



**CCDA-V**

Africa, sustainable development and climate change  
*Prospects of Paris and beyond*

**ClimDev-Africa**



# Opportunities for Innovative Financing for Climate Change Adaptation in Africa

GEORGE, CHINMA .U.E

# Problem statement 1/2

- *“Climate change is upon us. The earth is warming, seasons are shifting, species are migrating and water is flowing in new patterns. The accelerating and deepening impacts of climate change will touch everyone on earth, but those who stand to suffer most are the poor. People and governments must find the will and the means to slow, stop and reverse the build up of greenhouse gases in the atmosphere to avert catastrophic warming. But it is already too late to avert some serious consequences. We must also learn to adapt to a warmer world.” (World Resources Institute, 2008)*



# Problem statement 2/2

- As global temperatures rise, so does the cost of adapting to a warmer world.
- Past global emissions already commit Africa to adaptation costs of USD 7-15 billion per year by 2020 (UNEP,2013)
- The UNEPs Adaptation gap report 2 estimates that the cost of adaptation could rise to about USD 50 billion per year by 2050 holding warming below 2° Celsius.
- Escalating temperatures and shifting weather patterns threaten major economic sectors such as agriculture which contributes 65% to the labour force and accounts for 32% of GDP in Africa(WB)

# Methods

- This study was conducted through desktop research using available documentation on climate finance.

# Key Findings

## Innovative Finance for Adaptation

Proposal	Purpose	Source of funds	Funds per year in billions (\$US)	Revenue flows to newly created vs existing funds
Extending the levy to JI/ or IET	Adaptation	Levy on JI and IET	2008-2012:\$5.5-8.5 2013-2020:\$3.5-7.0 based on unit issuance, AAUs only)	Existing KP adaptation fund
Pakistan CDM levy	Adaptation	3-5% levy on CDM	\$0.3-1.7	Existing KP adaptation fund
International Air Travel Adaptation Levy	Adaptation, mitigation	\$7/€5 per ticket fee or 2% levy on airline travel	Fee:\$13.7 Levy: \$10.8-26	Existing

Source: Climate funds update

# Key Findings

- Luxury surcharge and the African Risk Capacity are new ways of financing adaptation in Africa.
- The African Risk Capacity ARC is a specialized agency of the African Union (AU) designed to improve current responses to food security emergencies and build capacity within AU member states to manage drought risks.
- The first of its kind on the continent and the second in the World. The African Risk Capacity ARC comprises of the ARC Insurance Company Limited and the African Risk view.

# Conclusions/Recommendations

- Africa would need substantive financial investments for climate change adaptation.
- The new global climate agreement to be adopted in Paris should focus on exploring innovative financing mechanisms for climate change adaptation in Africa, in order to bolster the continents adaptive capacity.