

# CLIMATE FINANCE: BALANCING DEVELOPMENT AND CLIMATE CHANGE



# BOAD



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## CLIMATE FINANCE AT BOAD

The United Nations Framework Convention on Climate Change provides under its Article 4.3 that *“The developed country Parties and other developed Parties included in Annex II shall provide new and additional financial resources to meet the agreed full costs incurred by 14 developing country Parties in complying with their obligations under Article 12, paragraph 1. They shall also provide such financial resources, including for the transfer of technology, needed by the developing country Parties to meet the agreed full incremental costs of implementing measures that are covered by paragraph 1 of this Article and that are agreed between a developing country Party and the international entity or entities referred to in Article 11, in accordance with that Article. The implementation of these commitments shall take into account the need for adequacy and predictability in the flow of funds and the importance of appropriate burden sharing among the developed country Parties”*. Such is the founding principle of climate finance.

Climate change control has become a key requirement for Africa’s economic and social development, including West African countries which are peculiarly vulnerable, because their economies are based on the exploitation of domestic natural resources. As such, they are heavily prone to climate conditions. Responses from WAEMU countries, mostly part of the least developed countries (LDCs) group facing these environmental and climate challenges, are still limited for various reasons, including governance of environmental and climate issues and financing.

To address this sustainable development issue, there is need to develop and implement both national and regional strategies for mitigating and adapting to climate change.

Recognizing that this situation may seriously jeopardize investment in developing member countries of the Union, BOAD committed itself, as part of its 2015-2019 vision, to become “a solid development bank for the economic integration and transformation in West Africa”. This involves improving environmental management and maintaining its policy for appropriate resource mobilization to support environmental and climate change control projects. To that end, BOAD has adopted an environmental and climate strategy (for 2015-2019) and intends to work for “natural resources managed for the benefit of clean development and resilient to the adverse effects of climate change in the member countries”.



In this regard, BOAD has become an implementing entity for dedicated financial mechanisms through accreditations to the Adaptation Fund (in 2011 and 2016), the Global Environment Facility (GEF) in 2015 and the Green Climate Fund in 2016. BOAD was able to conduct an analysis of major environmental and climate issues, to mainstream future paradigms for sustainable development, but also transformational issues facing WAEMU member countries, both on mitigating and adapting to climate change.

Therefore, BOAD can better meet the sub-region's priority needs in the following areas:

- Energy, including renewable energies and power efficiency;
- Agriculture, with the promotion of crop varieties capable of adapting to climate disruption whilst protecting the populations and ecosystems from biotechnological hazards;
- Sustainable land, water and forest ecosystem management;
- Industry through improved processes;
- Urban development through: (i) improved transport-related policies and programs; (ii) better planning of urban services based on a flood and drainage risk mapping;
- Coastal development through coastal zone management based on adaptation to rising sea level and sustainable fishery;
- Support to reduced disaster risks through: (i) increased planning, early warning and response to natural disasters, (ii) improved access to climate-related data, and (iii) integrated climate variability and risk management in national and community investment programmes;
- Improved sanitation and sustainable waste management.

Halfway through the implementation of its environmental and climate strategy, BOAD has developed, as part of operationalizing its various accreditations, a pipeline of projects for mobilizing in favor of WAEMU member countries:

- **US\$43.81 million from the Adaptation Fund;**
- **US\$23.6 million for GEF 6;**
- **US\$255.8 million from the Green Climate Fund.**



In the area of climate change, the key legal instruments adopted by the international community are as follows:

**The United Nations Framework Convention on Climate Change** : the UNFCCC was adopted by the Earth Summit held in Rio de Janeiro in 1992. It became effective on 21 March, 1994. Ratified by 193 countries, including the eight member countries of the WAEMU, it recognizes the existence of climate change of human origin and imposes on developed countries Parties to the Convention, as provided under its Article 3.-1, to be in the vanguard of controlling climate changes and their adverse effects. The UNFCCC sets under its Article 2, an ultimate objective, namely: "the stabilization of greenhouse gas effect (GHG) concentrations in the atmosphere at a level that prevents any dangerous anthropogenic disturbance of the climatic system", and this, by accepting "to reach this level within an adequate period of time so that ecosystems can naturally adapt to climate changes, that food production is not threatened and that economic development can continue in a sustainable manner".



**The Kyoto Protocol and the quantified commitments of greenhouse gas limitation** : tthe Kyoto Protocol adopted at the 3rd Conference of the Parties to the UNFCCC in 1997, set quantified commit-



ments of greenhouse gas emission limitation for countries listed in Appendix 1 to the Convention (industrialized countries in general). Also, Article 3-1 of the Protocol states that “the Parties mentioned in Appendix 1 shall individually or collectively do in a such way that their aggregate anthropogenic emissions of greenhouse gas, expressed in equivalent carbon dioxide, indicated in appendix A, do not exceed the quantities which are allotted to them, calculated according to their quantified commitments in terms of limitation and reduction of emissions indicated in Appendix B and in accordance with the provisions of the said Article 3, with a view to reducing the total volume of emissions of these gases by at least 5% compared to the level of 1990 during the commitment period spanning from 2008 to 2012”.

**More recently, the Paris Agreement adopted during the COP21 in December 2015** aims at “holding the increase in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit temperature increase to 1.5°C above pre-industrial levels” (Article 2).

As such, all signatory countries to the Agreement are bound to prepare, communicate and update nationally determined contributions that they intend to fulfill. Parties shall take mitigation measures at domestic level, with the aim of achieving the objectives of such contributions (Article 3).