



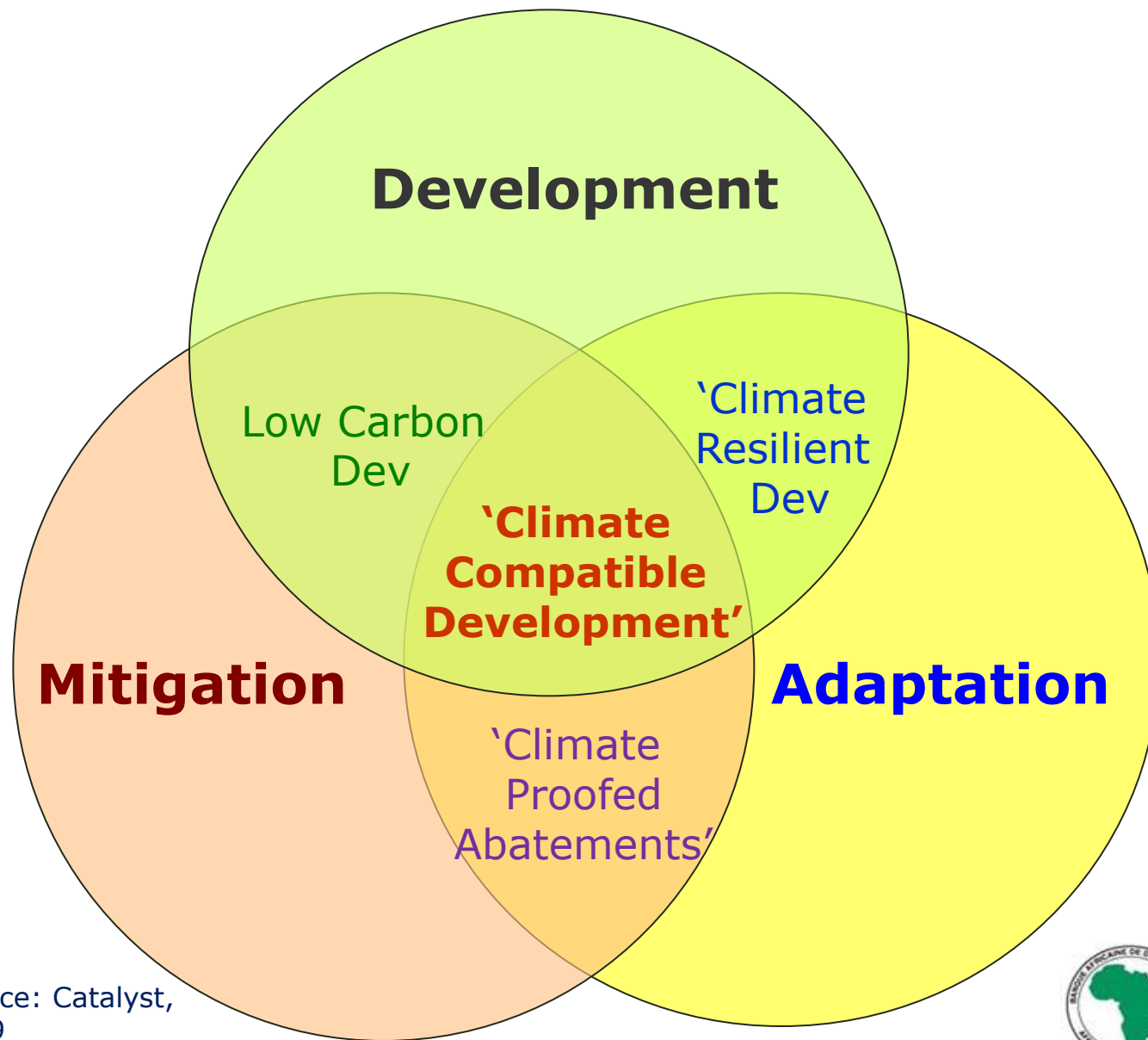
# Financing Climate Change Adaptation in Africa

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**Director and Chair**  
**Climate Change Coordination Committee**

ICA Water Platform Meeting  
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# Climate Change interventions must be rooted in Development, aligned with mitigation & adaptation



Source: Catalyst, 2009



# Climate Finance Status

- ❑ Current financing instruments are based on voluntary contributions from developed countries
- ❑ So far, the level of **disbursement is very limited** as compared to the needs, the **funds are difficult to access and track**, and therefore have **lower impact**
- ❑ Much climate financing is in the form of global funds, also called 'vertical funds'
- ❑ Climate financing debate should focus on issues like:
  - **Level of funds required** (measured in USD billion)
  - **Form of funding**, in particular how much of this finance should be additional to 'traditional' ODA
  - **Accessibility** for African countries to respond to Climate Change

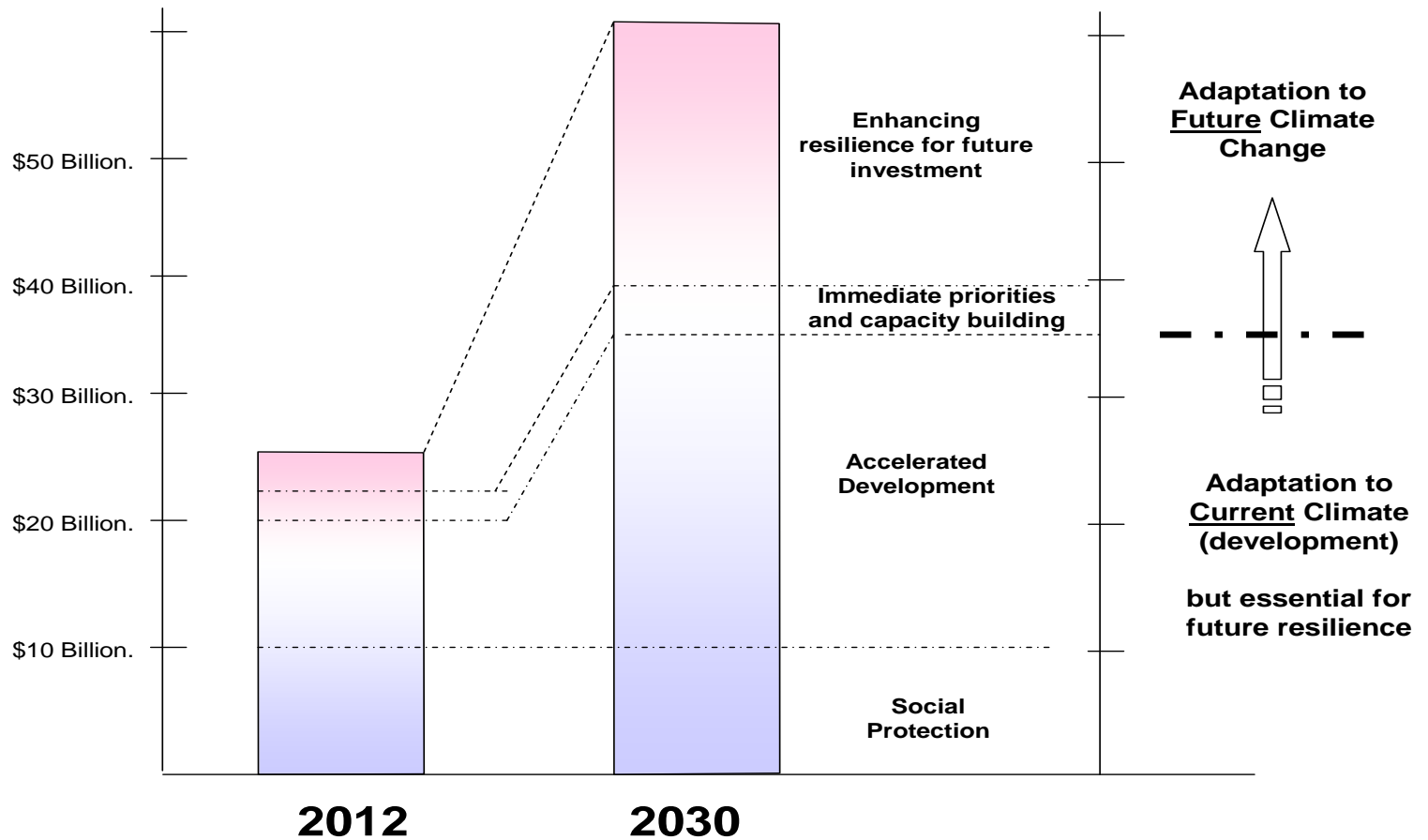


# Cost estimates

- ❑ Africa requires about US\$22-31 billion per year by 2015, and \$52-68 billion per year by 2030 for adaptation.
- ❑ Economic costs of CC estimated to 1.5 -3% of GDP through 2030 (Higher than other regions);
- ❑ Climate-proofing will add 40% to the costs of meeting the MDGs in Africa
- ❑ This would require international financial assistance of some US\$ 100 billion a year over the next decade
- ❑ These costs are low in comparison with the economic benefits of adaptation and mitigation;

# Adaptation needs: now and in 2030

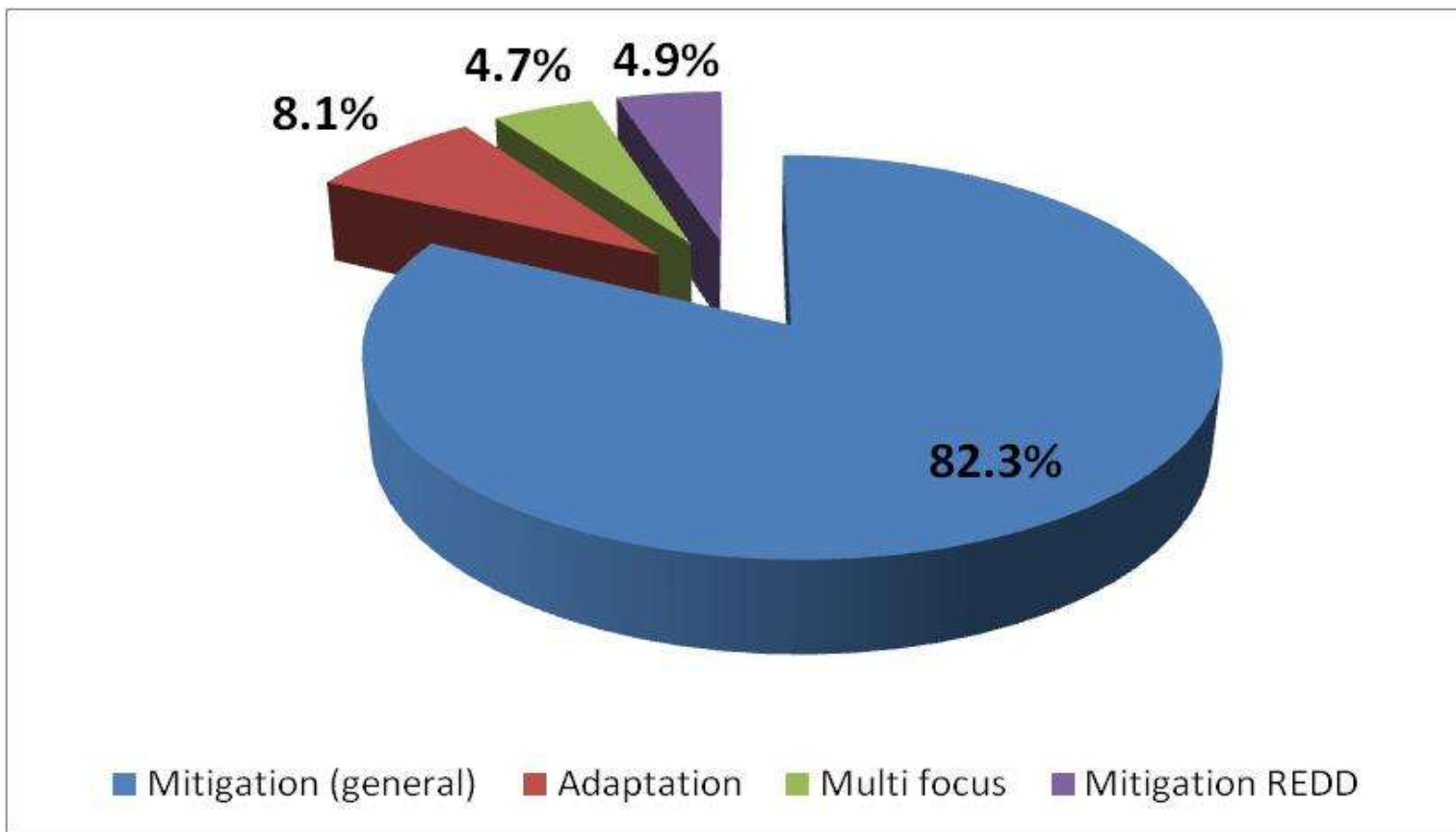
Costs of Adaptation to Current and Future Climate in Africa \$Billion per year



Source: Watkins et al.; ADAPCOST Project UNEP-SEI 2010

# Adaptation Share in Global Funding

It is important to note that: Globally most of the climate financing is dedicated to mitigation (82%) as compared to Adaptation (8%)



# Making climate finance work will require:

- Predictability;
- Public and Private sources.
- Balance between Adapation and Mitgation
- Carbon Market Reform



## However Challenges Remain:

- Transparency and accountability in fund access and management;
- Increasing the absorptive capacity of recipient countries;
- Increasing volume of aid in the face of the global financial crisis





# AfDB's Response to Climate Change

- AfDB response to climate change includes support on:
  - Analytical, policy and capacity building;
  - Financing for renewable energy projects;
  - Providing innovative climate change financing instruments;
  - Leveraging private sector capital; and
  - Contributing to the development of carbon markets;

# AfDB Climate Change Action Plan

## AfDB's Draft Action Plan on Climate Change

**Adaptation**  
Climate-Resilient  
Development  
**Adaptive Capacity**

Promoting Sustainable Land Use & Water Resource Management

Building Resilience of Key Infrastructure & Urban Systems

Climate Proofing of AfDB's Projects

**Low-Carbon  
Development**

Enhanced Investment in Clean Energy & Energy Efficiency

Promoting Sustainable Transport

Promoting Sustainable Land and Forestry Management

**Financing  
Platform**

Mobilizing  
Concessionary  
Resources

Catalyzing  
Private  
Capital

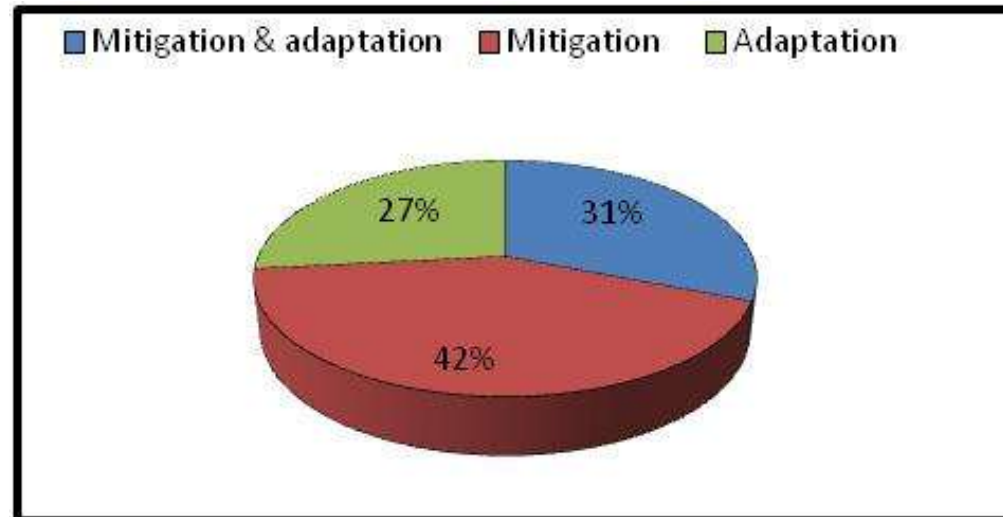
Maximizing  
Market  
Mechanism

**Policy reform & Knowledge  
Generation/Competency building**



# Budget Allocation of Action Plan

**US\$ 6 billion on climate change related projects 2011-2016**



Key sectors include Agriculture, Water, Renewable Energy and Energy Efficiency, Sustainable Transport



# Support to Climate Resilience

## □ The Bank supports:

- Enhanced human and institutional capacity
- Effective climate information systems
- Resilient infrastructure

## □ Examples:

- Lake Chad Basin Sustainable Development Program
- Support Program to Preserve the Congo Basin Ecosystems
- Support to African Regional Climate Centers as part of the Clim-Dev for Africa Program
- Kandadji Dam Ecosystem Regeneration and Niger valley Development Program



# Other Adaptation Initiatives

- Related to the CIF Program
  - Pilot Program for Climate Resilience (PPCR): Niger, Mozambique, and Zambia;
  - Forest Investment Program (FIP): Burkina Faso, Democratic Republic of Congo and Ghana;
- The AfDB is advanced in developing its screening tool to ensure that all Bank-funded projects are climate-proofed and that climate resiliency is built into its projects.

# Durban COP 17 Outcome

- Green Climate Fund will benefit LDCs in general and Africa to increase its access to climate finance; and also for the readiness and preparatory support for NAPAs and NAPs.
- Second commitment to Kyoto Protocol also benefits CDM and thus for the 2% levy for the Adaptation Fund
- Enhancing Absorptive and institutional capacity of African countries to access existing funds required
- AfDB as an implementing entity of GCF and of its own funds would assist African countries to build their capacity.



# Recommendations

- ❑ There is a need for IWRM and better management of hydro-meteorological information to build climate resiliency;
- ❑ Transboundary co-operation should be enhanced to improve management of shared water resources;
- ❑ There is a need to develop water storage to build resiliency to droughts and stable water sources to domestic, agriculture and industrial use;
- ❑ Preparing for resource scarce future requires solutions that take into account nexus between water, food security and energy

# Conclusion

- ❑ Africa has low access rate to global resources, and therefore requires substantial resources and effective financing instrument
- ❑ Africa's needs are enormous and resources can come both from Public and Private sources
- ❑ The existing climate finance instruments have so far low impact, as they support small-size and pilot projects, with more emphasis on capacity building
- ❑ Effectiveness of climate finance in Africa depends on the availability of new and additional resources
- ❑ As lead development partner for Africa, the AfDB has comparative advantages in dealing with climate finance in the continent.





# Thank You

For Further Details

[www.afdb.org](http://www.afdb.org)

