

## POLICY BRIEF

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# Climate Adaptation in Africa: Locally Led and Nature Based Solutions

By Jamal Saghir and Ede Jorge Ijjasz-Vasquez

Climate change continues to cause damage in Africa. It triggers food insecurity, poverty and displacement. The impacts of climate change are being exacerbated by rapid urbanization, geopolitical tensions, headwinds caused by the invasion of Ukraine and its impacts on agricultural exports and fertilizers. Equally important, inflationary pressures, risks of global and regional economic recession, and unsustainable debt levels for many countries are amplifying the impacts of climate shocks on African economies and communities. Our recent analysis by the Global Center for Adaptation (GCA)<sup>1</sup> shows that Africa is ground zero for the climate emergency. The climate is changing, and Africa needs to adapt. It must adapt to rising temperatures, more extreme storms, and floods, rising sea levels, more intense heatwaves, and longer and more severe droughts.

However, an enormous funding gap on adaptation is holding Africa back. This policy brief analyses climate adaptation financial flows to Africa and argues that the limited resources available to Africa for adaptation need to be used in the most efficient and productive manner to dampen the combined impacts of climate shocks and economic downturns. Nature-based solutions (NbS) and Locally Led Adaptation programs (LLA) are critical in this respect. Moreover, multilateralism and collaboration between governments, international organizations, international financial institutions, civil society, and the private sector are critical to ensure more support for adaptation in Africa.

### KEY RESULTS:

Africa faces a serious and urgent shortfall in funding for climate adaptation. An estimated \$579 billion in funding for adaptation is needed through 2030. But this would require an annual outlay much larger than the \$11.4 billion in tracked adaptation finance to Africa on average annually in 2019 and 2020.

- Most of the funding for adaptation presently comes from the public sector. It is necessary to build the enabling environment for adaptation investment and aggressively deploy innovative finance instruments at scale.
- Africa faces challenges to improve the lives of a rapidly growing population, most of whom are dependent on rural livelihoods that have already put tremendous pressure on African landscapes. Nature-based solutions (NbS) harness the power of nature to help build resilience against a range of environmental hazards. They are being applied widely in water security, human health, livelihoods, disaster risk reduction and climate change mitigation and adaptation
- Locally Led Adaptation (LLA) is about ensuring that local people have individual and collective agency over the adaptation process. For African countries, LLA holds the promise of unlocking variegated responses to highly localized risks in contexts marked by deficits in formal governance machinery.
- Effective LLA requires institutions that can access climate finance and channel it to relevant programs, projects, or investments.

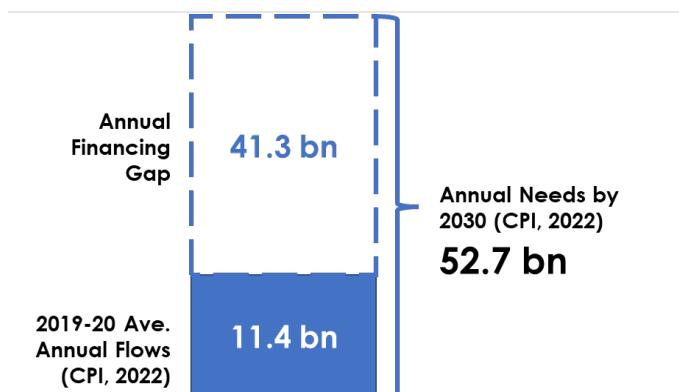
<sup>1</sup> Global Center on Adaptation (2022) State and Trends in Adaptation – Africa <https://gca.org/reports/sta22/>

## ADAPTATION FINANCE FLOWS IN AFRICA

Africa faces a serious and urgent shortfall in funding for climate adaptation, even as the costs of delayed action rise. Cumulative analysis of the *Nationally Determined Contribution* (NDCs) of 51 African countries shows a need for an estimated US\$579 billion in funding for adaptation through 2030. Our analysis by the Climate Policy Initiative and the GCA shows that adaptation finance is flowing at \$11bn a year, barely a fifth of the \$53bn needed, leaving a \$41bn funding gap each year.<sup>2</sup> (Figure 1).

Most of the funding for adaptation presently comes from the public sector. To tap a wide range of potential actors, it is necessary to build the enabling environment for adaptation investment and aggressively deploy innovative finance instruments at scale towards adaptation activities.

**Figure 1. Adaptation Finance Commitments (\$bn) vs. Needs in Africa**



Across Africa, multilateral development finance institutions (DFIs) were the most significant source of adaptation finance flows (53%, US\$6 billion), followed by governments (23%, 2.6 billion) and bilateral DFIs (16%, US\$1.8 billion). However more than half (53%) of the adaptation finance commitments were loans.

To mobilize further adaptation investment and to increase the impact of investments in terms of building resilience, a wide variety of sources of finance need to be tapped along a spectrum of terms, ranging from highly concessional terms (lower return expectations and/or longer tenors) to commercial terms (market returns and tenors expected). Concessional capital is intended to fill a gap where the private sector (commercial capital) would not otherwise invest.

It is critical to carefully select a financial instrument or structure that meets the conditions and activities targeted. Our GCA analysis shows that key factors that must be considered when designing an instrument include currency stability, strength of the project pipeline, strength of debt capital markets, presence of a strong policy environment, existence of a sovereign credit rating, existence of a corporate bond market, robustness of climate information, and engagement/existence of a domestic private sector.

## NATURE-BASED SOLUTIONS AND LOCALLY LED ADAPTATION

Nature-based solutions are being applied widely across Africa including in water security, human health, livelihoods, disaster risk reduction and climate change mitigation and adaptation. NbS are best planned at a landscape scale and designed to meet critical needs both now and under future climates. NbS also tend to create job opportunities for local people and encourage local ownership of the outcomes. NbS can be combined with ‘hard’ interventions such as re-contouring landscapes or canal construction to assist in managing water flow (these are often called green-grey solutions). The important point is not to jump immediately to an engineered solution to the problem, but to integrate both green and grey solutions from the outset, while also looking more widely at actions that will provide additional benefits to communities and help maintain biodiverse and healthy ecosystems.

Locally Led Adaptation (LLA) is being widely recognized as an effective, efficient and equitable paradigm of delivering adaptation action. This approach to adaptation is about ensuring that local people have individual and collective agency over defining, prioritizing, designing, monitoring and evaluating adaptation actions. LLA ensures that financial flows and mechanisms for managing risks are aligned with local contexts, embedded within local institutions, deliver a high return on investment, and result in outcomes that are more equitable than “business as usual” approaches.

For Sub-Saharan African countries, where over 60% of the population are smallholder farmers and where over 55% of the urban population lives in informal settlements<sup>3</sup>, LLA holds the promise of unlocking variegated responses to highly localized risks in contexts marked by deficits in formal governance machinery. There are several options

<sup>2</sup> Climate Policy Initiative (2022) The Landscape of Climate Finance in Africa <https://www.climatepolicyinitiative.org/publication/>

<sup>3</sup> Global Center on Adaptation (2022) State and Trends in Adaptation – Africa <https://gca.org/reports/sta22/>

for deploying LLA on the ground. Broadly, in countries with mature state machinery, strong democratic

institutions and institutional structures for devolution, LLA might be best supported by government-led national financing mechanisms, whereas mechanisms that rely on civil society organizations or constituent-based organizations might be more appropriate in fragile contexts.

Transitioning to this mode of adaptation action requires an enabling environment with a few key components. There is a need for capacity-building, as local actors often may not have a complete appreciation of the full spectrum of climate risk and can struggle to access, manage and deploy adaptation finance, and for patient institutional support over long timeframes.

Effective LLA also requires institutions that can access climate finance and channel it to relevant programs, projects or investments. Many countries in Africa have strong national institutions to access and/or deliver climate finance, including national funds and government agencies such as Ethiopia's CRGE Facility and FONERWA in Rwanda. In countries where these institutions do not exist, international funders should support governments with patient finance to develop them.

Putting local communities in a leadership position within a process of adaptation that tackles structural drivers of risk through strengthening local institutions may indeed be more complex and in certain cases, have higher upfront costs than top-down, technocratic interventions. However, the evidence on returns on investment from adaptation initiatives that focus on the agency of communities suggests that the benefits far outweigh the costs.

## CONCLUSION

Local knowledge and giving local people control over adaptation actions can lead to more effective adaptation actions and raise the benefits relative to the costs. In addition, NbS is a critical adaptation measure, to set goals, and to seek financial support. However, it is equally important to mobilize the necessary support to identify which actions are cost-effective and most beneficial for both those engaging in NbS and the ecosystems on which they are based.

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