

NAIROBI, 4<sup>th</sup> SEPTEMBER 2023

# AFRICA ADAPTATION ACCELERATION PROGRAM PARTNERSHIP FORUM 2023: Scaling Investments for Adaptation Financing

## Outcome Document

Implementing partners of the AAAP, commercial banks, young people, academia and other stakeholders joined the Global Center on Adaptation and the African Development Bank for the Africa Adaptation Acceleration Program (AAAP) Partnership Forum 2023, to showcase results of the Program and to dialogue on ways to leverage the AAAP Country Compacts for scaling adaptation financing for Africa. The partners and stakeholders highlighted the following key messages:

**The AAAP is helping to close the Adaptation Financing gap in Africa and that implementation must continue to be conducted in tandem with local stakeholders on the ground.**

The Forum raised the effectiveness of AAAP as a concrete tool in raising financing for adaptation with significant growth in 28 months of operation, having realized over \$6.7 billion of AAAP downstream investments. This track record has been achieved with the help of 74 implementing partners in total consisting of local institutions, academic and research institutes, among others. The dialogue reinforced the need to continue to involve local stakeholders in implementation as they have the solutions, on-ground knowledge, and local tools that can be leveraged to drive resilient solutions and program delivery. This must be supported by ensuring that selection criteria for partners are inclusive, also allowing for gender to be mainstreamed in the AAAP.

**For effective mobilization of adaptation resources through the AAAP Country Compacts, lead ministries in-country must be at the center of coordination with all stakeholders.**

The Forum showed that in-country, ministries leading on the development of AAAP Country Compacts should effectively coordinate the action plans of the compacts, carrying sectoral ministries and other stakeholders along.

- Lead ministries need to engage with multiple groups of stakeholders in-country to ensure accountability during implementation of the compacts.
- Governments should be at the center point of coordinating development partner inputs as they are most knowledgeable of investment needs and how to directly target beneficiaries.
- Monitoring and Evaluation frameworks should be developed to measure and track progress with meeting investment needs identified in the compacts.
- National action plans to guide the mobilization of resources for the investment compacts must have governments at the center.



### **Mobilizing Adaptation financing from private sources requires targeted communication on Adaptation needs and action.**

Targeted publicity and communication to showcase existing Adaptation efforts under the AAAP is needed to provide the evidence base of adaptation benefits. On the other hand, simplified and tailored communication of finance needs must be made to private funders for clarity of adaptation financial flows and gaps. This could be leveraged through carefully curated information sessions.

### **Private Financial Institutions and other investors need to be made aware of the return on investment in adaptation.**

For investors to commit, the returns on investing in Adaptation must be clearly communicated. There remains a gap in this knowledge in Africa. For example, the awareness that every dollar invested in climate smart agriculture yields returns of 4 dollars is must be clearly communicated to investors, financial institutions and the private sector.

### **Adaptation in the agricultural sector can benefit from innovative financial risk management instruments addressing climate risk through innovative risk management instruments will strengthen resilience in the African agricultural sector.**

To strengthen the technical assistance offering to commercial banks, the AAAP can incorporate climate risk management elements. Banks specifically providing finance for agricultural actors could be supported to develop innovative tools and instruments such as concessional loans, that target the impacts of risks and hazards to farmers. This would adequately address a sector which accounts for 30%-40% of Africa's GDP and provides livelihood for more than 70% of the total labor force of sub-Saharan Africa<sup>1</sup>.

### **The insurance industry could leverage on the AAAP Country Compacts to help cushion countries from climate impacts.**

To further unlock financing and increase adaptive capacity for the agricultural sector, the insurance industry could leverage on the data available in the AAAP Country Compacts to inform the development and design of innovative products. Instruments such as crop insurance is already being deployed in African countries to help stabilize farmers' income base but to also strengthen adaptation to climate impacts. The AAAP Country Compacts provide the opportunity to further strengthen these innovations.

### **Partnerships with Learning Institutions under the AAAP can help unlock further adaptive opportunities.**

Ongoing partnerships with academia and learning institutes in Africa must be scaled up and expanded to take into account the information provided in the AAAP Country Compacts. Targeted capacity building measures can be developed in collaboration with learning institutions that can help increase opportunities to unlock financing.

### **Young people should continue to remain at the heart of the AAAP including in the development of country investment compacts.**

The AAAP Country Compacts present investment ideas, which young entrepreneurs could obtain ideas from. The barriers to successful entrepreneurship however continue to remain. These barriers could be reduced by the following: financial literacy and mentorship and support to access information on effective business practice.

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<sup>1</sup> <https://openknowledge.worldbank.org/server/api/core/bitstreams/3cbc1ec4-8400-5971-8b0b-6ada9679cec5/content>



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