Remarks by Dr. Akinwumi Adesina, President of the African Development Bank, delivered on his behalf by Kevin Urama, Senior Advisor to the President on Inclusive and Green Growth – Strategy, Policy Development & Implementation, at the high-level side event on “Africa at the forefront of climate change”, organized by the African Risk Capacity Agency, November 15, 2016, Marrakech, Morocco.

Your Excellencies, ladies and gentlemen! I wish to thank you, Excellencies, Presidents, for being here for this event, at the Africa Pavilion.

In the typical African community, whenever there are issues, we call the elders together to solve them. Today, your Excellencies, there is a matter we need your voice to solve: how to support climate finance for Africa to adapt to climate change. This matter affects all of you and your countries. We need you and Africa needs your voice!

These are tough times in Africa. The decline in commodity prices is taking a toll on several countries, constricting their fiscal space. Therefore, Africa has very limited scope to adjust to and cope with more exogenous shocks.

That is why we must pay close attention to the recent effects of climate change that are further worsening the fiscal environment for African countries.

Climate change is causing major displacements of public expenditures in Africa. Monies that should be used to boost investment in growth enhancing infrastructure and energy or education and job creation for the youths, are now being diverted to cope with effects of climate change.

This year has been particularly difficult for several African countries, as the continent witnessed its worst drought in decades.

On a recent trip I made to Malawi, I was shocked to see the level of yield loss farmers have suffered. I went into a farm to see the extent of the loss. As cobs of maize shriveled, livelihoods of millions shriveled. Ethiopia, which has continued to show impressive economic growth rates, had to cope with the
worst drought in decades, leaving close to 15 million people at risk.

Extensive droughts across Eastern and Southern Africa have left millions at the risk of food insecurity and malnutrition.

Mozambique reallocated $13 million for drought response and faced a financing gap of $190 million. Lesotho spent $12 million and is estimated to have lost 1% of its GDP as a result of the drought. South Africa reallocated $700 million for drought relief operations.

Africa is paying a very high price for climate change and it will only get worse. The World Bank estimates that Sub-Saharan Africa will need $14-17 billion per year for adaptation for the period 2010 through 2050.

African countries need help quickly to address climate change. Talk is not enough: Africa’s rising bills due to climate change have to be paid.

Urgent measures are therefore needed to reverse and avoid rising climate-induced public expenditure displacements in Africa. Africa alone cannot carry the burden of adapting to climate change.

There must be global climate justice for Africa.

Africa has developed an effective mechanism – the African Risk Capacity insurance – to help countries cope with extreme weather events, through insurance for catastrophic events. So far, 32 African countries have signed on to the agreement establishing the Africa Risk Capacity. However, so far only seven countries have participated by paying insurance premiums.

When the drought hit the Sahel in 2015, the mechanism made payout of $26 million for three of the affected countries, saving scarce government resources and reducing vulnerability for 1.3 million people.

But the insurance premiums are not cheap and this has continued to discourage African countries from insuring themselves against the rising catastrophic risks.
What is needed now is support to assist African countries in meeting the insurance premium costs.

That is why I call for the global climate finance facilities such as the Green Climate Fund and the Global Environmental Facility to pay the insurance premiums for African countries, to the African Risk Capacity agency. This is a very small price to pay given the $100 billion that developed countries have promised to provide annually by 2020 to support climate finance.

Some may argue that the market system should not be distorted by supporting African countries to pay for these premiums. Such a view will be incongruent with climate justice. Developed countries, the biggest emitters of greenhouse gases, cannot continue to pollute and choke the economic lungs of Africa. Africa is choking from climate change.

Droughts and floods are essentially externalities from these emissions. What is important is how to manage these externalities. African countries, already reeling from the negative impacts of global commodity price shocks, cannot be expected to bear these costs. That would be very unfair and unjust.

The polluter pay principle should apply.

Africa, which continues to be short-changed by climate change, should no longer be short-changed by climate finance. Africa receives only 4% of all the global finance funds. And only about 14% of the global climate finance goes into adaptation, which is the major challenge facing Africa. Countries, facing fiscal deficits, are unable to afford the cost of paying for insurance to protect themselves against extreme weather events.

To further boost Africa’s ability to adapt to climate change, the African Development Bank will triple its climate finance to $5 billion per year by 2020. We will rally around Africa to adapt to climate change.

Let us not make this an “empty COP”, but a “COP of actions”: one that turns
promises to tangible financing for projects.

And nowhere is the need more urgent than for the global climate finance mechanisms to pay for extreme weather insurance for African countries, as well as support the Adaptation for African Agriculture initiative.

Words of comfort are not enough to pay Africa’s rising bills for adapting to climate change. We must end climate-induced displacements of public expenditures in Africa. Africa needs climate finance. Africa needs action. And Africa needs action now, not in the future!

Thank you very much.