6 bn
- Our commitment is to scale this up to USD5bn by 2020
- These funds come from a number of sources:
 - ADF – Africa Development Funds
 - ADB – AfDB's own money
 - AfDB managed Trust Funds – SEFA, ACCF, AWF, Clim Dev
 - Multilateral trust funds – GCF, CIF, GEF
 - Bilateral Trust funds – KOAFEC and individual donors
 - Private Sector



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Part 2: Steps to achieve the 1.5°C goal



There is no silver bullet

- The 1.5°C goal will be achieved by systematically implementing low carbon policies and measures across all sectors of the economy
- The Paris Agreement and the NDC process provides a framework for achieving this goal via the establishment of a long term goal and successive 5 yearly NDC with increasing ambition
- Paris Agreement also establishes the responsibility of developed countries to provide financial support to developing countries
- Hence ratification is the first vital step
- Private Sector engagement is critical – which means we must create attractive investment environments
- Next: A note of caution on the use of a market mechanism....

Environmental and Social Integrity under the Paris Agreement

1. a) Allowing trade and transfer of units when targets are voluntary; b) Countries with differing levels of ambition produce units of different value; and c) lack of a compliance mechanism;
2. Baselines – Parties are expected to implement policies and measures to achieve their commitments;
3. Additionality - again Parties are expected to promote new technologies so how long does additionality last?
4. Host country letter of approval was awarded when CERs had no particular value to a host country;
5. EU ETS Registries and International Transaction Logs will be required to cope with different quality of units – these will take time; and
6. Voluntary carbon market and CSR buyers – without an “LoA” these units **WILL** be double counted



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Its not all negative – Domestic carbon pricing

- None of these challenges apply to domestic markets
- Carbon pricing, domestic carbon pricing and taxes are a very powerful instrument
 - Create new wealth for an economy, assets against which finance can be raised
 - A domestic tax can be used to stimulate domestic projects in non-taxed sectors and redistribute wealth
 - There is real value in creating domestic markets and once they have a high level of auctioning, merging with other markets to allow buyers access to each others' auctions



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Creating a market for Adaptation

- The mitigation market instruments (CERs, VERs) could very easily transition into an adaptation benefit unit
- Buyers are currently buying instruments which have no practical compliance value
- And they are paying different prices (i.e. they are ignoring the fact that CERs are a commodity)
- We could create a market instrument for adaptation which builds on these two criteria
- Such a market could do for Adaptation what the CDM did (albeit briefly) for Mitigation

Ten essential actions to help achieve the 1.5°C goal

1. Working to improve the quality of national inventories;
2. Develop and implement GHG emission monitoring and reporting regulations for all point sources;
3. Increase the depth of knowledge of GHG emission reducing policies and measures amongst relevant Ministries, industries and academia;
4. Build and experiment with General Equilibrium Models;
5. Require all new infrastructure projects to submit lifetime estimates of GHG emissions;
6. Build marginal abatement cost curves;
- 7. Review the national education syllabus for children through to graduates;**
8. Support R&D into low emission technologies and business models;
9. Build a shadow price of carbon into all investment decisions; and
10. Move towards the implementation of well-designed emission trading scheme to put a price on releasing GHG emissions

Conclusions

- AfDB is committed to working with African Countries to help them achieve their NDCs whilst at the same time achieving the SDGs and developing as a continent
- AfDB will triple our contributions to climate finance
- There is a risk that the development of international market mechanisms could undermine the social and environmental integrity of the Paris Agreement
- But we have learnt many valuable lessons that can help Governments implement policies and measures to deliver on their NDCs



Thankyou for your attention

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