

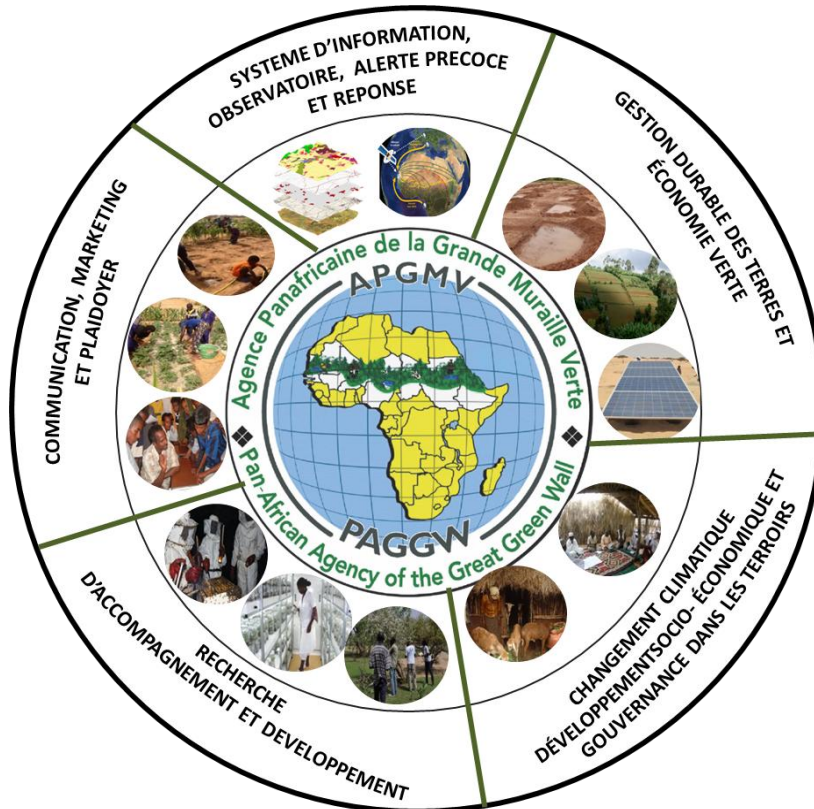


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PAN-AFRICAN AGENCY OF THE GREAT GREEN WALL

الوكالة الإفريقية للسور الأخضر الكبير

Implementation of the Great Green Wall Initiative



INNOVATIVE MECHANISMS, INSTRUMENTS AND TOOLS FOR RESOURCE MOBILIZATION:

CLIMATE CHANGE ADAPTATION AND RESILIENCE AND LOCAL ECONOMIC DEVELOPMENT FUND

(FARCDEL)

Guidance Note

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1 INTRODUCTION

In accordance with Article 7 of the Convention establishing the Agency, its financial resources shall derive from statutory and voluntary contributions from Member States, financial support from technical and financial partners, donations, legacies, grants, from natural or legal persons and any other resources regulated by authorized statutory bodies. As part of the Strategy for the mobilization of necessary financial resources to ensure a faster Implementation of the Great Green Wall Initiative, the Agency's strategic framework, adopted by Regulation N°2018/007/CM/PAGGW/NKTT of June,30, 2018 targets several sources of funding.

These include the domestic resources of States and Local Authorities, the local private sector and external resources of bilateral and multilateral cooperation and foreign investment from the international private sector. In addition to these conventional sources, other new sources are identified to mobilize further resources from the use of innovative and relevant financial instruments and mechanisms developed by the Pan-African Agency of the Great Green Wall, including the Climate Adaptation and Resilience and Local Economic Development Fund (FARDEL), to better seize opportunities for bilateral and multilateral funding, particularly the Climate and Development Support Funds.

The analysis of the implementation status of the international commitments of the 2015 Paris Agreement on Climate Change in terms of adaptation and resilience through Nationally Determined Contributions (NDCs) and Sustainable Development Goals (SDGs), to which African States have committed, clearly shows challenges in their development and implementation.

These challenges relate mainly to the availability of the required funding, expected particularly from the international community. Therefore, to strengthen and increase the Agency's required support to Member States in the process of adaptation, resilience and local economic development in local communities, the Climate Change Adaptation and Resilience and Local Economic Development Fund (FARCDEL) was created.

1.1 Objectives and expected results

1.1.1 Objectives

FARCDEL is one of the financial instruments and mechanisms that the Pan-African Agency for the Great Green Wall, the technical body of the GW Initiative, has developed to ensure a faster mobilization of resources for the implementation of the Great Green Wall.

The global objective is to provide the Great Green Wall Initiative with an operational African financial instrument intended for the fight against vulnerability to climatic and ecological hazards and to resilient development with strong green growth, more accessible and flexible to Member States and their divisions and possibly to other African States, within the framework of regional cooperation.

Specifically, FARCDEL intends to:

- Encourage and ensure better transparency, perfect visibility, and harmonization of interventions by serving as a "one-stop shop" for funds intended for the implementation of the Great Green Wall Initiative mobilized from various sources.
- Guarantee to Member States, the availability of essential resources for the implementation of their priority projects and programs and regional structuring programs in the climate change, land degradation and economic and social development areas.
- Strengthen and enhance actions to support Member States in the implementation of their international commitments in this area.

- Cover the costs of subsidies and basic feasibility studies for projects and programs as well as institutional support for bringing management instruments up to standard, strengthening the technical skills of States and their decentralised structures in climate management and local economic development.
- Train and support local grassroots communities, civil society organizations and local authorities in the development and promotion of projects eligible under the Fund's social purpose.

1.2 Expected results and impacts

FARCDEL shall be created, structured and functional as early as possible upon adoption of this guidance note by the Council of Ministers. The financial resources of the Ten-Year Priority Investment Plan (PIPD) 2021-2030 intended for climate action and resilient economic development and security components are mobilized and made available to States for the financing of national projects and programs eligible for FARCDEL,

Programs and projects for strengthening technical and logistical capacities in the management and reduction of vulnerability to climate hazards in development and economic infrastructure projects of States are financed and implemented throughout the Member States.

2 CREATION, ANCHORING AND STRUCTURING OF THE FUND

2.1 Creation of the Fund

FARCDEL is a regional multi-donor trust fund, intended for the Great Green Wall initiative. It has been created by the Member States of the Great Green Wall Initiative to mobilize and preserve significant financial resources made available by various state or private institutional sources to address vulnerability to climate hazards and resilient economic development in the terroirs of the GGW states, which are among the most exposed to climate impacts. It must strive to achieve the above-mentioned objectives equitably. The governance, operational, administrative, resource mobilization, asset management and Reporting, Monitoring and Evaluation (RME) standards and corporate documents shall comply with the relevant standards.

2.2 Institutional Anchorage

As part of the institutional anchorage, one of the possible and highly effective options is to embed FARCDEL at least for the first five (05) years within the African Development Bank. Indeed, the Bank Group, which has developed its Climate Risk Management and Adaptation Strategy (CRMA), has been one of the most active Pan-African institutions in helping the African continent address climate change through various initiatives in 2009.

The strategy states that the AfDB should "assist Regional Member Countries to access financing for climate change activities from multilateral and bilateral sources. In this sense, it is perfectly feasible to examine with the AfDB authorities, the opportunity to implement within the AfDB, the FARCDEL in the form of a financial facility specifically designed to finance the activities of the GGWI.

This option has the dual benefit of ensuring rapid capitalization and start-up, but also reassures contributors to the Fund through the AfDB's excellent international reputation and professionalism (AAA rating). It should also be noted that the AfDB has already demonstrated its willingness and commitment to support the implementation of the GGW Initiative, particularly through its Renewable Energy Program "Desert to Power, Transforming the Desert into Energy". The project covers the 11 countries of the Great Green Wall Corridor and announced a global investment of about USD 12 billion in renewable energy over the period 2016-2020. Under this alternative, the special legal

agreement between the Fund and donors that sets out the Fund's procedures and standards will adhere to AfDB principles and rules.

In the absence of an institutional anchorage of FARCDEL within the AfDB, it could be achieved within the GGW Carbon Bank and governance would be based on an independent Board of Directors (BoD), chaired by a high-ranking official appointed by the Conference of Heads of State and Government of the Agency, a Fund Manager supported by a Technical and Management Committee (TMC). The composition, attributions and functioning of the BoD will be defined in the corporate and asset management documents in accordance with the standard norms in this area.

3 FUND OPERATIONAL STRUCTURING AND FUNCTIONING

3.1 Operational Structuring

The implementation of FARCDEL, like most of the Trust Funds, such as the Global Environment Facility (GEF), is carried out in strict compliance with the following principles and standards: guiding principles, mobilization, thematic funding windows (TFW) and allocation windows, conditions of tracking and equal access, and conditions of sustainability.

3.1.1 FARCDEL Basic Principles

At least the five (5) key principles shall be used in FARCDEL's fund mobilization strategy and asset management:

- i. Principle of participation and inclusion.
- ii. Principle of "quick impact".
- iii. Principle of sustainability.
- iv. Principle of coordination and partnership.
- v. Principle of governance.

3.1.2 FARCDEL Resources Mobilization Strategy

Therefore, trust funds represent the core of the resources available to the banks to support reform programs within countries and major programs on global themes such as the GGWI's Priority Key Action Programs (PPAPs).

FARCDEL's constituent funds target:

- i. Multilateral international funding sources (GEF, World Bank, Climate Fund, Sahel Alliances, European Union and bilateral (USAID, Netherlands, Norway, Germany, France, China, Turkey), international NGOs (WWF, IUCN etc...), Foundations (Bill and Melinda Gates, Ford etc...), other Sovereign Wealth Funds and the private sector,
- ii. Domestic sources of funding from budgetary resources, payments for ecosystem services (PES) and other state ecological and climate taxes and charges,
- iii. From GGW Carbon Bank own resources, the local private sector, foundations of natural and legal persons.

FARCDEL resource mobilization strategy is based on the following standard mobilization norms:

- i. Resource mobilization standard 1: have strategies for diversifying and multiplying their sources of funding in the short and long term, so as not to depend on a single funding source or mechanism.
- ii. Resource mobilization standard 2: Develop resource mobilization strategies or plans to raise long-term capital as well as shorter-term funding for specific programs or projects.

iii. Resource mobilization standard 3: Have screening policies in place to determine what donor contributions and conditions are permissible to them.

iv. Resource mobilization standard 4: Analyze and research opportunities to use funds from certain donors or government sources to leverage other donors.

v. Resource mobilization standard 5: FARCDEL is able to demonstrate to potential donors the role of the Pan-African Agency in providing long-term financial support to national GGW systems and/or national environmental action plans and programs Resources and operational structuring of the Fund.

3.1.3 FARDEL Allocation Strategy

The major strategic markers and indicators of emergencies in the Sahelian terroirs on the 2030 Agenda, integrates restoration actions, enhancement and governance of natural capital, community development, creation and strengthening of basic socio-economic services (health, education, water, energy, etc.), scientific and logistical capacity building in climate risk management and security through socio-economic development of local communities.

Therefore, the creation of FARCDEL is justified by the need to intervene on the 2030 Agenda, on climate resilience emergencies (climate risk management, mitigation, adaptation and resilience, development of resilient infrastructures and protection of biodiversity), ecological (Sustainable Land Management, development of resilient and low-carbon agro-pastoral production systems, Intelligent Agriculture from a green economy perspective and the Sustainable Development Goals (SDGs), protection and conservation of ecosystems) and social (fight against poverty, food insecurity and malnutrition, access to basic social services etc.).

FARCDEL's allocations to projects and programs meet the eligibility criteria comparable to those of several Trust Funds, notably the GEF. These criteria are as follows:

- i. Contribution to the preservation of the global environment.
- ii. Contribution to local sustainable development in a developing country or countries.
- iii. Innovative features.
- iv. Demonstrative and reproducible features.
- v. Economic post-project and financial sustainability.
- vi. Ecological and environmental sustainability.
- vii. Social and cultural acceptability.
- viii. Adequate institutional framework.

The resources allocation is done through three (03) thematic funding windows (TFW) and specialized service desk (SD)

I. TFW Climate (win-Clim) and SD

- Adaptation and resilience.
- Mitigation
- Climate Risk Management and Green Growth

II. TFW Environment (Win-Env) and SD

- Land, Water and Biodiversity Restoration and Development.
- Ecological Risk Management and Early Warning
- Environmental education.

III. TFW Development and Security (Win.Dev-Secu) and SD

- Basic Social Services: Water and Sanitation; Renewable Energy; Education and Health
- Green agro-sylvo-pastoral production systems.
- Return and insertion to the terroirs

3.2 Fund Project Management Mechanism

In the terroirs of the Great Green Wall, the principle of populations' effective empowerment at all stages of management of their local affairs is the key element of the GGWI's participatory approach to local development.

FARCDEL's responsibility for soliciting and intervening in the local areas, in particular for investment decision-making, running the scheme, strategic guidance of the fund and support to the promoters, lies mainly with the Local Development Committees, which are already well-structured in most areas at the UCIDD level, which represent the basic community structure and which, at each stage of the financing cycle, will act a project manager.

3.3 Conditions of tracking and equal access to funds.

The legal nature of the mechanism for the use of this fund and the strategies for its mobilization must have a transparent management. Indeed, at all stages of FARCDEL's mobilization, the conditions of its tracking will be announced.

3.4 Conditions of the fund sustainability

FARCDEL's institutional anchoring option will be embedded within a financial institution of international renown, in particular the AfDB or, otherwise, in the GGW Carbon Bank, which will have the advantage of assisting in the raising and securing of funds from other multi-donor financial partners and ensuring the sustainability of FARCDEL.

3.5 Framework of monitoring, risk assessment and mitigation

FARCDEL's institutional anchoring option will be crucial for the governance of the Fund. If it is an AfDB-registered facility, the governance standards will be those of the host institution.

4 INDICATIVE TIMELINE FOR FARCDEL CREATION AND FUNCTIONING

4.1 Establishment of Steering Committee upon adoption of this guidance note

The Steering Committee shall include representatives of the main parties concerned and offer a range of technical, scientific, legal, administrative, and financial expertise.

This Committee will be responsible for leading the process of establishing and launching the Fund. It will oversee the process:

- The basic elements: Definition of the "Profile" of the Fund: objectives, legal structure, governance structure, financial structure,
- the feasibility study and the viability of the Fund,
- Technical studies and consultations,
- the approval and issue of corporate documents and administrative formalities.

4.2 Establishment of Funds organisms and launching activities

For information purpose only and pending the adjustments and modifications that may be provided by the AfDB, the table below presents some elements of the Action Plan and indicative timeline for the implementation and operation of the GGWCB.

Table1: Action Plan and Indicative Timeline

Activities	Period 1 Year												
	May-20	Jun-20	Jul-20	Aug-20	Sept-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	
1. Creation of FARCDEL													
Sharing of guidance note and approval of the Council of Ministers													
Exchanges with AfDB													
Setting up PAGGW-AfDB work group for strengthening FARCDEL. Selection of a consultant for the drafting of the framework agreements and operation of the Fund													
Approval of the framework agreements and development of the FARCDEL within the AfDB													
2. Functioning of the GGW Carbon Bank													
Development of FARCDEL Strategic Plan													
FARCDEL Operations & Procedures Manual													
Resources Mobilization Strategy													
3. Launch of FARCDEL operations													