



**THE FEDERAL DEMOCRATIC REPUBLIC
OF ETHIOPIA**



Challenges and experiences around the identification of bankable projects in Ethiopia

Presented at UN4NAPs Forum at NAP Expo 2023 event

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Presentation Outline

- ❑ Climate Change Impacts in Ethiopia
- ❑ Climate Change Policies, Strategies and Programs/Plans
- ❑ NAP-ETH
- ❑ Experiences on identification of bankable projects in Ethiopia
- ❑ Challenges on identification of bankable projects in Ethiopia
- ❑ Requested support for NAP-ETH (communicated through UN4NAPs platform)

Climate Change in Ethiopia



- Climate change impacts Ethiopia over the last 50 years.
- Currently, Ethiopia has been experiencing one of the most severe climate change-induced droughts in the last 40 years
- Millions of livestock are died
- Millions are became highly food insecure and need for food assistance and become malnourished
- Climate refugees are increasing from time to time
- The national government, donors and humanitarian are trying their best to revert the situation
- **However, the situation calls for systemic and sustained solution**

Policies, Strategies, Plans



- The Government of Ethiopia (GoE) put in place a number of climate response strategies and plans:
 - **Climate Resilient Green Economy strategy (CRGE), 2011**
 - Set objective to having enhanced climate resilient community by 2030
 - **National Adaptation Plan/NAP, 2019**
 - Identified 18 adaptation options in the prioritized sectors
 - **Sectoral climate resilient (CR) strategies**
 - Adopted sector specific adaptation actions
 - **Regional adaptation plans**
 - Adopted the region specific adaptation plans
 - **Updated NDC, 2021**
 - Identified 40 adaptation actions with 2030 quantified targets
 - The **10 year development plan (2020/21 – 2030)**
 - Building climate resilience and green economy is a pillar
 - The upcoming **LT-LEDS, 2050**



NAP-ETH: Objectives

1. To reduce vulnerability to the impacts of climate change, by building adaptive capacity and resilience
2. To facilitate the integration of climate change adaptation into relevant new and existing policies, programs and activities, in particular development planning processes and strategies, and within all relevant sectors and at different levels, as appropriate



Sectors

- Agriculture
- Forestry
- Health,
- Transport
- Power
- Industry
- Water
- Urban

The 18 Adaptation Options

1. Enhancing **food security**.....in a climate-smart manner.
2. Improving **human health systems**environmental surveillance protocol.
3. Enhancing **sustainable forest management**.
4. Building **social protection and livelihood options** of vulnerable people.
5. Strengthening **drought and crop insurance mechanisms**.
6. Improving **early warning systems**.
7.



NAP-ETH Strategic Priorities

- **Mainstreaming** climate change adaptation into development policies, Strategies and plans
- Build the **long-term capacities** of institutional structures involved in NAP-ETH
- Improving the **knowledge management system** for NAP-ETH
- **Establish effective and sustainable funding mechanisms**
- Advancing adaptation **research and development (R&D)** in the area of climate adaptation

Finance Requirements of Adaptation Actions in Ethiopia



- The estimated cost of implementing **NAP-ETH** is USD 5 billion per year and **USD 90 billion until 2030**
(estimates in 2017)
- The estimated cost of implementing adaptation component of **updated NDC-ETH** is **USD 40.5 billion until 2030**
(estimates in 2020)



Experiences around the identification of bankable projects in Ethiopia

- The CRGE Facility was established in 2011
 - ✓ Governed by the **CRGE Management Committee** which consists of state ministers from the prioritized sectors
 - ✓ **Co-chaired** by Ministry of Finance and Ministry of Planning and Development, where the EPA is affiliated to
 - ✓ Has **two wings** (finance and technical)
 - ✓ Project proposal identification could be **originated from the facility itself or from sectors** and are developed together
 - ✓ The CNs are **submitted** to different funding mechanisms (multilateral/bilateral) and follow is usually made by the **experts from the facility**
 - ✓ The **CRGE Forum**, co-chaired by the government and development partners is in place for better coordination and increase support

Experiences....



- **Good institutional/governance structure**, clear policies, political willingness of the government to implement its Strategies/plans, relatively better coordination among members of the CRGE Facility
- Better **communication with bilateral and multilateral development partners** in supporting the realization of climate agenda

Challenges around the identification of bankable projects in Ethiopia



- Identifying and quantifying needs and options for climate investment
 - Ethiopia requires **support** to translate/conceptualize its climate strategies & plans into an **investment plan, quantify the needs and build its national, and institutional capacities to access funding.**
 - The country also needs support to benefit from existing/emerging finance mechanisms such as **carbon markets**
- Lack of baseline information for the critical challenges induced by climate change
 - Comprehensive vulnerability assessment across sectors needed



Challenges....

- **Cumbersome climate finance accessing processes and procedures of bilateral and multilateral funds**
 - This needs capable and full time and dedicated embedded expert at the ministry to respond to various donor requirements and follow ups
 - This basically calls for simplifying the lengthy process of multilateral funds
- **Limited capacity to access and secure climate finance from international funds**
 - Capacity development is required
- **Challenges to unlock private finance**
 - Identifying physical and transitional risks is a critical factor in investment
 - Awareness raising, incentive mechanisms and promotion to private sectors is needed

Support Requested by Ethiopia via UN4NAPs



1. Conducting a vulnerability assessment (focusing on CC);
2. Support for preparing the NDC implementation plan;
3. Financial support for the coordination of different sectors and other actors working on climate adaptation including hiring of embedded professional;
4. Provision of information technology (IT) materials to the sub-national level;
5. **Designing and preparing bankable adaptation projects;**
 - ✓ AO1: Enhancing food security by improving agricultural productivity in a climate-smart manner.
 - ✓ AO2: Improving access to potable water.
 - ✓ AO3: Strengthening sustainable natural resource management through safeguarding landscapes and watersheds.



Support requested

6. Capacity building (individual and institutional) at different levels;
7. Strengthening the web-based M&E system for adaptation;
8. Integrating the NAP into different plans and strategies;
9. Preparing the private engagement strategy for NAP implementation



Thank you

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