COP27: Climate fund for Africa still remains uncertain

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The catastrophic effects of climate change are being felt across the globe, including by close to 43 million people from Africa. All sectors have been affected; from health, tourism, agriculture and education.

Communities that have contributed least to climate change are the most affected by the crisis. The region contributes less than one per cent of emissions, yet suffers due to the actions of rich nations.

No doubt, climate justice is essential for African countries.

One of the issues that has come under sharp focus at the Climate Conference of the Parties of the UNFCCC (COP27) in Egypt, this November, is the need to mobilise financial resources to support countries to adapt to climate change and that suffered loss and damage due to climate change.

With a fund, the affected can access finance, in the form of grants, to mitigate further effects of climate change.

This week, at the conference, a ministerial meeting on the New Collective Quantified Goal on climate finance was held for parties to negotiate a new climate finance target that goes beyond the current $100b target.

However, ministers did not meaningfully engage, with many reading expected statements and not actively negotiating.

In general, developing countries pushed for one high level goal. Norway suggested ‘several goals’ should be considered for mitigation, adaptation and loss and damage, as WWF has recommended.
US climate envoy John Kerry acknowledged the very large amount of finance needed, but said the US cannot act alone.

Getting Loss and Damage on the agenda was an early success for COP27, but whether a financing plan can be agreed at this COP is still uncertain.

All parties mentioned the urgent need to acknowledge the gap in existing funding for Loss and Damage; and ensure the establishment of a new fit-for-purpose multilateral fund operating as a financial mechanism, especially for Least Developed Countries and Small Island States.

This, clearly, remains a thorny issue for African countries.

Previous discussions on climate change anchored under the Kyoto Protocol and the Paris Agreement called for financial assistance from Parties with more financial resources to those less endowed and more vulnerable.

This was based on the recognition that the contribution of countries to climate change and their capacity to prevent it and cope with its consequences vary enormously, more so, in Africa, where significant financial resources are needed to adapt to reduce the impacts and adverse effects of a changing climate.

Available data shows that Africa requires USD 2.8 trillion between 2020 and 2030, which is more than 93% of the continent’s GDP, to meet its climate finance obligations.

So far, African governments have committed USD 264 billion of domestic public resources, about 10% of the total cost needed.

Thus, USD 2.5 trillion must come from international public sources and the domestic and international private sectors.

While almost all African regions have expressed high needs, they could be underestimated due to a lack of capacity and guidance to make accurate assessments and a lack of data from subnational governments and vulnerable communities.

While most African countries have taken initial steps to understand their climate finance needs, there is significant scope to improve the quality of those estimates and translate them into clear financing roadmaps – at both national and international levels.

Improving the quality of data on climate finance needs would support financing roadmaps that effectively target needs and mobilize capital.

Currently, needs as a percentage of GDP are highly variable across countries, indicating a lack of standardization of methodologies and uncertainty around what climate action will ultimately cost.

Many estimates also lack input from across government and nongovernmental stakeholders, subnational actors, and vulnerable groups and do not take the structural problems such as high debt vulnerability that many African countries face into consideration.

Of particular concern are the gaps in financing climate adaptation and mitigation to which only 4-8% of all climate finance has been allocated. This significant financing gap needs to be
addressed on a priority basis through external international support given the projected rise in vulnerability and climate risks across Africa where at least 50% of public climate finance is needed to support adaptation measures.

This can be achieved by increasing public and private finance flows by billions of dollars per year, enhancing direct access to multilateral funds, strengthening project pipeline development, and shifting finance from readiness activities to project implementation.

Equally, developed countries should deliver on their financial obligations and also expedite the provision of USD 100 billion per annum.

Of course, countries may not be able to provide as much domestic public finance as initially estimated given high debt levels amid unanticipated budgetary pressures — for example, from the COVID 19 crisis.

Nonetheless, the key challenge for African and other developing countries is accessing new, at-scale and predictable funding for climate action on affordable and reasonable terms that do not further exacerbate the debt crisis.