AFRICAN CLIMATE DIALOGUES

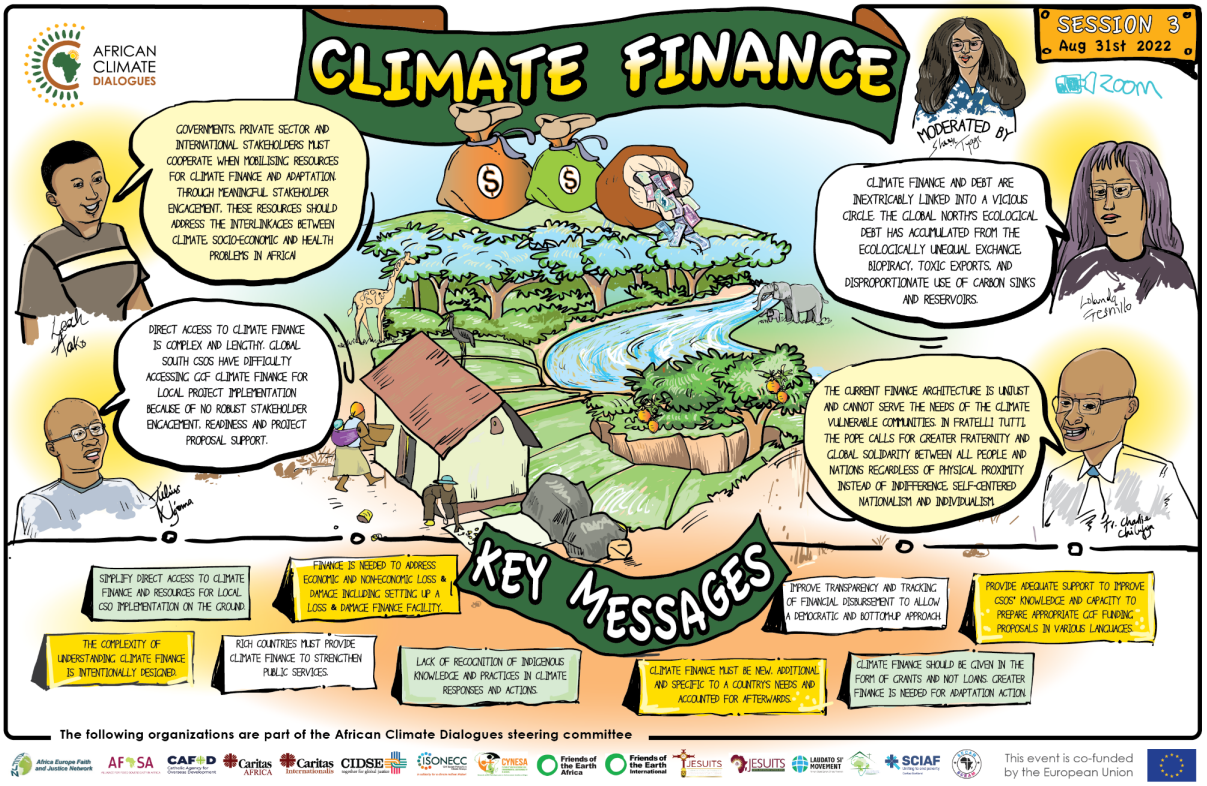
Newsletter

following the

'Climate Finance'

Third African Climate Dialogue

31 August 2022 - Hosted on Zoom



Sketch by Andrew Baingana

INTRODUCTION

Sheen Tyagi, Research Director, YOUNGO Finance and Marketing working group, welcomed the participants to the third African Climate Dialogue session, which focused on climate finance. The purpose of this session was to explore the importance of climate finance for Africa, highlighting the need to meet existing goals, to discuss the role of debt, and to facilitate access to climate finance. The speakers and participants highlighted the need to recognize the historical and ecological debt that the Global North owes to the Global South. The current finance architecture is unjust and does not serve the needs of those who suffer the most from climate impacts. The main challenges most African countries face when it comes to addressing climate change are resource mobilization and access to climate finance, both of which are crucial for countries to be able to achieve their adaptation and mitigation goals on the ground.

HIGHLIGHTS

Leah Aoko (Africa Research Impact Network) – Africa's USD 2.5 trillion of climate finance needed between 2020 and 2030 requires, on average, USD 250 billion each year. Total annual climate finance flows in Africa for 2020, domestic and international, were only USD 30 billion (CPI forthcoming), about 12% of the amount needed. This gap impedes locally led climate actions aimed at addressing the needs of marginalized groups that are already vulnerable to climate impacts and the COVID-19 pandemic, such as women, children, and Indigenous communities. A deeper understanding of inclusive and innovative ways of filling this gap based on the experiences, needs, and opportunities in African countries is required.

The Frankfurt school of management and ARIN conducted a study which explored how Africa could harness collaboration and partnerships on Nationally Determined Contribution (NDC)s and their implementation. The main challenge that most African countries face is resource mobilization. For instance, despite submitting an NDC in 2015, Kenya still lacks the finance to implement it. Public funding alone will not be sufficient, given the magnitude of investments needed as well as current and future constraints on public domestic resources in Africa. When discussing climate finance, the private sector should be included because it is responsible for a large proportion of GHG emissions, and corporate actors' participation would provide a means to hold them accountable.

Another key component of NDC implementation is adaptation. With climate finance remaining a perennial challenge, many people in Africa and around the world will continue to suffer from climate impacts. Rather than just discussing what this challenge means, countries affected globally must urgently find solutions locally. Leah stressed the importance of enhancing knowledge and skills on climate finance, including understanding NDC's and learning how to submit them to the UNFCCC.

Finally, there are large investment gaps in Africa and the sub-Saharan context regarding NDC implementation in priority areas such as water and the blue economy, energy, forestry, wildlife and tourism, transport, disaster, drought and flood risk management, health and

sanitation, human settlement, and manufacturing. Climate finance is indispensable for addressing climate change and the interlinkages between the climate and health crises need to be better understood. Private sector practitioners, NGOs, government representatives, international climate experts, and policy makers must collaborate to help countries better fulfill their NDC goals.

Iolanda Fresnillo, Eurodad's Policy and Advocacy Manager for Debt Justice - Debt, economic and climate justice are inextricably linked. Countries and institutions in the Global North have accumulated an ecological debt through ecologically unequal exchange, biopiracy, toxic exports, and disproportionate use of carbon sinks and reservoirs. This debt that must be paid requires reparations, and finance for climate action should form one part of those reparations. In this context, fulfilling climate finance commitments, ending extractivism, embracing new models of production and consumption, and restoring ecosystems are all part of a moral obligation held by the Global North.

When it comes to climate finance, the link between climate and debt is a vicious circle. The higher the debt, the less possibility countries have of responding appropriately to the climate emergency through investments in adaptation and mitigation. To make matters worse, country-level climate vulnerability is correlated with financial factors like sovereign debt and fiscal distress. Furthermore, the lack of, or inadequate action to address the climate emergency is forcing countries to contract more debt as they respond to increasingly frequent and severe climate-related shocks. This vicious circle has a particularly profound effect on women and girls, as they are the most affected by climate impacts and debt.

The Global North is obligated to provide climate finance under the Common but Differentiated Responsibilities and Respective Capabilities (CBDRC) principle. But these funds are being given as loans rather than grants, which means that Global South countries are indeed paying for their own climate action, often with high interest rates. There is a real danger in promoting private finance or de-risking private climate finance through green loans as any lending scheme would still require Global South countries to repay their lenders. Example, highly indebted countries like Zambia or Pakistan don't have the fiscal space to invest in Adaptation and Mitigation and simultaneously cope with a climate disaster. CSOs should call for debt cancellation for climate vulnerable countries and call for specific automatic instruments which stop debt payment in the face of slow onset of climate events. *This summary was written by CIDSE, and not reviewed by Eurodad*. See her presentation here.

Julius Ng'oma, CISONECC National Coordinator - Julius' organization and other CSOs in Malawi and in Africa are struggling to access climate finance. This input was focused on the Green Climate Fund GCF (GCF), although the GCF and the Adaptation Fund (AF) are two main funds under the UNFCCC. The Malawi government has received finance since 2015 but the implementation process only started in 2018. The World Bank is an alternative financing entity which approved other funds to Malawi in 2018, but there has still been no implementation. Both financing mechanisms show a gap between funding approval and implementation.

Accessing direct finance from the GCF is extremely complex. Only nationally and internationally accredited entities manage to succeed, which makes it difficult for small-scale organizations to access finance directly. CISONNECC has tried to access finance from accredited entities but they still found challenges when processing their accreditation as an implementing entity. Also, there is limited funding for readiness and preparatory processes. CSOs find it very difficult to find nationally accredited entities to submit proposals to and they still require technical and financial support to develop concept proposals. This makes it difficult for CSOs to participate in implementing National Adaptation Plans. Overall, there is no robust stakeholder engagement strategy under the adaptation framework to support CSO in developing proposals, access and implementing projects on the ground including governments. This needs to change, given CSOs' strong connections to communities, grassroots knowledge of climate impacts, and responsiveness to those most affected by climate change. See his presentation here.

KEY MESSAGES AND CALLS OF THE DIALOGUE

- The Global North needs to recognise and address the ecological debt owed to the Global South.
- Simply direct access to climate finance and resources for local CSO implementation on the ground.
- We need finance to address economic and non-economic Loss & Damage including setting up a Loss & Damage finance facility.
- The complexity of understanding climate finance is intentionally designed.
- Rich countries must provide climate finance to strengthen public services.
- Climate finance should be given in the form of grants and not loans and greater finance is needed for adaptation action.
- Improve transparency and tracking of financial disbursement to allow a democratic and bottom-up approach.
- Climate Finance must be new, additional and specific to a country's needs and accounted for afterwards.
- Provide adequate support to improve CSOs' knowledge and capacity to prepare appropriate GCF funding proposals in various languages.
- Lack of recognition of indigenous knowledge and practices in climate responses and actions.

CONCLUSION

Fr. Charles Chilufya SJ, JCAM Justice & Ecology Office Director - The world's financial system is overwhelmingly designed by and for the Global North, and it is not meeting the South's need for climate finance. This system represents both the legacy of colonialism and the continuation of colonial relationships. In spiritual terms, this crisis–a crisis of climate, economy, and finance–is fueled by corporate greed, other forms of greed, and myopic nationalism.The world has enough resources to resolve the climate crisis, but we are not making as much progress as we should because richer nations are hoarding their wealth. We cannot witness deadly flooding around the world like in Pakistan and sleep peacefully at night.

In *Fratelli Tutti*, Pope Francis speaks directly to the joys, hopes, griefs, and anxieties of populations that are hard hit by the climate crisis, especially those who are displaced and marginalized. Francis calls us to greater fraternity and social friendship among all people and nations. He calls us to an openness that allows us to appreciate and love each person regardless of physical, cultural, or social proximity. And as Francis demonstrates in *Fratelli Tutti*, our "neighbors" are the entire human family and the entire community of creation. He offers a compelling alternative to today's prevailing attitudes of nationalism, selfishness, and globalised indifference.

Prepared by Lydia Machaka (CIDSE) at machaka@cidse.org, Ayadi Mishra (YOUNGO) at ayadimishra@gmail.com and Dorothy Doroty Kazombo Mwale (YOUNGO) at dorothy1391@gmail.com