

Compact with Africa Green Business Fund

SUPPORTING CLIMATE INVESTMENTS IN AFRICA

The Compact with Africa (CwA) Green Business Fund is a World Bank initiative launched in 2021 to support locally led climate-smart initiatives, with a focus on small and medium-sized enterprises (SMEs). It aims to do this by (1) creating an enabling environment for private investment in climate-smart initiatives, (2) developing innovative climate finance models for local green businesses to attract climate finance, and (3) building local capacity.

Green and inclusive approaches to development offer an opportunity for low-carbon growth in African countries, but climate-smart initiatives are often constrained by a lack of financing. The CwA Green Business Fund uses a coordinated and country-specific approach to promote climate investments.

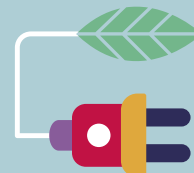


AREAS OF IMPACT

The CwA Green Business Fund priorities are aligned with World Bank's Next Generation Africa Climate Business Plan for transformational climate action on the continent.



Food security and a resilient rural economy



Low carbon and resilient energy



Ecosystem stability and water security



Resilient cities and green mobility

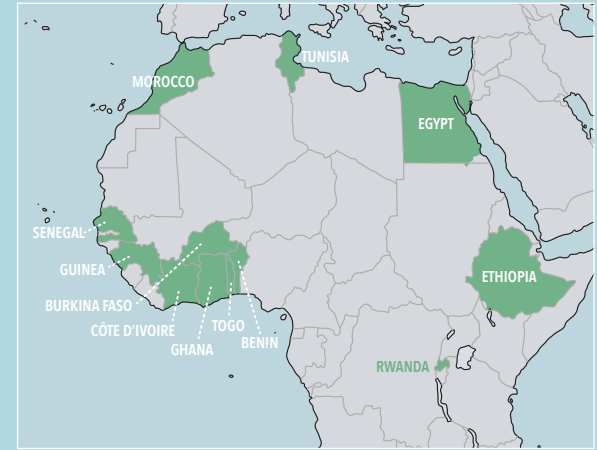


Climate shocks and risk governance

AREAS OF WORK

- **Generating policy dialogue and creating an enabling environment**
The Fund supports informed policy discussions with governments, the private sector, and the global community to understand and remove barriers to private investment in climate-smart SMEs.
- **Building capacity and providing technical assistance**
The program enhances the skills and knowledge of public and private actors on climate change, thereby empowering them to build businesses fit-for-purpose for a changing climate, and attracting new players to the climate-smart SME market.
- **Designing and implementing innovative finance instruments**
The Fund aims to reduce the financing gap by leveraging private capital to support transformative climate action among SMEs.

Activities from the project components will target countries that have joined the G20 CwA initiative.



Towards a more resilient, low-carbon continent: Expected outcomes

- Participating governments and the private sector—specifically climate-smart SMEs—have enhanced skills and knowledge to play a proactive role in addressing and adapting to climate change.
- SMEs from participating countries share their knowledge with each other, which fosters the growth of networks of climate-smart SMEs.
- Program activities have helped close the sizable gap between available climate finance resources and needs of SMEs in a transformative and catalytic way by leveraging climate finance.
- International cooperation on climate change is fostered through new market mechanisms, and climate ambition is raised across the region.

The CwA Green Business Fund was announced in 2019 at the second high-level G20 Compact with Africa conference. The Fund, which forms part of the CwA initiative to promote private sector investment in Africa, has an initial capitalization of \$24 million from the International Climate Initiative of Germany's Federal Ministry of the Environment, Nature Conservation, and Nuclear Safety. The CwA Green Business Fund is part of the World Bank's Partnership for Market Implementation Facility (PMIF) umbrella trust fund.