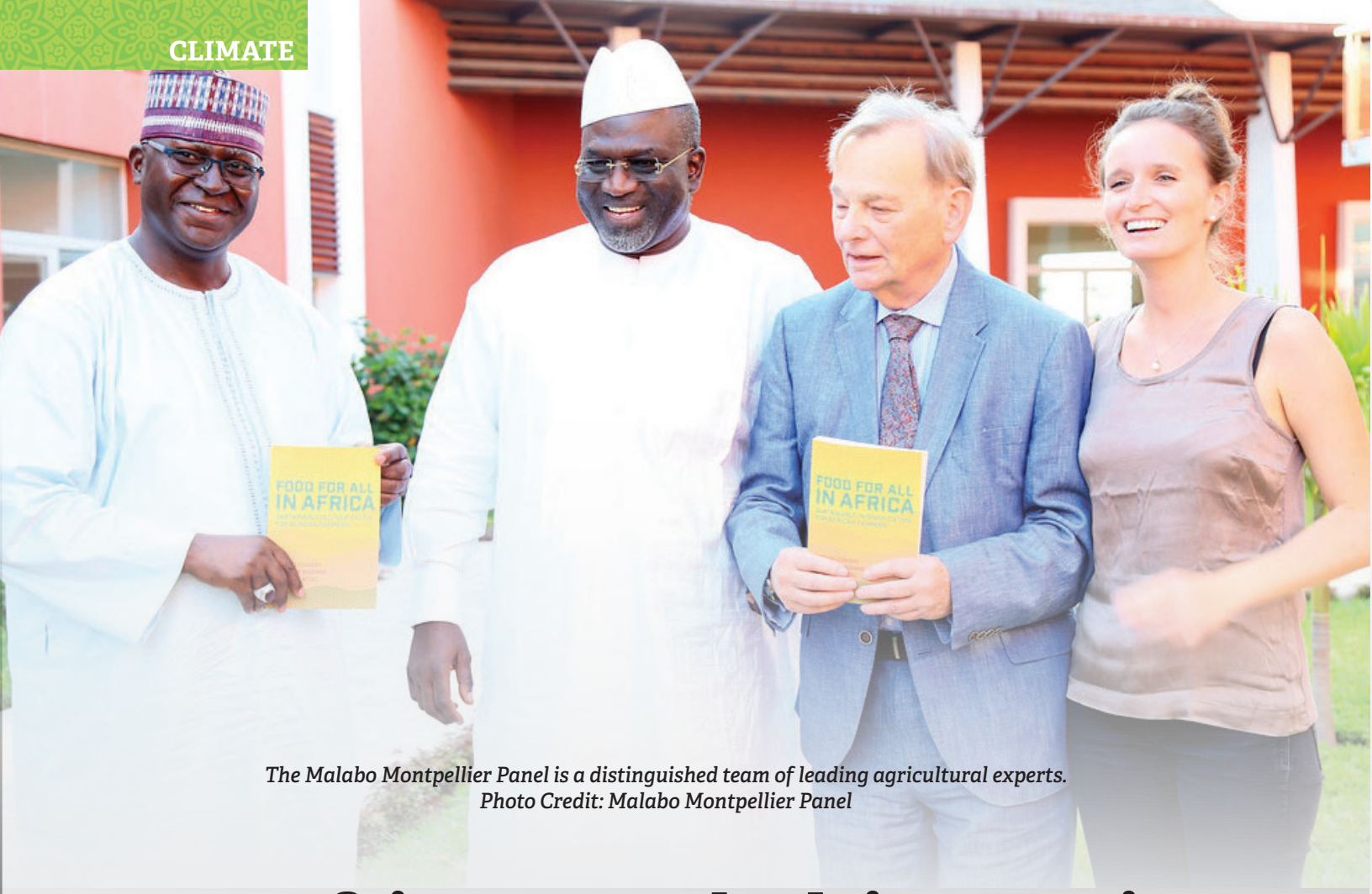

The Malabo Montpellier Panel is a distinguished team of leading agricultural experts. Photo Credit: Malabo Montpellier Panel

How Africa can unlock innovative climate finance for its food systems

Busani Bafana

AFRICA has a shortfall of more than $40 billion for adaptation, making it imperative to tap domestic and global finance to enable the continent climate-proof its agriculture and food systems, agriculture experts say.

Current levels of adaptation financing needs for agriculture, forestry, and land use (AFOLU) and water sectors in Africa amount to an estimated $41.3 billion, according to a report launched by the Panel of experts at the Malabo Montpellier Forum in Dakar, Senegal.

However, research indicates that small-scale farmers, agri-entrepreneurs, and those in related industries received just $3.6 billion in adaptation finance in 2017/18.

The report, ADAPT: Policy innovations to unlock climate finance for resilient food systems in Africa, highlights opportunities for African countries to stimulate more public and private sector financing while also calling for greater access to global funding.

The report notes that Africa's access to international climate finance remains low and insufficient, with total estimated access at only 5.0 percent of the available global finance. The majority of African farmers are smallholders with few sources of finance and limited access to infrastructure and information.

Dr Katrin Glatzel, Director of Policy Innovation at AKADEMIYA2063 and also a Director of the Malabo Montpellier Panel, says that financing for climate adaptation across food systems faces the same technical and structural challenges as agricultural financing in Africa. Perceived high risks, low liquidity, long timeframes, lack of large investment-grade projects, and high upfront capital and transaction costs militate against adaptation financing.

in closing the gap for adaptation funding in food systems, agricultural experts recommend developing a pipeline of bankable projects focused on food systems and related infrastructure supported by investable adaptation plans. In addition, they recommend supporting locally led adaptation efforts to ensure that resilience-building interventions meet the needs of the most vulnerable and have a sustainable impact.

Dr Glatzel says that drawing on local communities' knowledge, experience, and needs, bottom-up and devolved decision-making approaches can help governments and funders pinpoint the most impactful and urgently needed adaptation interventions.

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The report analyses four systematically selected African countries – Benin, Mali, Rwanda, and Zimbabwe – to review how governments could optimise investments in climate-resilient food systems through innovations such as national climate funds, blended public-private finance, and participatory funding structures coupled with innovative policy-design and institutional structures.

For example, Benin has created several institutions to support adaptation, including the National Fund for Environment and Climate Change (FNEC) and the Community Development Support Fund (FaDEC).

Mali, for its part, has established the centralised Mali Climate Fund. The country was also among the top seven recipients of climate adaptation finance between 2011 and 2020 thanks to its close partnerships with international development partners.

Rwanda has invested heavily in establishing new, innovative, and world-class institutions such as the National Fund for Environment (FONERWA), which supports a demand-led approach for bridging funding gaps.

In Zimbabwe the government has collaborated with the Green Climate Fund (GCF) to design the Zimbabwe GCF Country Programme, a four-year plan to ensure the country's readiness to mobilise climate finance from the GCF.

The report follows the recent UN COP27 climate talks, where negotiators agreed to establish a fund to compensate developing countries for the loss and damage already caused by climate change, such as the four consecutive failed rainy seasons in East Africa.

In addition to a loss and damage fund, high-income countries previously committed to providing $100 billion a year to support adaptation in low-income countries, which has yet to be met.

The report authors find that Africa accessed just five per cent of the global finance available, while less than 20 percent of private sector climate finance went toward adaptation.

According to the Malabo Montpellier Panel's report, climate change will lead to an equivalent annual GDP loss of 10 to 20 percent in Africa by 2100 with low or non-existent and inappropriate adaptation measures.

"The poor quality and quantity of data on climate finance flows is a global concern," Dr Glatzel says, emphasising the importance of designing reliable tracking mechanisms and simple digital tools to record climate finance flows at the national level.

"African governments can play a leading role in resolving this issue."

Recording and reporting on climate finance received can be a powerful tool to hold developed countries accountable, she adds.

Zimbabwe, for example, has invested in a Development Projects Management Information System (DEVPROMIS) to improve transparency and accountability through data capturing and information sharing among government agencies, development partners, and civil society organisations.

The system will track public sector investments, development assistance, as well as private sector projects being implemented in Zimbabwe.

Agricultural experts on the Malabo Montpellier Panel. Photo Credit:MMP