HIGH-LEVEL MEETING ON THE INITIATIVE FOR THE ADAPTATION OF AFRICAN AGRICULTURE TO CLIMATE CHANGE "AAA"

RENCONTRE DE HAUT NIVEAU SUR L'INITIATIVE POUR L'ADAPTATION DE L'AGRICULTURE AFRICAINE AUX CHANGEMENTS CLIMATIQUES "AAA"
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Climate Finance for Adaptation in African Agriculture
Challenges & Opportunities

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Africa’s adaptation finance gap

- Africa currently receives circa USD 1-2 billion p.a. for adaptation
- Most of this goes to the agricultural sectors
- But lack of clarity on need and amounts available

**UNEPA low estimate**

- Africa’s adaptation finance need p.a.
- 50% of climate finance for adaptation
- $10bn of $62bn for adaptation
- $7.5bn of $54bn for land & fishery

Presentation by Tanja Havemann: www.clarmondial.com
# Where could funding come from?

<table>
<thead>
<tr>
<th>Funder category</th>
<th>Includes</th>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td>Development funds</td>
<td>• Overseas Development Assistance (ODA)</td>
<td>55 identified</td>
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<td></td>
<td>• Climate funds</td>
<td></td>
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<td></td>
<td>• Multilateral funds</td>
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<tr>
<td></td>
<td>Examples: GEF, LDCF, AF, SCCF, GCF, PPCR, IFAD</td>
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<tr>
<td>Other development funders</td>
<td>• Foundations</td>
<td>95 identified</td>
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<tr>
<td></td>
<td>• Impact first funders including NGOs</td>
<td></td>
</tr>
<tr>
<td>Private sector financiers</td>
<td>• Banks</td>
<td>105 considered</td>
</tr>
<tr>
<td></td>
<td>• Non Bank Financial Institutions</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Asset managers inc. institutional investors</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Investment companies</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Corporates</td>
<td></td>
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<tr>
<td></td>
<td>Examples: Equity Bank, Global Environment Fund</td>
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<td></td>
<td>Form International, Juhudi Kilimo, I&amp;P, Investec</td>
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<td>Vital Capital, Old Mutual</td>
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Development funds: summary

- Challenging to get an accurate and complete picture of committed and disbursed relevant funds
- Relevance to other funding topics e.g. desertification
- Relevance to other ODA funding streams, e.g. migration
- General bureaucracy challenges (application, M&E), funding predictability and sustainability

Opportunities for AAA

- Advocacy for funding, including better understanding needs
- Promoting accountability and tracking disbursements and experiences
- Facilitating access to existing opportunities:
  - Creating awareness about opportunities
  - Supporting access, e.g. through mentoring & joint programming
  - Design and promotion of relevant ideas
Other development funders: summary

- Challenging to get clarity on interest and access modalities: range of interests and motivations
- Many US & EU based and prefer funding NGOs with relevant tax codes
- Can help to promote to donors and private funders

Opportunities for AAA

- Involve relevant examples of such funders early in design: big international funders and smaller geographically relevant / specialized funders
- Explore partnerships with US & EU-based entities to leverage funding from foundations domiciled in these jurisdictions
- Explore range of ways their funding could be used and leveraged, e.g. SME investments, sub-ordinated loans
- Dialogue to encourage learnings between government and privately funded initiatives e.g. sharing KPIs
Private sector funders: summary

- Significant opportunity to bring in additional capital through proper engagement
- Africa & agriculture seen as exciting investment topics
- Carrots: yields, new products, ability to draw in concessional funding both in design and scaling
- Sticks: informing & enforcing investment regulation, translation of climate risks into investment decisions

Opportunities for AAA

- Engage strategic private financiers in design discussions: what do they need to increase capital flows going to adaptation activities in African agriculture?
- Consider if and how to engage other facilitators of finance, e.g. insurance & micro-insurance companies, credit bureaus
- Use their input to test M&E for adaptation
Need to unlock additional capital

- It is unlikely that development funding will be adequate
- Need to unlock additional capital

Note that this diagram does not include local currency or other types of specific de-risking facilities and liquidity facilities, nor does it include results based payments.

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Thank You!

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