

Congo Basin Blue Fund



































Meeting of the Committee of African Heads of State and Government on Climate **Change (CAHOSCC)**

February 8th 2020

http://www.ccbc-cbcc.org







1	Context Reminder
2	Feasibility study
3	Feasibility study partners
4	First results
4.1	Investment plan
4.2	Financial mechanism
5	Execution schedule





I- History

- The Congo Basin region is the second largest tropical rainforest region of the world after the Amazon. According to the FAO, it covers more than 520 million hectares, including 220 million hectares of forest (6% of the world forest area). In terms of biodiversity, the Congo Basin is home to more than 10,000 plant species and more than half of Africa's animal species (many of which are threatened with extinction, such as mountain gorillas, forest elephants, etc.);
- Beyond its tropical biodiversity, the Congo Basin is rich in natural resources: wood, diamonds, minerals and oil, which are the economic drivers of many of the region's countries. Nevertheless, the region is experiencing forms of exploitation (intense volumes, current extraction methods, etc.) that threaten the sustainable availability of resources and the survival of the region's biodiversity;
- The intensive exploitation of these resources, deforestation and demographic trends in the countries of the Congo Basin threaten the survival of this biodiversity and warn on the need to act to protect the region's economy.





II- Congo Basin Climate Commission

- The African Heads of State and Government decided to create on November 16th 2016 in Marrakech, on the margins of COP22 on the initiative of His Majesty Mohammed VI, King of Morocco, three commissions, including the Congo Basin Climate Commission chaired by His Excellency Mister Denis SASSOU-N'GUESSO President of the Republic of Congo;
- ► On the margins of COP22, the President of the Republic of Congo proposed the creation of a Congo Basin Blue Fund:
- The Blue Fund aims to mobilize the necessary resources, with States, public and private contributors and investors, to finance the implementation of programs and projects that contribute to sustainable development and the promotion of the Blue Economy in its field of intervention;
 - The Congo Basin Blue Fund became a reality on March 9th 2019 following the signature of the Memorandum of Understanding in Oyo in the Republic of Congo. On April 29th 2018, Brazzaville hosted the first Summit of Heads of State and Government of the Congo Basin Climate Commission and Blue Fund. The Summit led to the signing of the Protocol establishing the Congo Basin Climate Commission;
- From October 3rd to 5th 2017, the conference of Ministers of Central and East Africa was held in Brazzaville, Republic of Congo, on the acceleration of the operationalization of the Congo Basin Climate Commission and the Congo Basin Blue Fund (Brazza Finance Climate 2017) which led to the identification of 24 sectoral programs to be financed by the Congo Basin Blue Fund.





III- Congo Basin Challenges

Three major axes structure the challenges related to the climate and economic transformation of the Congo Basin region:

Sustainable development:

- Socio-economic challenges;
- Environmental challenges.

Climate

- Adaptation;
- Mitigation;
- Technology transfer;

Politic

- Regional integration.
- ► The implementation of an economic and climate transition is based on two main levers:
 - Reinforcing technical capability;
 - Reinforcing financial capacity through the mobilization of both private and public funds.

Implementing the economic and climate transition with the support of the Congo Basin Blue Fund will result in an investment plan to implement the 24 sectoral programs of the Blue Economy.





IV- The 24 Sectoral Programs

- 1) Development Program of the Congo Basin Sustainable Transportation Economics;
- 2) Development Program of Hydrometric and Meteorological Tracking System Economics;
- 3) Development Program Sustainable Fisheries and Aquaculture Economics;
- 4) Economic Program related to Invasive Floating Plants Pollution;
- 5) Economic Program of the Hydroelectricity;
- 6) Economic Program of Irrigation and Drainage System Development;
- 7) Development Program of Water and Sanitation;
- 8) Development Program of Management and Treatment Systems for Solid Waste Dumped into Waterways and Ocean;
- 9) Development Program Wastewater Treatment;
- 10) Development Program Drinking Water Supply;
- 11) Economic Program of Sustainable Water Management Based Environmental Services Payment (ESP);
- 12) Erosion Control program;
- 13) Mangrove Economics development program;
- 14) Ecotourism and Recreation in Wetlands, Rivers, Coasts and Maritime Areas development program;
- 15) Health, Phytosanitary and Environmental Monitoring Mechanisms development program;
- 16) Epidemiological Surveillance Support program;
- 17) Traditional Aquatic Skills Economics development program;
- 18) Science Research and Technological Innovations Skills development program;
- 19) Blue Economy Diplomacy development program;
- 20) Coastal and Congo Basin Island Ecosystems Economics development program;
- 21) Civil Society and Vulnerable Populations (women, youth, indigenous people) Support program;
- 22) Crosswise Communication Awareness, Information, Education and Marketing program;
- 23) Coastal Populations Protection from Water related Extreme Events;
- 24) Sustainable Management of Water Resources.





1		Context Reminder
2		Feasibility study
3		Feasibility study partners
4		First results
4	1.1	Investment plan
4	1.2	Financial mechanism
5		Execution schedule



Feasibility Study



I- Feasibility Study Objectives

- The feasibility study focuses on financial capacity reinforcement.
- It is broken down into two lots:
 - The creation of a pipeline of projects that will represent an investment plan:
 - An initial pipeline of projects;
 - An analysis of projects' maturity and their technical, economic and financial robustness;
 - A structuration of the investment plan.
 - The definition of a financial mechanism including:
 - The governance scenarios;
 - The investment strategy;
 - The management model.



Feasibility Study



II- Feasibility Study

- The geographical scope of the study extends over sixteen countries:
 - Angola;
 - Burundi;
 - Cameroon;
 - Central African Republic;
 - Chad;
 - Democratic Republic of Congo;
 - Equatorial Guinea;
 - Gabon;
 - Kenya;
 - Republic of Congo;
 - Rwanda;
 - Sao Tome and Principe;
 - South Sudan;
 - Tanzania;
 - Uganda;
 - Zambia.
- The Kingdom of Morocco being an original associate member









		Context Reminder
	2	Feasibility study
	3	Feasibility study partners
4	4	First results
	4.1	Investment plan
4	4.2	Financial mechanism
Į.	5	Execution schedule





I- The institutional, technical and financial partners of the Congo Basin Climate Commission

The Congo Basin Climate Commission benefits from the institutional support of the African Union, which endorsed its creation by a Decision taken at the 28th ordinary session of the Assembly of Heads of State and Government, held on 30th and 31st January 2017 in Addis Ababa, Ethiopia:





The Blue Fund is the financial tool of the Congo Basin Climate Commission:





The Congo Basin Climate Commission relies on several technical and financial partners, including:



























1	Context Reminder
2	Feasibility study
3	Feasibility study partners
4	First results
4.1	Investment plan
4.2	Financial mechanism
5	Execution schedule



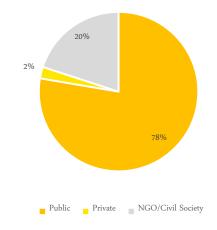


4.1 : Investment Plan as of January 13th 2020 — Global vision



Number of projects*	215	
Pipeline Valuation	\$ 7,9 bn **	

Public/private/NGO project distribution







 $^{^*}$ The number of projects in the pipeline as of January 13^{th} 2020 for the sake of preparation of the second interim report.

^{**} Estimate to date obtained based on declarative values (Valuation is being finalized).

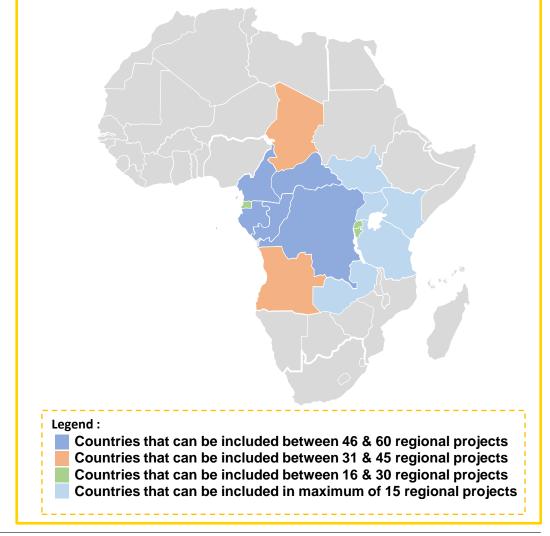
^{***} The identification of private project holders in projects under the tutelage of the public authorities is ongoing.



4.1 : Investment Plan as of January 13th 2020 – Regional projects



- The Congo Basin Blue Fund pipeline has identified 68 "regional" projects distributed in three maturity levels:
 - 37% maturity projects 1 (or 25 projects) that can be financed within a six-month period;
 - 34% maturity projects 2 (23 projects) that can be financed within a period of between six months and two years;
 - 29% maturity projects 3 (or 20 projects) that can be financed beyond a two-year period.
- ► The following graph shows for each country, the number of regional projects for which they are involved.







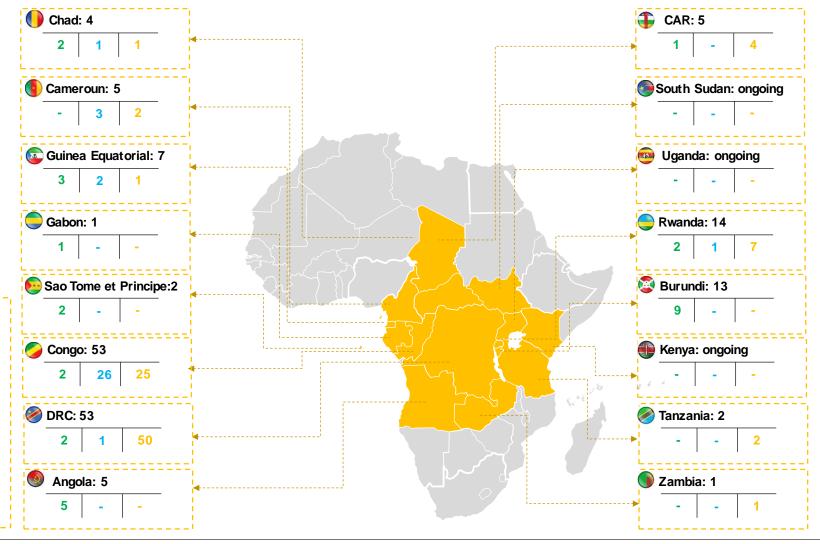
4.1 : Investment Plan as of January 13th 2020 – Geographical distribution



The following graph presents the distribution of projects by CBCC member country and by level of maturity, responding to either the 24 sectoral programs or the NDC.

Legend

- Maturity 1 : project that can be funded within 6 months
- Maturity 2 : project that can be funded under a period of time between six months and two years
- Maturity 3 : project that can be funded above a period of two years



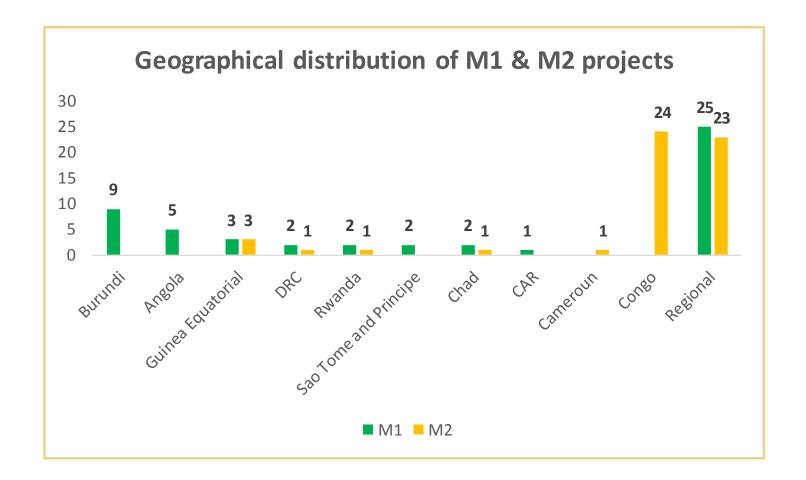




4.1 : Investment Plan as of January 13th 2020 – Geographical distribution of M1 & M2 projects



- The following graph presents the geographical distribution of the M1 & M2 projects and shows in particular that:
 - M1 project distribution is balanced;
 - 48% of M1-M2 projects are part of a "regional" initiative;
 - M1 projects account for 49% of the total M1 & M2 projects.

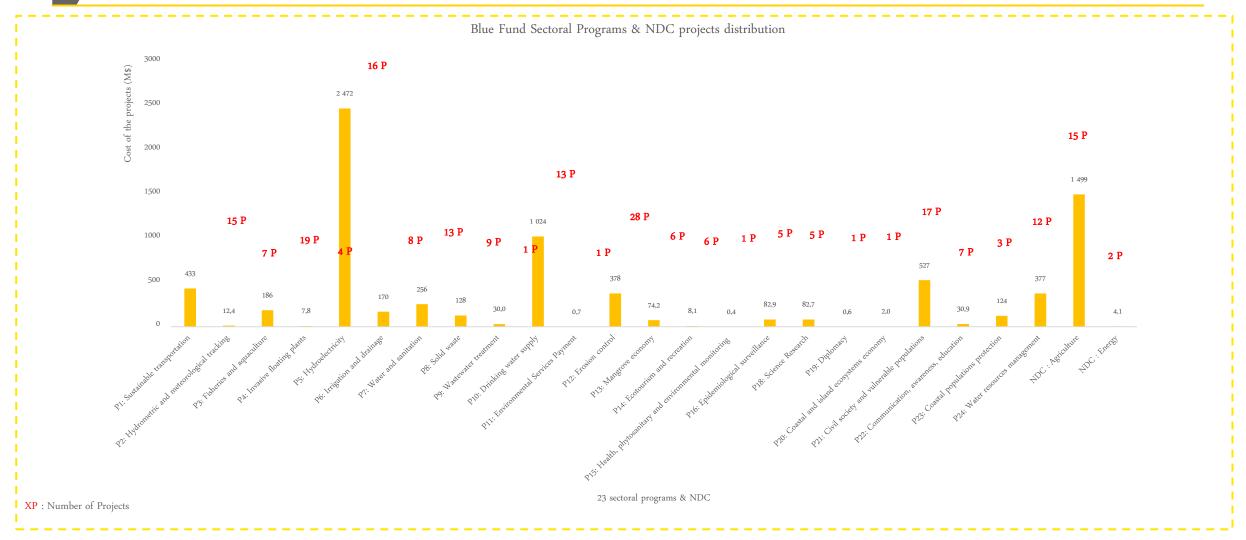






FOXES HEATT MEDIAL SAME

4.1 : Investment Plan as of January 13th 2020 – Sectoral Programs distribution







1	Context Reminder
2	Feasibility study
3	Feasibility study partners
4	First results
4.1	Investment plan
4.2	Financial mechanism
5	Execution schedule



First Results



4.2 : Financial Mechanism - 7 engagements



The Congo Basin Blue Fund is to be part of the political process of the Marrakech conference, the Oyo Memorandum and the 7 commitments of the CBCC Declaration of Heads of State in Brazzaville of April 29th 2018, including commitments 1, 3, 5 and 7:

- 1. Work for the structural transformation of the economies of the CBCC area to ensure **inclusive and sustainable development**, **so as to eradicate poverty and improve the well-being of people** by activating all human, financial, technical and technological levers as well as opportunities offered by the Green Economy and the Blue Economy;
- 2. Act without delay, in support of the two Brazzaville Declarations, for the operationalization and promotion of the Congo Basin Blue Fund as one of the CBCC's financial tools and to provide our full support for the implementation of the 2018-2019 Roadmap;
- 3. **Initiate and encourage climate investment plans of CBCC States,** projects and programs of all stakeholders to reconcile the fight against the adverse effects of climate change with inclusive and sustainable economic development;
- 4. Mutualize our efforts to equip our States with climate policies, strategies and action plans and to implement them;
- 5. Accelerate the implementation of initiatives already identified or launched (Nationally Determined Contributions, National Adaptation Plans), relying not only on intrinsic resources but also by mobilizing multilateral and bilateral donors as well as non-State actors, including the private sector;
- 6. Provide the CBCC with a budget to carry out its missions;
- 7. Working in intelligence with existing sub-regional institutions: CAFC, ICCOS, as part of an economy of scale in the action of the CBCC and the Congo Basin Blue Fund.



First Results



4.2 : Financial Mechanism — Fund Identity



The Congo Basin Blue Fund stands out thanks to a unique identity that translates into 5 fundamental criteria represented by 5A:			
A1: A financial mechanism created by the 17 African member States of the CBCC;			
A2 : A financial mechanism <u>co-financed</u> by <u>17 African States and associated member States</u> , open to public and private donors;			
A3: A financial mechanism managed by African and international experts;			
A4: An instrument to <u>finance</u> the transformation and development of a <u>new sustainable economic</u> , <u>social and environmental model for Africa aligned with the Agenda 2063 of the African Union and the 17 Sustainable Development Goals (SDGs) and NDCs;</u>			
A5: A multi-country investment fund located in Africa and more specifically in the heart of the Congo Basin.			





4.2 : Legal Approach — Multi Public Actors Financial Mechanism

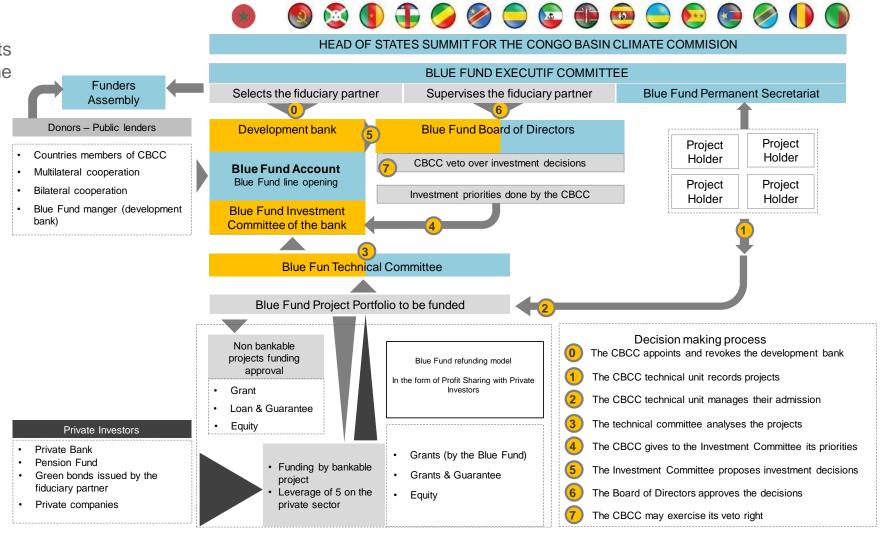


The scheme below presents the detailed governance of the Blue Fund

Development

Bank

CBCC







4.2 : Operational Approach — Blue Fund Organizational Scheme



































HEAD OF STATES SUMMIT FOR THE CONGO BASIN CLIMATE COMMISION

BLUE FUND EXECUTIF COMMITTEE

Its members are the Ministers of the CBCC. They make strategic decisions such as investment priorities.

BLUE FUND PERMANENT SECRETARIAT

Its members are appointed by the CBCC. It receives projects and makes their admission through an eligibility and admissibility analysis.

BLUE FUND MIXED BOARD OF DIRECTORS

Its members are representatives of the Bank and the CBCC (composition defined contractually) It makes the investment and management decisions of the Blue Fund, including its funding.

BLUE FUND INVESTMENT COMMITTEE

Its members are the experts of the bank.
It proposes investment decisions to the Blue Fund Board of Directors.

BLUE FUND TECHNICAL COMMITTEE

Its members are the technical experts of the bank and the CBCC. It conducts technical, environmental, economic and risk analyses of projects.

Development Bank CBCC



4.2 : Financial Approach - Blue Fund Funding



1st 3-year tranche

2nd 3-year tranche

3rd 3-year tranche

Donor group			Lende	r group		
Subgroup 1.1 Subgroup 1.2 Donations from CBCC member Other donations from States international donors	Lender 1	Lender 2	Lender 3	Lender 4	Lender 5	Lender 6
\$150 million			\$250	million		
Management delegation to the development bank	Management delegation to the development bank					
Blue Fund Multi-Donor Donation Envelope		Blue Fund	l Multi-Dono	or Credit En	velope	
\$4	\$400 million					
• The 2 nd tranche will only be engaged if the commitments of the 1 st tranche have been held						
Blue Fund Multi-Donor Donation Envelope		Blue Fund	l Multi-Dono	or Credit En	velope	
\$6	\$600 million					
• The 3^{rd} tranche will only be engaged if the commitments of the 2^{nd} tranche have been held						
Blue Fund Multi-Donor Donation Envelope		Blue Fund	d Multi-Dono	or Credit En	velope	
\$1 billion						

5X Private investors Total Blue Fund 10year funding capabilities

\$10 billion



First Results



4.2 : Financial Mechanism - 5 Vigilance Points



The consultation to be launched will aim to select the development bank that will be responsible for the administration of the Congo Basin Blue Fund. The philosophy of the Blue Fund regarding the environmental, social and climate impacts impose the choice of a development bank. The CBCC will analyze the compliance of applications with international standards for fiduciary management. Four themes will be discussed:

Transparency:

Policies, procedures and tools that meet international standards and donors' requirements.

■ Experience :

Demonstration of its ability to manage a portfolio of projects in the areas of Blue Economy and climate related to adaptation and mitigation.

☐ Financial Robustness:

A reassuring financial rating for donors.

□ Control :

Tools and fiduciary control processes that meet international standards and donors' requirements.

In addition, geographical proximity will be a major asset in the selection of the development bank.

☐ Anchor:

A proximity to the Congo Basin sub-region.

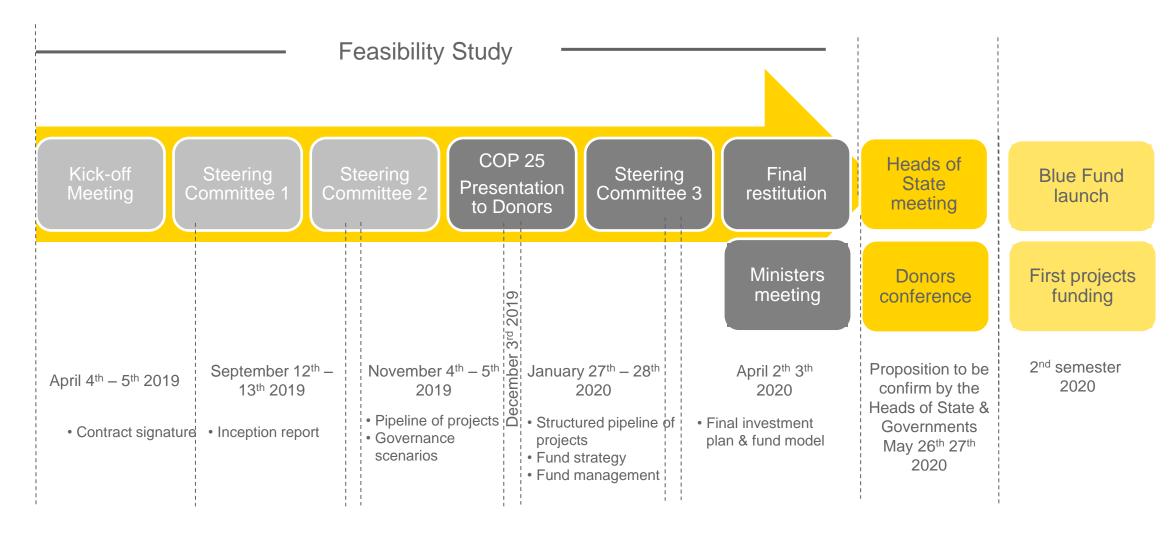




1	Context Reminder
2	Feasibility study
3	Feasibility study partners
4	First results
4.1	Investment plan
4.2	Financial mechanism
5	Execution schedule











For more information

http://www.ccbc-cbcc.org

"The information contained in this presentation is intended to provide general guidance on issues of interest to the reader for its sole use. The EY - Innpact Consortium disclaims any responsibility to anyone for the use of this information. As such, the information provided by authors and publishers cannot be equated with services or legal, accounting or tax advice. »