

CALL TO ACTION ON THE ROAD TO SHARM EL SHEIKH

By 2030, African nations need to invest \$3 trillion to tackle their NDC climate change priorities.

International and national sources of public and private climate finance need to be mobilised, at scale, and fast.

Announced at COP26, the Africa Green Finance Coalition (AGFC) is a new initiative designed to fast-track political will and efforts for African economies to mobilise and invest larger volumes of green investment.

Aiming for a formal launch at COP27 in Egypt, the AGFC Steering Committee is calling on African governments to endorse and join AGFC to design future-proof climate finance policies, incentives, institutions and investment portfolios.



Developed countries have failed to provide the committed \$100 billion a year in climate finance and the international climate finance architecture is not yet rising to the challenge of private finance mobilisation. African governments are largely left behind in benefitting from finance initiatives launched at international and multilateral fora, including at COP26.

The high (perceived) risks from domestic and international investors, and the resulting high cost of capital offered for green investments, result in low volumes of private climate finance in Africa. Despite Africa's acute climate vulnerability, just \$19 billion (i.e., 3%) of the total \$580 billion global climate finance finds its way to the continent.

This stresses the need for strategic collaborations between African Ministries to strengthen green finance institutions, improve the enabling environment, design cross-country investment portfolios, and maximise efficiencies and economies of scale in securing climate finance for adaptation, mitigation and nature.

Context

African leaders are committed to deeply transforming the way institutional, policy, regulatory and fiscal design is done from replicating international examples to curating home-grown innovative regulations and policies.

In this journey they face inter-connected challenges, including:

- **The high and ever-growing cost of climate change to African economies, communities, and nature.**
- **The disparity between critical-sector investment needs and existing investment levels.**
- **The priority for African governments to act on international public and private climate investment flows.**

In support of African Governments' leadership in addressing those challenges, the AGFC platform bolsters partnerships. Members will collaborate to harness the opportunities linked to achieving the Paris agreement, other SDGs and AU Agenda 2063 for Africa's greater and greener future, AGFC.

The AGFC accelerates the **strengthening of institutional capacity** needed for African economies to secure large investments in low-carbon, climate-resilient and just transitions in strategic sectors such as energy, transport, logistics, agriculture, forestry, housing, waste, low-carbon mining and manufacturing.

“ THE AGFC WILL FACILITATE INVESTMENT ACROSS COUNTRIES AND STRATEGIC SECTORS AND AIM TO BRIDGE THE AFRICAN \$2.3 TRILLION INVESTMENT GAP.”

Ayaan Zainab Adam, CEO of Africa Capital Partners

AGFC's mission



“To bring together African countries to pool resources, share learning, and create a pathway for increased domestic and international flows of green investment capital in the continent”.

AGFC's vision



The continent is seeing momentum and leadership in climate change and green finance initiatives, alliances and forums.

The AGFC will act as a **convener** of mission-aligned initiatives political acumen to shift the tide. The AGFC will amplify individual actions and catalyse collective impact.

AGFC's value proposition

By creating a **peer learning community and mobilising technical assistance**, the Africa Green Finance Coalition will fast-track enabling environment transformation.

In recognition of the fact that African nations are highly dependent on one another in terms of climate change, the AGFC has established a **peer review mechanism** that enables members to benchmark their progress in relation to jointly agreed objectives. This will provide the AGFC with the credibility it needs to influence negotiations and advocate for Africa to obtain its fair share of green finance.

To **foster synergies**, AGFC will secure **strategic partnerships** with pan-African initiatives tackling the climate emergency such as the African Union, African Group of Negotiators, UN High Level Champions, UN Economic Commission for Africa, African Financial Alliance on Climate Change, the Africa Adaptation Acceleration Program, NDC Partnership, or the Commonwealth Climate Finance Access Hub.

AGFC will facilitate **productive dialogue** with relevant African and global finance providers to **match** investment opportunities and capital flows.

AGFC's principles

The proposed collective action principles of AGFC emerged from deep stakeholder consultation among African policy makers, climate negotiators, investors and regulators.

PRINCIPLE 1

AGFC is a member-led, inclusive, lean and agile network of members.

PRINCIPLE 2

Members are committed to harnessing the benefits of peer learning and review practices and to be held to account on their commitments to joint policy.

PRINCIPLE 3

AGFC is an impact and objective driven alliance showcasing multi-country investment opportunities.

PRINCIPLE 4

AGFC is fit-for-purpose, recognising that context and national distinctions are key to successful institutions and policies.

PRINCIPLE 5

AGFC peer learning promotes key change and success factors in specific member context, beyond generic good practices.



AGFC's proposed governance



Following in-depth consultation and engagement of prospective AGFC members in 15 African countries in 2021, the AGFC Secretariat designed a tentative governance structure endorsed by the Green Climate Fund – National Designated Authority Network:

Africa Green Finance Coalition

High-Level Chairs

Anglo and Franco-phone chairs to ensure African representation. Presidents, finance ministers or a SG/PS to rotate every **two years** between African countries.

High-Level Steering Committee

Led by the high-level chair, the steering committee would assemble peers from finance ministries of all the participating countries. Responsible for overseeing the workstreams and act as the **ultimate decision-making body**.

CORE
FUNCTIONS

CAPITAL
MOBILISATION

PEER
LEARNING

PEER
REVIEW

TECHNICAL
ASSISTANCE

Independent Secretariat

An **independently staffed secretariat**, including experts specialised in green finance, to conduct reviews and evaluations on behalf of the country representatives, but with the potential for funded secondments and so on.

Officials
Working
Groups



Led by a working-level official from the country in the rotating leadership. The Working Group would have **representatives from all participating countries** that have decision-making authority at their home country. The Working Group would have thematic workstreams based around the agreed priorities.

AGFC's membership

Membership is voluntary and opened to all African Governments. Membership will extend to national institutions with the political acumen and mandate to attract, absorb and invest green finance at national level. Formal members enrolment process will start after AGFC's launch at COP27.

Once Governments become AGFC members, in-country organisations active in climate and green finance, including civil society organisation and businesses, will be invited to contribute to AGFC's activities.

AGFC's services

Similarly to the Governance, AGFC's Secretariat is designing AGFC's core services and thematic priorities. They will include:



Thematic priorities of AGFC

The AGFC aims to build the required policy, regulatory, fiscal and institutional landscape for African economies to attract low-carbon and climate-resilient investments in strategic sectors, at scale.

Priorities emerging from ongoing consultation include:

- **Institutional and legal frameworks:** green banks, adaptation funds, national climate funds, mechanisms for cross sectorial investment, pro-nature constitutional acts, just energy transition and appropriate corresponding legal acts.
- **Policy development:** green finance, ESG, fiscal, market and development policies, regulations and standards.
- **Instrument design:** green or resilience bonds, carbon trading platforms, carbon taxes, African green taxonomy, investor guides, use of blending of finance mechanisms, and subsidies.