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AFRICA'S ADAPTATION TRANSFORMATION

Doubling down through Africa Adaptation Acceleration Program (AAAP) Compacts

LEADERS' COMMUNIQUE*

African Leaders joined top representatives of global and regional institutions during the Africa Climate Summit to guide a resilient transformation for Africa in light of the climate emergency fallout on the region. Leaders highlighted the following key messages:

Accelerating adaptation action at speed and at scale is Africa's number one climate priority – A climate secure Africa benefits the whole globe

Africa is the continent most vulnerable to the impact of climate change, according to the Intergovernmental Panel on Climate Change. Therefore, accelerating adaptation action at speed and at scale is Africa's number one climate priority. African governments, businesses and communities have already been heavily investing in adaptation action. The escalation of climate risks as warming of the planet approaches 1.5°C since the pre-industrial era is far more extreme for Africa, which is warming at nearly twice the global rate, while Africa's vulnerabilities are also the most acute of any region. The rapidly expanding breadth and severity of climate shocks and stressors are overwhelming domestic capabilities to mobilize and respond. Africa needs international support on climate adaptation now more than ever before. As an engine of the world economy networked to critical transnational migration corridors, a climate secure Africa benefits the whole globe.

Doubling down on adaptation means turbo-charging the flagship Africa Adaptation Acceleration Program, unlocking private finance and boosting grant-based funding for adaptation

Nowhere is the commitment to doubling international funding for climate adaptation more critical than Africa, as the world's most vulnerable continent to climate shocks. Africa is also home to the majority of the Least Developed Countries and the world's most climate vulnerable groups and communities. Achievement of the doubling pledge will hinge on whether Africa's adaptation resources are effectively scaled up. Leaders highlighted three key areas to deliver the scaling of adaptation funding:

Doubling down on adaptation means

1. turbo-charging the flagship Africa Adaptation Acceleration Program (AAAP),
2. unlocking private finance, and
3. boosting grant-based funding for adaptation.

* Chair's summary of H.E. Ban Ki-moon, Chair of the Board of the Global Center on Adaptation; H.E. Akinwumi Adesina, President of the African Development Bank; and Prof. Dr. Patrick Verkooijen, CEO of the Global Center on Adaptation, summarizing Leaders' discussions co-convened by H.E. William Ruto, President of Kenya and Chair of the Committee of African Heads of State and Government on Climate Change; the African Union Commission; the African Development Bank; and the Global Center on Adaptation.

Our AAAP Compacts cement domestic and international commitments towards the delivery of highly strategic and comprehensive adaptation responses country-by-country

African nations are leading the way in adaptation action, with enormous collective progress in implementation evident already on the ground, though falling far short of what is needed. The development of individual AAAP Compacts, supported by the African Development Bank and the Global Center on Adaptation (GCA) cements this progress together with domestic and international commitments towards the delivery of highly strategic and comprehensive adaptation responses country-by-country going forwards this decade. AAAP Compacts are steering the scaling of action towards the most critical national priorities, vulnerable groups and target areas, and projects with catalytic private sector potential. The first set of seven of these AAAP Compacts launched today target a substantial increase in the mobilization of funding, underpinned by Africa's flagship adaptation financing platform, the Africa Adaptation Acceleration Program, building on over US\$6.7 billion of financing of resilient climate projects in 27 countries benefitting millions of people since 2021.

Leaders likewise indicated the following key issues and response actions towards the strategic acceleration of climate adaptation at speed and at scale in Africa:

The race to plug the adaptation funding gap

Africa urgently requires, approximately 2.5% of its GDP, for adaptation finance to meet its NDC commitments, though NDC funding needs may have been underestimated by as much as 100%. Indeed, only half of African countries' NDCs calculate adaptation costs while climate impacts have continued to outpace expectations. The adaptation finance required by Africa to deliver the continent's NDCs is already the highest globally. Overall, Africa requires at least \$56 billion annually for adaptation by 2030, and may need as much as \$100 billion per year, making adaptation financing needs the highest of any region. Given expected underestimations of funding needs, Africa may need as much as \$1.7 trillion for climate adaptation to 2035.

Africa's adaptation finance flows, though, are far short of its needs. In 2019-2020, \$11.4 billion was committed to adaptation activities in Africa and should aim to increase ten-fold. Currently, international climate adaptation finance is only projected to total \$182.4 billion through 2035, far short of the costs of implementation stated in countries' NDCs. Failure to mobilize adequate adaptation funding in Africa could cost the continent \$6 trillion of economic benefits by 2035.

New tools such as the Resilience and Sustainability Trust of the International Monetary Fund, AAAP Compacts, the Country Climate and Development Reports of the World Bank, and the *Accelerating Adaptation Finance – Africa and Global Perspectives* report, provide deep analysis, recommendations, and financial resources to support the institutional and policy reforms, and can contribute to strengthening the capacities of African countries to make their economies more resilient and adapted to a changing climate.

Shifting from debt to grants and prioritizing catalytic and locally-led efforts

More than half (53 percent) of the adaptation finance flows to Africa in 2019–2020 were loans, making the debt situation of African countries more difficult. As such, Africa is also paying back the majority of adaptation finance flows. Grant-based funding is particularly critical for ensuring community-level adaptation measures among the most vulnerable and lowest-income groups of the world. Shifting the focus of international support from debt especially to grants, as well as towards catalytic private sector funding, is urgent and critical.

Africa's private sector contribution to climate adaptation finance is almost non-existent at 3 percent of total flows, of which nearly 90% is channeled through private grants to the agriculture and food sector alone. There are enormous unmet opportunities for businesses to invest in adaptation. In South and East Asia, the private sector invests close to 40 percent of total climate finance flows, generating jobs and supporting a climate-smart economic growth. A number of Africa countries' unfunded climate adaptation portfolios, such as Senegal, have

a majority of projects with a private sector focus, the potential of which should be harnessed to drive more catalytic on the ground adaptation action.

Adaptation, moreover, is not only the government's responsibility – choices and priorities for adaptation action require all stakeholders in African societies. Leaders called for a broad-based whole-of-society mobilization across Africa, and lauded the efforts of youth as champions of adaptation action, highlighting the urgent need for expanded locally-led adaptation efforts.

Mainstreaming and expanding access to climate adaptation finance

Climate finance in Africa is targeted towards a few countries. Ten countries absorbed more than half of all climate finance, whereas most African nations have a good or better environment for adaptation investments based on international indicators. Leaders called on the urgent priority of investing in capabilities for accessing international climate finance, while urging the international community to expand delivery more evenly across all African countries.

Further strengthening the integration of strategic planning tools, such as through AAAP Compacts, with clear goals, financing plans, and monitoring systems, will be critical to preparing for higher volumes of adaptation finance, as well as for improving the efficiency of delivering scarce resources. Adaptation plans need to be continuously improved by considering all key vulnerable economic sectors – from tourism, to public health, and to blue economies – and by strengthening the linkages with disaster risk reduction and dual benefit programs in the energy and carbon sectors. Leaders also highlighted that adaptation is also the primary line of defence, helping to reduce fast increasing financing needs for loss and damage, while integration of adaptation into actions that address loss and damage will be critical to stemming future losses as climate risks increase.

Likewise, the mainstreaming of climate resilience actions across the spectrum of national development calls for greater engagement of ministries of finance, development and planning in the strategic directions and priorities for adaptation action at scale. Leaders urged greater engagement from such ministries in the design and delivery of climate adaptation action, supported by lead technical as well as sectoral ministries.

The AAAP as the lynchpin for scaling adaptation action in Africa

The Africa-owned and Africa-led Africa Adaptation Acceleration Program is the largest adaptation program in the world – no other adaptation financing initiative matches its scale and scope. It was created in response to the continent's expressed needs and priorities to reduce its vulnerabilities to climate change as well as harness the economic growth opportunities that result from effective climate adaptation. For example, GCA estimates that just \$15 billion per year – less than the cost of running the New York metro – would be enough to pay for better water management, infrastructure, land restoration and climate information services across Africa.

The AAAP can support delivery in any African Union member country. Building on its proven \$6.7 billion track record of delivering climate adaptation finance at speed and at scale since inception, the program is poised as the number one delivery vehicle for accelerating adaptation finance delivery on the continent. Leaders called upon donors to prioritize upscaled funding to the AAAP and its Upstream Financing Facility. Leaders expressed thanks to the development partners that had shown leadership in supporting the AAAP to date and called upon all development partners to redouble their efforts to support the further scaling of the program to deliver for Africa.

COP28 must double down on advances with the climate adaptation agenda

Leaders urged the United Nations Framework Convention on Climate Change COP28 to seize the critical opportunity of the conclusion of the Global Stocktake on the Paris Agreement for the world to course-correct and address the gaps across all elements of climate action, including adaptation, with a particular emphasis on equity and the best available science. All nations must do their fair share now to deliver climate action.

Africa looks to COP28 in the United Arab Emirates to deliver on its expectations and priorities as the world's most climate vulnerable continent, building on the progress of COPs 26 and 27. Leaders especially urged that COP28 must, in particular, present clear evidence on progress by developed countries, and a pathway to achieve the doubling of international adaptation finance by 2025 from the currently very low levels while also delivering concrete loss and damage funding.

Africa likewise expects the swift operationalization of the Global Goal on Adaptation, with COP28 delivering substantive outcomes in line with the conclusion of the Glasgow-Sharm-el-Sheikh work program, with inclusive decisions on adaptation targets and indicators, to facilitate adaptation action and increase Africa's ability to adapt. COP28 can also promote cooperation in the development of regional climate risk assessments, frameworks, plans, programs (such as AAAP and Africa Adaptation Initiative), and indicators on resilience-building to transboundary and cascading climate risks.