AFDB CLIMATE ACTION:
Redefining the Transport Infrastructure system in Africa
Africa extreme weather events and pollution threaten vital infrastructure and people’s life

Adaptation needs

Mitigation measures required
Transport Infrastructure and Climate Change

22% of global CO2 related emissions due to the transport sector

3x more car passengers and a doubling of oil demand for transport (2012-40)

90% of urban air pollution in developing countries due to vehicle (UN)

176K deaths per year in Africa are due to outdoor air pollution (WHO)

Movement’s disruptions of people and good with direct impact on eco. productivity and social access

Increase cost of repair, maintenance and more frequent rehabilitation

176K deaths per year in Africa are due to outdoor air pollution (WHO)
African countries are committed to tackle climate change

**NDCs**
2015 Paris Agreement to keep global warming below 1.5°C until 2030

**USD 1.2 trillion**
Cost of committed NDCs of all African countries, by 2030

**Transport**
75% of African NDCs indicated transport as key sector to tackle climate change
Barriers in financing low emission and resilient Transport Infrastructure

- Policies and enabling environments
- Leveraging finance
- Longevity and scale investments
- Uncertainty to climate conditions and potential impacts on design
- Strategic planning and programming
- Financial structuring
- Project preparation and technical design
Addressing the financial and capacity gaps

1. Senior Debt
   - Adapted maturities (up to 20 years)
   - Up to 5 years grace period
   - 5 hard and 11 local currency loans
   - Up to $\frac{1}{3}$ of total project cost

2. Subordinated debt
   - Interest rate premium
   - Reasonable collateral

3. A/B loans & syndication
   - A/B: $\frac{1}{3}$
   - Participation agreement
   - Mitigate country risk with commercial bank partners

4. Guarantees
   - Partial risk guarantee
   - Partial credit guarantee
   - Other risk mitigation products

5. Equity
   - Indirect, through Private Equity funds
   - Direct, maximum of 25%
   - Quasi equity

6. Tech. assistance fund
   - Feasibility studies
   - PPP advisory
   - Structuring support
   - Capacity building
   - Climate change ESIA

7. Affiliated partners
   - Africa 50
   - Africa Finance Corporation
   - International Finance Corporation, etc.
Climate Finance instruments

Multi donor Trust Fund hosted at the bank
Canada African Development Climate fund

External Funds where the Bank is accredited entity

Bank’s Climate funds & key partnerships

Key partnership for readiness to unlock finance
Global Green Growth Institute
AfDB and Climate Finance

AfDB’s Climate Change Policy and new Climate Change Action plan 2021-26

**USD 25 billion**
Investment in climate finance, allocating equally split between adaptation and mitigation

**40% commitment**
Bank’s approval of projects with climate finance

**NDCs**
Aligning Bank-financed investments with the objectives of the NDCs

African Adaptation Acceleration Program launched by Global Center for Adaptation in 2021

**USD 25 billion**
AAAP In partnership with AfDB pledged to double its financing USD 25 billion for adaptation by 2025

**88%**
To date, the 88% of Bank’s projects based on climate informed design

**USD 500 million**
Green Bond issued by AfDB in 2015

**USD 3.6 billion**
In climate finance lent by the AfDB in 2019
The Bank and its climate partner’s role

**Goal:** bridge the financial and advisory gap to develop resilient and low emission transport infrastructure projects

1. Assess climate risk / challenge
2. Strategize, plan, and prioritize for adaptation and/or mitigation
3. Mobilize resources to finance resilience and/or mitigation
4. Build capacity for sustainability
Climate Finance Instruments intervene at various parts of the project cycle

- Financial and non-financial incentives
- Policy Advice

Project Preparation
- Grant for feasibility studies (climate risk assessment and climate rationale development)
- Capacity building
- Transaction support and structuring

Project Finance
- Concessional finance
- Equity
- Commercial debt
- Guarantee
- Syndication

Enabling conditions
Africa Adaptation Acceleration Program (AAAP)

The AAAP is a comprehensive Africa-owned and Africa-led program that aims to mobilize $25bn in adaptation investments across Africa.

**GLOBAL CENTER ON ADAPTATION**

- GCA is the only international organization solely focused on adaptation.
- AfDB President Adesina and GCA CEO Patrick Verkooijen launched the Africa Adaptation Acceleration Program (AAAP) in January 2021.
- AAAP was endorsed by over 30 African Heads of State, the African Union, and Global Leaders.
- AAAP aims to mobilize $25 billion in adaptation investments by 2025.
- The **Africa Infrastructure Resilience Accelerator (AIRA)** is a key pillar of AAAP.

**AAAP INFRASTRUCTURE RESILIENCE ACCELERATOR CORE FOCUS AREAS**

1. Accelerate adaptation for green and resilient cities
2. Financing Nature-Based Solutions
3. Mainstream climate risk in national infrastructure investment portfolios
4. Climate-resilient infrastructure PPPs
**Africa Infrastructure Resilience Accelerator (AIRA)**

**GOAL 2025**
- Mobilize US$ 7 billion in public and private investments for climate resilient infrastructure
- AfDB will mainstream climate risk into at least US$5bn or 80% of new AfDB infrastructure projects by 2025

**CORE FOCUS AREAS**
1. Accelerate adaptation for green and resilient cities
2. Financing Nature-Based Solutions (NBS)
3. Mainstream climate risk in national infrastructure investment portfolios
4. Leveraging investments for climate-resilient infrastructure

**KEY MILESTONES**
- AfDB-GCA resilient cities flagship in **10 cities with $1bn in investments by 2022**
- Integrate NBS into at least **10 investment projects by 2023**
- Investment of **$400m committed** for climate-resilient infrastructure in **4 countries by 2022**
- Mainstream resilience into at least **5 private sector transactions by 2025**

1. ASSESS CLIMATE RISK
2. PLAN RESILIENT INVESTMENTS
3. FINANCE FOR IMPACT
Alliance for Green Infrastructure in Africa (AGIA)

The AGIA is a special initiative that seeks to accelerate Africa’s just and equitable transition to Net-Zero and bridge the continent’s infrastructure gap in a low-carbon and climate resilient manner. AGIA’s core objectives are:

1. Develop a pipeline of bankable projects
2. Catalyze funding for greening Africa’s infrastructure

AGIA is not a new institution or a replica of Africa50, but rather a delivery platform to provide much-needed financing to the infrastructure sector in Africa at speed and at scale.

AGIA will pursue a demand driven approach to invest in climate-resilient infrastructure (both urban and rural) across several sectors, including:

- Energy
- Transport
- Water and sanitation
- Health infrastructure
- Broadband infrastructure

Target sectors will be regularly reviewed considering the needs of African countries as they transition to Net-Zero in a just and equitable manner.
To achieve its objectives, AGIA will be implemented through two pillars. **Pillar 1 - Project Preparation and Development**, aims to raise up to **$500 million** to transform projects from concept to bankable propositions, with a view to generating a robust pipeline of green infrastructure projects which may ultimately be funded by AGIA members and public/private institutional investors.

**Project Preparation (PP)**
- Raise up to **$100m** in project preparation funds
- To be led by AfDB, with support of Africa50 and other AGIA partners
- Support to prepare eligible projects subject to stage of development in upstream and downstream preparatory activities that pave the way for project development and project financing.
- Type of structure/ instruments used to be determined

**Project Development (PD)**
- Raise up to **$400m** in project development funds to fund projects that support AGIA’s objectives
- To be managed by Africa50
- Invests in projects for both financial return and development impact
- Structure and return profile of vehicle under development, with investor information memorandum and financial model to be ready by COP27
Pillar 2: Investment and Financing window

Pillar 2 will aim to mobilize up to $10 billion in infrastructure financing such as **equity, lending, and risk mitigation instruments**, including but not limited to Partial Risk Guarantees, Partial Credit Guarantees, and concessional/blended finance schemes to enable the large-scale financing for projects supported under Pillar 1. Expected mobilization of funds under Pillar 2 will come from a combination of:

i. **AGIA members** (founding and later entrants) with **preferred position, including first rights** to participate in resulting debt financing, equity investments, blended financing and de-risking tools;

ii. **non-AGIA institutions** including DFIs, commercial FIs, foundations, public and private institutional investors;

iii. **project sponsors**; and

iv. **MDBs sovereign operations and G-20 bilateral donors**

- To be technically managed by the AfDB, leveraging on its portfolio of **SO and NSO private infrastructure operations** across the continent, as well as the knowledge, skills and relationships of its experts and regional leaders.

- Subject to further discussions with partners, the investment and financing arm of AGIA will also raise **an investment/financing pool to purchase non-green assets with little potential for greening to develop and finance replacement green assets**.

- Type of structure/instruments used to be determined.
The UMDF is a multi-donor fund hosted by AfDB to improve resilience and better manage urban growth by providing municipalities and urban entities with tailored technical assistance such as urban planning and project preparation.

**Productivity**
- Analysis and advice on the design of integrated urban plans and/or sector strategies.
- Capacity development and assistance to attract investment into economic infrastructure.
- Activating AfDB’s catalytic role to leverage international and national investments and resources for urban development.

**Livability**
- Integrated urban development plans, inclusive urban design, gender-sensitive spatial planning and participatory decision-making.
- Project preparation for essential infrastructure, water, electricity, public transport, waste.
- Urban regeneration, public space improvements.

**Sustainability**
- Facilitating learning between cities on climate action and improving resilience.
- Supporting climate-proofing investments, developing projects and programs that reduce GHG emissions or build resilience.
- Assisting cities in accessing green financing mechanisms or mobilizing climate finance.

**Good Governance**
- Partnering with governments at a national and sub-national level to support fiscal reforms.
- Technical assistance to strengthen systems of revenue collection, expenditure administration as well as building creditworthiness.
- Preparing cities to access financing from AfDB and other sources.
- Build institutions or PPPs for infrastructure investments.
• High impact program in 30-40 reform & investment focused cities across Africa
• 2-year engagement process
Where we are working

- Morocco/ Marrakech BRT System Project’s Preparation
- Tunis Waste Management Project’s Preparation
- Bizerte Smart city Project’s financing
- Cameroun National Urban Development Program
- Kenya Urban Data platform for secondary centres project’s preparation
# Green Mobility Facility for Africa

<table>
<thead>
<tr>
<th>Project location</th>
<th>Kenya, Morocco, Nigeria, Rwanda, Senegal, Sierra Leone, South Africa</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Low Emission Objective</strong></td>
<td>Promote Green Mobility for Public Transport in urban areas in Africa. Technologies: Electric Vehicles (Bus Rapid Transit &amp; E-Motorbikes) and Aerial cable car transit systems projects in 7 countries. Resulting into the improvement of urban transit in Africa by <strong>decarbonizing the sector and creating an enabling environment to scale up green mobility</strong> through replicability in other parts of Africa.</td>
</tr>
</tbody>
</table>
| **Value of the Project** | • Total facility cost: USD 900 million  
• GCF: USD 300 million  
• SEPA, FAPA, AfDB: USD 300 million  
• Other lenders JICA, AFC interested  
• CTF, SEFA and other lenders interested |
| **Climate mitigation measures** | • Green job creation  
• **Support the continent in shift in the use of low emission sustainable transport.**  
• **Greenhouse gas emission reductions** Total reduction of 2,175,000 tCO2 eq. over the lifetime of the infrastructure (20 years)  
• **Reduced air & noise pollution, travel efficiency and improved passengers’ well-being.** |
| **Status** | • Under Preparation: Project Concept Note  
• GCF Funding Proposal  
• Planned Board Approval – Q1 2023. |
**Banjul PORT 4th Expansion Project**

<table>
<thead>
<tr>
<th>Project location</th>
<th>The Gambia</th>
</tr>
</thead>
</table>
| **Adaptation Resilience Objective** | - Addressing climate hazards in the expansion of the Banjul Port to enhance resilience and improve capacity of the assets and support services  
- Aligning the project with the New Port Master Plan (2019-2038) and the great Banjul area, adopting an integrated approach to urban regeneration  
- Regenerating and preserving mangroves in the Tanbi Wetland Complex as an important coastal defense. |

<table>
<thead>
<tr>
<th>Value of the Project</th>
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</thead>
</table>
| - Total project cost: USD 114.6 million  
- AFDB: USD 21.75 million | USD 5 million for climate adaptation measures  
- EIB: USD 60 million sovereign concessional  
- EU: grant up to USD 13 million for climate adaptation measures |

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<thead>
<tr>
<th>Climate adaptation contribution measures</th>
</tr>
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</table>
| - Develop a climate risk assessment to identify climate hazards and impacts to the asset, people and services in the Banjul Port  
- Prioritize adaptation and resilience options, with focus on Nature-Based Solutions (NBS), |

<table>
<thead>
<tr>
<th>Status</th>
</tr>
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</table>
| - Under Preparation: Project Concept Note  
- Planned Board Approval – Q3 2022. |
### Lagos Cable Car Transit

**Project location** | **Nigeria**
---|---

**Low Emission Objective**
- The project goal is to develop, construct and operate the first phase called the Green Line of the Lagos Cable Car Transit (LCCT) project, an aerial cable car public transport system.
- The project will also support the transport sector transformation in Nigeria in having a plan to implement the **green mobility strategy** and develop an **affordable pricing** policy that can be replicated on the continent.

**Value of the Project**
- Total project cost: USD 300 million
- GCF: USD 26 million
- CTF: USD 20 million
- AfDB: USD 30 million
- Other lenders JICA, AFC interested

**Climate adaptation contribution measures**
- Nigeria – second largest GHG emitter on the continent.
- **Support the megacity in shift in the use of low emission sustainable mass transport.** Otherwise, the residents of the city will continue using informal polluted system of transport with unhealthy combustion of engines that will be in the long run more expensive and less efficient.
- **Greenhouse gas emission reductions** for the project are expected to equal 24,059.07 tCO2 eq. per year.
- **Reduced air & noise pollution, travel efficiency and improved passengers’ well-being.**

**Status**
- Under Preparation: **being considered under the GMFA**
### Project location | South Africa
--- | ---
**Low Emission Objective** | The USD 1bn programme for the financing of 6,700 SMEs in SA's commuter transit segment through a more efficient SA Taxi, a vertically integrated company providing finance, insurance, dealership. Fully aligned with [National Green Transport Strategy](#).

#### Value of the Project
- Total project cost: USD 1 billion
- AfDB: USD 107 million long term loan
- Other lenders interested

#### Climate contribution
- Energy efficient taxis
- Tracking of Drivers and Incentive systems to reward drivers
- The project will **help reduce CO2 emissions in SA taxi industry by 2.7%**.

**Status** | Under Implementation
## Electromobility Angola

<table>
<thead>
<tr>
<th>Project location</th>
<th>Angola</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Objective</strong></td>
<td>Electric Mobility Market report recommends to operationalisation of current existing pilot projects of e-motorbikes, cars and e-buses with battery swapping as charging technology</td>
</tr>
<tr>
<td><strong>Value of the Project</strong></td>
<td>Cost has not yet been determined</td>
</tr>
<tr>
<td><strong>Climate contribution</strong></td>
<td>• Green job creation</td>
</tr>
<tr>
<td></td>
<td>• <strong>Support the continent in shift in the use of low emission sustainable transport.</strong></td>
</tr>
<tr>
<td></td>
<td>• <strong>Greenhouse gas emission reductions</strong> Total reduction of 2,175,000 tCO2 eq. over the lifetime of the infrastructure (20 years)</td>
</tr>
<tr>
<td></td>
<td>• <strong>Reduced air &amp; noise pollution, travel efficiency and improved passengers’ well-being.</strong></td>
</tr>
<tr>
<td><strong>Status</strong></td>
<td>Study Under Preparation</td>
</tr>
<tr>
<td>Project location</td>
<td>Ghana</td>
</tr>
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<td>------------------</td>
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</tbody>
</table>
| **Low Emission Objective** | • FEC is a subnational development finance institution owned by the Kingdom of Morocco. Its mandate is to finance various local gov. infrastructure projects. It also aims to provide tech. assistance to help local governments identify, plan, and implement their projects as well as to adequately measure the dev. impact.  
• FEC aims to finance public as well as commercially viable infra. projects and will cover diverse needs such as urban dev., urban mobility, rural electrification and sanitation. |
| **Value of the GIIF** | Established in 2015 with initial seed capital of USD250m, fully paid-in. Follow-up capital injections from petroleum revenues amounting to USD76m over 2015-2017. |
| **Climate contribution** | • Support the pipeline of resilient and low-emission transport infrastructure projects in the national vehicle funds.  
• Contribute to channel Climate Finance Instruments in the fund |
| **Status** | Under implementation |
**Fonds d’Equipement Communal (FEC)**
(Community Infrastructure Fund)

<table>
<thead>
<tr>
<th><strong>Project location</strong></th>
<th><strong>Morocco</strong></th>
</tr>
</thead>
</table>

**Objective**
- Mobilize, manage, coordinate and provide financial resources for investments in a diversified portfolio of infrastructure assets and projects thus contributing to Ghana’s infra. development and overall economic development objectives.
- Flexible in instruments: equity, quasi-equity, mezzanine, debt, guarantees, refinancing,…
- Over USD 200m approved for 8 projects already

**Value of the Project**
The AfDB provided a long tenor EUR 100 million loan under the new sub national financing policy of the AfDB. AfDB catalysed financing from several other entities.

**Climate contribution**
- Support the pipeline of resilient and low-emission transport infrastructure projects in the national vehicle funds.
- Contribute to channel Climate Finance Instruments in the fund

**Status**
Under implementation
# FONERWA: Rwanda Green Fund

<table>
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<tr>
<th>Project location</th>
<th>Rwanda</th>
</tr>
</thead>
</table>
| **Objective**    | - FONERWA is a cross-sectoral financing vehicle (fund) through which env. and climate change finance is channelled, programmed, disbursed and monitored.  
- The Fund – a ground breaking initiative and the biggest of its kind in Africa – was officially launched in Oct/14.  
- FONERWA is an instrument to facilitate direct access to international environment and climate finance, as well as to streamline and rationalise external aid and domestic finance, e.g. GCF. |
| **Capitalization (as of 2016)** | - Gov of Rwanda: USD 4m  
- DFID: USD 37.4m  
- KfW: USD 8.9m  
- UNDP: USD 5m |
| **Climate contribution** | - 30 projects have been approved.  
- Over 4,400 ha of land, protected against soil erosion  
- Over 3,000 ha of watersheds and ‘water bodies’ protected  
- Over 2,400 households with improved access to off-grid clean energy |
| **Status**        | Under implementation |

**Status:**  
- 7 calls completed  
- A call for proposal scheduled every 6 months  
- Project/programme proposal screening
Key transport sub-sectors, Climate Measure Type matrix

Airlines  Mobility  Green Cities  Airports  Financing vehicles  Ports  Roads & Bridges

Mitigation  Adaptation
Enquiries to

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