



GLOBAL
CENTER ON
ADAPTATION

THE INAUGURAL GCA CEO'S ANNUAL LECTURE

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Honorable President Kenyatta, Secretary-General Ban Ki-moon, Mr. Vice Chancellor, Excellencies, Ladies and Gentlemen, Students: We are living inside the eye of the storm.

My name is Patrick Verkooijen and I am the CEO of the Global Center on Adaptation.

The climate emergency has Africa at the cross-roads. Business as usual is a sure-fire route to chaos. But adapt to it and Africa will thrive. That is why I have come to Nairobi to deliver this, the inaugural annual lecture of the GCA CEO.

I was last in Kenya ten years ago. It's good to be back. I was supporting a climate-smart agriculture project in Kisumu with 60,000 farmers. I met a farmer there: Anne Akinyi. She was involved in the program which combined traditional agriculture processes with a new focus on tree planting, inter-cropping, mulching, and sequestering carbon. These approaches were clearly yielding a triple dividend: Agricultural productivity doubled, the resilience of farmers became much higher and agriculture became part of the climate solution. You could visibly see the difference with the immediate surrounding areas not part of the program: they had water shortages and much lower production.

Anne was joined by 60,000 other small-holder farmers. What the program lacked was scale. Imagine this program across the whole of Africa. That would be real adaptation in action. We don't need to learn how to adapt. We are already doing it. What we have is a problem of speed and of scale. Adaptation is far too piecemeal and way too slow.

We need more ambition, which is entirely possible: At Paris we had emission commitments on the table that had us headed for more than 3 degrees of climate chaos. The World Bank produced a 4 degrees report because we were knocking at the door of 4 degrees. Six years on, the combined pledges of the world's economies have us closer to 2 degrees. We have to keep strengthening them to hold the line to 1.5°C. But we need the same ambition raising for adaptation. Only, we have even less time.

The IPCC just confirmed we now enter the 1.5°C world in 2030. Certain impacts, like extreme heat spells, will double by then. And the urgency to respond will be nowhere greater than in Africa. For accelerated adaptation to be a reality here, we need the financing to work. But I am here, to tell you, that we can do that too.

The Africa Adaptation Acceleration Program – AAAP – is already a \$25 billion initiative. We need to deliver it and build it up, and set in motion bold financing in parallel. Twenty-five billion dollars over five years is still a drop in the ocean compared to the challenges we face. This is the floor, not the ceiling, for adaptation finance.

Most disasters in Africa are flood-related but drought has by far the greatest impact: affecting five times the number of people. Last year more than one in five people in Africa faced hunger. Given how we know this climate crisis is evolving, that is a very alarming stat. But again, this is not the full story.

For us at the Global Center of Adaptation, the real story of climate change in Africa is a story of resilience, of responsibility, of solidarity, of opportunities for a safer, greener, and more prosperous continent. It is this story: the solutions and the innovations, the hard facts of science and the leadership of communities, the need for coordinated action, and the urgent call for more and smarter financing.

This is the story we capture in the State and Trends on Adaptation 2021, the report we are launching today. A report prepared with leading institutions and researchers from Africa and the world. A report that reviews the many sectors and economic activities impacted by climate change. But equally: a report that focuses on solutions and actions.

As we were preparing this report, we interviewed youth and small entrepreneurs around Africa on climate change. I was impressed by their stories of resilience. The story of Lucia Gulugulu, a young community nurse from Zimbabwe, is particularly compelling. I learned from her how she was caught off guard by what – at first – looked like another rain but turned out to be Cyclone Idai. Surrounded by destruction, she set up a 'youth corner' at her clinic to educate patients on the links between climate disasters and health.

Or the inspiring story of 24-year-old Cidia Chiassungu in Maputo. She organized a youth movement called United for Beira to ship relief items to affected regions after road connections were lost. These are the stories of action and solidarity that are captured in the report. These are the actions of individuals that should inspire us all to step up today because the window of opportunity for adaptation is closing fast. Why? Because the level of climate change in Africa in the next 10 years – taking us to 1.5°C – is already locked in. Far more drastic cuts between now and then could enable us to hold the line at 1.5 °C.

But even if the Paris Climate Agreement goals are achieved, the economic costs of climate change in Africa will be enormous. Africa will suffer higher GDP losses than most other regions of the world. These impacts can only be reduced with adaptation.

Africa needs to scale up adaptation now. If Africa had been prepared with resilient economies and communities to the damaging weather events over the last decade, the strong growth rates countries had achieved before the COVID pandemic would have been even higher.

At the same time, if the Paris Climate Agreement goals are missed, if the world warms 2°C, 3°C, 4°C or beyond, the economic and social costs for Africa will be catastrophic. Our analysis finds that Africa will suffer significant economic costs over the next couple of decades at several percentage points of GDP per year.

There are silver linings in that Africa has experienced less fatalities in recent years due to climate disasters. However, the economic costs to Africa of climate catastrophe keeps climbing. Climate change is not just losses but also macroeconomic risks. It will affect public finances by requiring increased public expenditure and government debt, as well as by reducing government revenues. All of this affect fiscal stability. The risks also encompass the private sector: losses on assets and higher operating costs, as well as lower revenues. All this can affect cash flow and company performance for business in Africa.

Finally, climate change is a new and significant negative pressure on the sovereign credit ratings of African countries. As impacts increase, if we don't adapt effectively, these will increase the cost of borrowing. That would reduce the continent's investment potential. As these economic costs come from climate change, it is only adaptation that can reduce them in Africa for the next decade.

Let us be clear: The poor in Africa cannot afford these impacts. Why? What is certain is that climate change disproportionately impact the poorest and most vulnerable in Africa. Impacts within countries will be uneven, hitting the poorest and most vulnerable the hardest.

In fact, worldwide, climate change, if unchecked, will push 122 million new people into extreme poverty by 2030. Of these, Sub-Saharan Africa would see 43 million new poor. Even if development is rapid and inclusive, up to 12 million people in Africa could be pushed into poverty in this time due to climate change alone.

Poverty is also closely linked with security and displacement. Half of the African countries considered highly vulnerable to climate change are also considered fragile or even extremely fragile states. As the poor in these fragile states are hit harder, climate change will affect the security and the stability of Africa.

In Sudan, for example, climate-related disasters already contributed to massive displacement in the past two decades. In West Africa, by 2050, in a worst-case scenario, we could see 50 million internal climate migrants. With effective adaptation, we can reduce that number by threefold. This is why it remains vital that adaptation efforts do not forget the most vulnerable groups.

The small enterprises in Africa cannot afford the impacts of climate change either. All of the small and medium enterprises we interviewed in West Africa said that they are already affected by climate change. Seventy percent of SMEs in East Africa gave the same answer. Three quarters faced lower productivity and sales; half suffered physical damage to their locales or equipment.

Our report has one main message for all sectors of society: if the world stays within 1.5°C, adaptation in Africa is not only possible; it makes eminent economic sense. It is the smart thing to do. But we must start now and scale up fast.

We have to make climate adaptation everyone's business. The results in the State and Trends report are clear: Adaptation pays. A dollar invested in weather and climate information services gives between 4 and 25 dollars in benefits. A dollar invested in resilient water and sanitation not only saves lives; it creates between 2 and 12 dollars in benefits. African countries that invest a dollar in climate-smart crops can see between 2 and 14 dollars in benefits. Adaptation makes economic sense.

We also looked at the other side of the coin. What are the costs of inaction? The solutions to make agriculture more resilient and better adapted to climate change are known. What is the cost of adaptation of agriculture and food systems in Africa? It's \$15 billion per year. Then what of the cost of inaction? The cost of more frequent and severe crisis response, disaster relief, and recovery pathways? \$200 billion dollars a year. 13 times more.

It is in fact inaction – not action – that is expensive.

Delaying adaptation action will only increase costs. Either we “delay and pay”, or we take bold action starting now and prosper. Because, let us not forget, Africa is changing. It is changing fast. This is an opportunity we must seize.

With 43 percent of its population under the age of 15, Africa has the largest youth population in the world. Africa's young people today have more education than their parents do. The future of Africa's youth must not be robbed by climate change.

Africa will have more than a third of the global workforce by 2040, with more than one billion citizens ready to work. Africa needs more jobs, better jobs, decent jobs. And adaptation can be part of the solution. Africa's massive endowment of nature can be harnessed as both an engine for green jobs for adaptation and resilient and as a pathway for a more sustainable development.

African cities are changing fast too. Sub-Saharan Africa's cities are growing the fastest in the world. About 40 percent of Africa's population live in urban areas, and it will double in number by 2050. An important challenge is that 60 percent of Africa's urban residents live in low-income, unplanned communities.

About half of African cities are located in the lowest elevation coastal zones. As sea level rises, the risks of floods and coastal erosion increase. At 40 percent urbanization today, Africa has the advantage that most of its cities are still to be built. And they can be built resilient and adapted to a rapidly changing climate. We have a choice here to avoid the mistakes of other cities worldwide.

Against this background, we asked ourselves in the State and Trends report: What are the most critical foundations for a sustainable and resilient African growth? Let me start with two: infrastructure and women.

First, Africa needs resilient and adapted infrastructure. Lots of it. Many claim that resilient infrastructure is expensive and unaffordable. On average, resilient infrastructure is only three percent more expensive, provided you plan it well and build it flexibly. What is expensive is to rebuild bridges and dykes after floods. What is expensive is to face power cuts when hydropower dams dry out.

Second, African countries are failing to take advantage of the unique knowledge, skills, and perspectives that women have. Women's knowledge about sowing seasons, traditional multi-cropping practices and livestock management, is indispensable for climate adaptation. African women are true leaders in the recovery of families after disasters. African women need to be empowered to make the continent resilient and prosperous. After all, already ten years ago Anne taught this to me in Kisumu.

Many positive changes are happening in all corners of the continent. But to unlock the full potential, we must have financing flow at scale. How much is needed for adaptation? Based on 40 African countries that calculated their adaptation investment needs, that number is \$331 billion through 2030. That is roughly \$33 billion a year.

How much is coming to Africa now? About \$6 billion in 2017 and 2018. If this trend continues, Africa would see just \$66 billion by 2030. There are some bright spots: for example, Multilateral Development Bank finance grew from \$3.6 to 4.7 billion last year versus 2019. However, all of this is still far short of the \$331 billion needed.

Adaptation investment needs to be mobilized from a wider variety of finance sources, where the private sector is key. So, we need to be focused with public resources to orientate them for maximal leveraging of the private sector. The private sector generates 75 percent of economic output and 90 percent of employment in Africa. But again, most private sector climate activities are focused on mitigation not adaptation. This has to change.

We are fighting a battle on two fronts now. Climate change has absolutely ceased to be a question of emissions alone. Addressing growing climate impacts is as important for the world today. At the same time, access to finance is the biggest barrier to African MSMEs. This was the finding of a major GCA survey conducted with the World Business Council on Sustainable Development. Adaptation is a win-win for the private sector, and it is a major business opportunity.

Climate adaptation finance can also be boosted through innovative financing, leveraging of pandemic stimulus resources, and trade. For example, innovations in finance like "Climate for Debt" swaps that enable restructuring of debt to support resilience can unlock significant new resources for action. The huge public stimulus to COVID-19 needs to focus as much as possible on a green and resilient recovery. Kenya is a great example with some of the highest proportion of green spending in its pandemic stimulus. Other African nations would do well to follow that lead.

And finally, promoting trade. Trade provides a cushion for shocks to food security for example, by ensuring supply of staples can meet demand when local production is hit. By leveraging comparative advantages over time, trade in resilient goods and services will also create more jobs in the economy.

We need to also consider enabling conditions. All our research shows that good climate risk and resilience data points are hugely important for investment. Likewise, if we are going to increase financial flows by multiples, we have to build

capacity of African financial institutions and government entities to mobilize resilient investments.

And we should remember that NDCs are moving targets. The ambition of existing national adaptation plans is almost certainly not high enough to protect African economies and communities from a worsening climate emergency.

African governments are also saying that they are ready to contribute. Based on an analysis of the 15 current NDCs that provide a breakdown of cost estimates, African countries are willing to put close to 20 percent of funding, if the world comes forward with the rest. If the world mobilizes \$24 billion a year to \$18 billion more than the \$6 billion that has been coming-, African countries on average indicate that they could mobilize \$6 billion a year. Africa has very little responsibility – historically or in the present day – for global greenhouse gas emissions compared to other major regions of the world. Can the world mobilize this funding?

It was precisely with the African Development Bank that we joined forces to design of the landmark Africa Adaptation Acceleration Program (AAAP). Unlike other adaptation plans in Africa, the AAAP is a comprehensive adaptation program that addresses the nexus of climate change, COVID-19, and the economy. The AAAP will support all African countries in designing and implementing transformational adaptation of their economies and post-COVID recovery development paths.

The AAAP is an Africa-owned and Africa-led response to the climate crisis. African leaders have asked for this Program and have endorsed its design, including an upstream facility led by the GCA which supports investment pipeline development. This is in addition to an investment facility which is led by AfDB and directly finances adaptation projects.

The AAAP is the translation of the Africa Adaptation Initiative (AAI) into actual projects and programs on the ground. The AAAP focuses on 4 bold pillars where urgent action is needed and where investments in adaptation and resilience building can yield high dividends to achieve the SDGs. The program is mobilizing the 25 billion in resources to support 30 million smallholders and reduce malnutrition for at least 10 million people. It will support one million youth with entrepreneurship skills and job creation. The AfDB, under the strong leadership of President Adesina, has already committed half of the total, \$12.5 billion. Together with all African nations, we are mobilizing the additional \$12.5 billion.

Adaptation represents only 21% of climate finance flows from developed countries to the developing world. The developed world committed to deliver \$100 billion in balanced flows to adaptation and mitigation every year between 2020 and 2025. The Glasgow COP must deliver on this commitment. For AAAP, we expect that \$6 to 8 billion will be mobilized at COP26, and the remaining will be mobilized at COP27. Glasgow must show that the world cares about Africa's adaptation. That is why we are convening the largest ever adaptation for Africa summit at COP26 on 2 November. It will showcase the continent's many solutions ready for scaling. Glasgow must deliver for Africa.

In closing I want to revert back to where I began: With Anne Akinyi from Kisumu. In Luo, Akinyi means born in the morning. We are at the sunrise of an adaptation revolution for Africa. However, right now, today, this continent is truly at the crossroads. Adapt or die might sound too strong. And yet, thousands of lives and millions of livelihoods have already been sacrificed in Africa due to inadequate adaptation. But, Anne, in a small village, close to Kisumu, gives me hope.

Adaptation is not only the right thing to do but also the smartest thing to do.

The opportunity is here for the taking. Let us seize it.

I thank you.



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ANTOINE PLATEKADE 1006
3072 ME ROTTERDAM
THE NETHERLANDS
+30 (0) 88 088 6800
WWW.GCA.ORG