Africa-Europe Strategic Declaration on Climate Adaptation

AEF calls for Africa and Europe to find common ground on climate strategies, for positioning on adaptation and action ahead of CoP27

Global co-operation has been dealt a blow by Russia's invasion of Ukraine. Yet urgent progress on climate change must be made at the "African COP" to be held in Egypt in November 2022. Europe and Africa need to build on the outcomes of the 6th AU-EU Summit, held in February, to deepen their partnership on adaptation to climate change. But, to achieve this, it will be important to acknowledge the different priorities of the two continents, and the practical difficulties of 'landing' partnership work at the right organisational level to make sure it works in practice.

Africa and Europe are aware of the unprecedented and mounting common challenges presented by climate change, in a global setting wracked by the COVID-19 pandemic and now war in Ukraine. The war in Ukraine has detrimental impacts leading to global divergence, economic risks, and creates complex challenges for global cooperation. It also led to major supply chain disruptions and rapid increases in the price of critical commodities – food, fertiliser, and fuels. **Crises prompt unexpected paths, while different blind spots, triggers and shocks can have a wide range of outcomes, all with varying likelihoods and impacts. Amongst these most notable areas of socio-economic concerns, Africa and Europe must strengthen their partnership to address climate actions through various initiatives.**

The AU's Climate Change Strategic objective is the 'Achievement of the Agenda 2063 Vision by building the resilience of the African continent to the impacts of climate change'. In parallel, the EU aims to build a climate resilient society by improving knowledge of climate impacts and adaptation solutions; stepping up climate risk assessments; accelerating adaptation action; and helping to strengthen climate resilience globally. **On the basis of these two strategies, AU-EU leaders seek to build a broad and effective partnership between Africa and Europe, which includes addressing the needs for adequate financial, technical and technological support and knowledge sharing to address climate change in the lead up to CoP27.** Strengthening this partnership is of great importance, given current geo-strategic tensions, and to make good on long-standing commitments.

The EU will need to be very sure that it can meet its own funding promises (both volume and balance between mitigation and adaptation finance), as well as working with African countries to mobilise other developed country donors. The EU will also need to revisit the modalities, since financing from the European Commission is procedurally cumbersome for many African organisations, which results in funding being primarily channelled through European and international organisations that are not necessarily well-placed on the continent. Reliance on third parties for managing funding limits long-term institutional development within African countries.

The EU will need to show Africa it will deliver on the commitments made, or risk damaging rather than building trust, and adding to confrontation in Sharm el-Sheikh this November. Assurance of financial commitments is especially vital in the current global context, given the perceived risk of investment and attention shifting from Africa to Ukraine. The coming economic recession, reduction of economic growth in Europe and possible cuts in development spending add to these concerns in Africa. At the same time, Egypt needs to give assurances that the CoP location will not deter many civil society organisations and vulnerable groups at large, including youth from active and engaged presence.

The recommendations below are alive to these issues, and grouped into four broad categories: partnership, finance, wider influence, and sectoral joint working.

Partnership

Whilst the EU's Global Gateway initiative means that it has a lot to offer Africa, the focus of the two continents on energy security and just transition, renewable energy, and energy efficiency potential should not come at the expense of strong signals on climate change adaptation. African countries are amongst the world's most vulnerable to climate shocks, and are already suffering billions of dollars in losses each year from extreme weather events. It is vital for the EU to listen to, and show that it is actually hearing Africa's call for accelerated support to cope with these damaging impacts. This could involve:

◊ **Providing support to the AU to put its new Climate Strategy into practice, and jointly assess the points of contact and divergence between that and Europe's new Adaptation, and Africa Strategies.** As part of their conversations about the Global Gateway and Neighbourhood, Development and International Cooperation Instrument (NDICI), the EU should explore whether Africa wants, needs or is ready to develop its own Green Deal, as the next step in implementing its climate strategy, and engage with African countries based on current and projected budgets for adaptation. By working together, the EU and AU could assess preparedness to address climate shocks, in terms of capacity, skills, technology and funding, in collaboration with the African Risk Capacity (ARC) Group, Regional Economic Communities (RECs), and national and regional enabling organisations.

◊ **Overcoming the challenges of institutional asymmetry between Africa and Europe by avoiding fragmentation and mainstreaming joint work on adaptation across multiple institutions, governance levels and geographies.** Both the EU and Africa can learn from their past attempts at partnership working - and make sure that any Africa-EU cooperation on adaptation is mainstreamed through multiple points of contact, to avoid it getting stuck on the shelf in a summit communiqué. Both regions need to identify specific areas of convergence on which to build further cooperation, rather than blanket cooperation on all things related to adaptation. This could include regional climate diplomacy (e.g. with the Least Developed Countries group (LDCs) - 33 of whom are African), and the Vulnerable 20 (V20 - 48 of the world's most vulnerable countries, including 17 in Africa) as well as the African Group of Negotiators (AGN). Bilateral cooperation between individual European and African countries, academic collaboration, data-sharing partnerships, city-level twinning and citizen mobilisation could also play their part. The AGN could use its convening power to take the lead in organising pre-COP regional events to advance a common position.

◊ **Exploring where the EU and Africa might be able to meet halfway within the UNFCCC negotiating process - for instance, on the Global Goal on Adaptation (GGA) and Loss and Damage (L&D).** Egypt will see a strong push from developing countries, particularly the African Group of Negotiators (AGN), on GGA and loss and damage. Both the EU and the AU should strive to find common ground on the GGA and loss and damage, with the aim to build adaptative capacity, strengthen resilience and reduce vulnerability to climate change. Compensation may be a red line for the EU, but a 'plan B' approach of solidarity funding at scale, separate from existing adaptation funding channels, may provide a workable compromise (and Scotland/Wallonia have already committed small amounts of funding on this basis while Germany expressed openness). EU Solidarity Funds may provide a useful model for this, with "wealthy countries paying into a joint fund that is then allocated to countries facing losses and damages on the basis of need, or when their capacity limits are reached". Recent plans to establish a 'Global Shield against Climate Risk' and the predictability of funds being poured into it given the current geopolitical context should be part of the discussions. To accelerate progress on this front and ease the process of negotiations, it will be important to engage with individual EU countries that have indicated an interest in reconsidering their positions on loss and damage, as outlined in the G7 Development Ministers' Meeting Communique.

◊ **Remembering the extent to which EU and Africa's resilience and broader development is interlinked.** The current geopolitical crisis has shown again the importance of diversifying supply chains and Africa does offer an attractive alternative for Europe. This is particularly important at a time when the Russian invasion of Ukraine has led the EU to diversify its energy supply. The same applies with the millions of tons of grain, edible oils and fertiliser that are blocked from world markets, leading to rapid hikes in prices which stretch our governments and people to breaking point. Separately, the COVID pandemic persists on both continents, as well as in other parts of the world, notably China. As African countries are struggling to feed and vaccinate their populations, Europe's readiness to unlock investment for the deployment of strategic partnerships centred around the climate-health-food nexus would help grease the wheels of climate diplomacy. Such a climate-health-food focus could build greater environmental sustainability and climate resilience at community level.

◊ **Identifying actions across other fora to build closer ties between Africa and Europe.** Any partnership on adaptation has the potential to play into the broader politics of the climate negotiations, where Europe is keen to work with African and other nations, to call for greater mitigation ambition from the big emerging economies. Looking broader still, commitments such as European support for additional African membership of the G20 (beyond just South Africa), or support for more African resolutions at the UN General Assembly, would further demonstrate that substance lies behind the language of partnership. The damaging fall-out from Russia's war in Ukraine offers further openings for deepening collaboration, especially as regards agri-food and energy issues.

Finance

Recent attempts at increasing finance to Africa, including the recycling of Special Drawing Rights (SDRs) for climate finance, are not generating as much as was hoped for. Europe could play a stronger, more vocal role on SDRs, in line with commitments from the AU-EU Summit of February 2022, to ensure SDRs are quickly allocated, and Africa's share is substantially increased.

The EU may be a global leader on climate finance, but as Africa's adaptation gap continues to widen, there are several areas for more ambitious action. These relate to i) the quality of adaptation finance, the systems used and the capacity needed to make sure it reaches the most vulnerable and marginalised people within each country, ii) the transparency and volume of international climate finance for Africa, iii) the balance of this finance between mitigation and adaptation, iv) and the targeting of the most vulnerable countries within Africa.

◊ **The first finance-related recommendation relates to the quality of the financial system.** This is partly a matter of whether commitments materialise as disbursements, and at what rate, and partly of the financing channels used in-country. Disbursement rates in Africa - at least for multilateral channels - are persistently much lower for adaptation than mitigation projects. For example, the disbursement rate for adaptation spending committed to Africa by the Green Climate Fund was 0% over the period 2014-18. Even for more established funds, it was still well below full disbursement - e.g. 16% for the GEF, 68% for the Adaptation Fund and 75% for the Climate Investment Funds. Multilateral donors can help redress this by simplifying accreditation procedures for direct access to grants by national entities from developing countries, and supporting subnational delivery. The choice of funding channel in-country also matters. Increasing the direct financing of existing country-owned structures, decentralised climate finance channelled through local government and community-based adaptation can all support the end goal: making sure that adaptation finance reaches the poorest and most vulnerable people across Africa, at a time and in a form and volume that are appropriate to their needs.

◊ **The second issue is expanding the available volume of finance.** Anger in Glasgow about the missed $100 billion pledge has focused attention amongst negotiators, civil society and leaders across the world. Without convincing evidence that the developed world is willing to meet its promises and double its adaptation finance from 2025 onwards - developing countries may be unwilling to continue ramping up ambition in their Nationally Determined Contributions (NDCs, or plans to cut greenhouse gas emissions). The EU needs to focus on increasing the level of climate finance from the Commission and Member States to reach its fair share of the $100 billion, and ensure a sufficient proportion of this finance reaches African countries. Building on the work of the Champions' Group on Adaptation Finance, it is important to grow the number of EU countries ready to ensure a balance is reached on finance to mitigation and adaptation, and to engage with multilateral development banks (MDBs) for them also to outline their ambition and be credible in view of CoP27. Part of this expansion could involve better harnessing of disaster risk financing (including sovereign, meso- and micro- index insurance instruments that trigger pay-outs when particular rainfall or temperature parameters are breached, and potentially catastrophe bonds) as well as the expansion of shock-responsive social protection mechanisms - all of which are good ways of prepositioning finance to ensure a speedy response when disasters hit, and of reducing the overall cost.

◊ **Although public finance should remain the mainstay of adaptation, there may be ways to increase investment from private finance in building climate resilience** - for instance, via green bonds, which have so far only seen limited take-up across a handful of African countries. This could be pushing at an open door, given that the EU is currently looking to establish a green bond standard domestically, and the Commission has expressed interest in working with Africa on green finance. The EU and its lending arms may also want to look at whether to engage with other initiatives launched at Glasgow that try to pull private finance into resilience efforts across Africa. The UN Economic Commission for Africa (UNECA)'s new Liquidity and Sustainability Facility, for instance, aims to reduce borrowing costs for African governments and encourage the issuance of green bonds. Equally, the Africa Green Finance Coalition aims to bring African countries together, to put in place the policy and regulatory reforms that will allow them to compete effectively for the billions that are available for decarbonisation and adaptation.

◊ **Third is the question of balance.** CoP26 shone a spotlight on the perennial question of where scarce climate funds are spent, and whether adaptation is getting its fair share. Even if the European Commission is doing well on its 50/50 adaptation/mitigation target, not all Member States (France, Italy and Spain in particular) have yet reached this point, and both the EIB and EBRD remain heavily mitigation focused. This may partly be a question of instruments and de-risking, with fewer opportunities for private sector lending for adaptation, but the balance can still be improved. Collaboration with African financial institutions, such as the African Development Bank (AfDB) and the Development Bank of Southern Africa (DBSA), would help on this front. Higher targets need to be set for adaptation spending (as the EIB has recently done), alongside looking for adaptation co-benefits, and exploring ways of harnessing private capital to build resilience, as noted above.

- ◊ **The final finance-related recommendation relates to the question of more equitable allocation across African countries and sectors.** The European Commission and its member states have an uneven track record when it comes to climate resilience support for the whole of Africa, with too much of its finance flowing both to middle-income (MICs) rather than low-income countries (LICs), and to mitigation at the expense of adaptation. While it is true that most Africans live in MICS, it is important not to leave lower-income countries behind. No single donor or bloc has the means to make sure that others are allocating in line with need, rather than historical links, political expedience and perceived benefit for the donor. But providing more clarity on the per-capita allocation of climate finance across Africa and, within that, the per-capita allocation of money for climate resilience, would be a good starting point. In terms of sectoral balance, the current concentration of international adaptation finance in the agriculture and water sectors is understandable, given the clear impacts that temperature and precipitation changes have on both sectors, but it means that other areas - such as health, education and infrastructure - are comparatively neglected. The Commission, EIB, EBRD and Member States should consider the overall balance of donor assistance to different sectors, and in particular whether the EU's Green Deal and Global Gateway could be used to mainstream climate resilience into previously underserved sectors, like infrastructure. In addition, the finance flows must respond to key priority sectors outlined by African countries, in their National Determined Contributions (NDCs).

- ◊ **As a counterpart for greater EU commitment to adaptation funding, African countries might consider ways to generate greater domestic resources for both investment in clean energy and resilience building measures.**

Influence

Given the current trust deficit towards the EU on climate finance following the report from the EU Court of Auditors, EU's leading role in climate diplomacy and finance is being questioned. It is timely for the EU to regain its place and lead by example, while influencing other developed nations and its own private sector on factors shaping climate resilience ahead of CoP27. Increasing needs for adaptation put under strain the current financial capacity of most African countries, as resources are diverted from much needed investment in sectors such as health, education or other policies. In this context, the EU could usefully intensify its presence: starting by putting pressure on itself to correct its shortfalls in terms of climate finance targets, and then influence other donors to fill the significant gap in international climate finance; supporting increased scrutiny of the quality of its continental carbon market for others to follow across Africa; and working with the private sector to ensure their investments in Africa are climate-resilient.

- ◊ **Putting pressure on other donors to fill the significant global gap in international climate finance.** Tensions are already high over the failure to meet the 2020 $100 billion target and will increase further in the run-up to Egypt and beyond, as developing nations push for a substantially bigger post-2025 commitment. Given the current focus by Africa and Europe on deploying their own adaptation and climate strategies, the time has come to encourage EU and African leaders to use their moral, convening and diplomatic authority to influence other developed countries to step up their financial commitments at CoP27 and beyond. The Climate and Development Ministerial meeting hosted by Rwanda and the United Kingdom in the margins of the United Nations General Assembly (UNGA) in September 2022 is a valuable opportunity for moving in this direction.

- ◊ **Harnessing the power of transparency as voluntary offset markets explode post-Glasgow.** CoP26 saw agreement, at long last, of the detailed 'Paris rule book' arrangements for voluntary carbon markets, enabling companies to buy offset credits globally. As businesses rush to sign up to net zero, there is a risk that these projects - many of which should involve resilience as well as mitigation benefits - will be poorly planned and overseen, and will not ultimately benefit local communities. When projects are financed by EU entities, the EU could support African countries with the introduction of quality requirements to ensure these are designed well, monitored, and genuinely benefit local communities. Likewise, engagement with EU-based businesses could be used to reiterate that offsets should be ancillary to, and not substitutes for, core-business mitigation efforts. The EU could clearly support such steps.

- ◊ **Focussing European private investment on climate resilience as well as mitigation.** As private sector finance to Africa increases, and as Global Gateway investment gets underway, the EU may also wish to focus on ensuring that private sector finance from EU-based companies and investment funds (e.g. sovereign wealth; insurance) are fully aligned with Paris - including its adaptation dimension. For large private sector or EU-based companies with a significant footprint in Africa, there is a clear need to enhance their contributions to environmental sustainability and climate resilience.

Sectoral partnership

This year will offer multiple opportunities for the EU to spell out how its Global Gateway will benefit Africa. The EU will need to demonstrate how it can support much-needed investment into climate resilience across key sectors, such as water, agriculture and broader infrastructure. Cross-continental adaptation action could include actions for the ocean and blue economy, as well as how to make the most of the use of AI and space technologies.

◊ **Water is a central feature of climate impacts and adaptation in Africa**, with millions of people across the continent dependent on groundwater availability; poor infrastructure, low levels of effective management or storage, and climate change are already causing increased variability in access and supply. European and African practitioners in water supply could explore whether this is a sector in which EU Global Gateway funding and expertise could be concentrated. Besides the industrial focus, the water, ocean and blue economy sectors must be built around community access and maintenance, especially for smallholder farmers and fishermen to build the resilience of their production systems in the face of changing climate. For this to be achieved in the fishing sector, it would be relevant to revisit existing bilateral sustainable fisheries partnership agreements (SFPAs).

◊ **Most African countries are still building much of their infrastructure for the century ahead, which gives them a valuable opportunity to leapfrog straight to climate resilient design, as opposed to the EU's vast retrofitting task.** But building in climate resilience from the start is a bit more more expensive (one estimate puts it at an additional upfront cost of around 3% of a project), albeit with a high benefit-cost ratio of around 4:1. Capacity and financing for adaptation planning are generally much lower than they ought to be. As part of the Global Gateway offer, European financing institutions should broaden their external portfolios to encompass adaptation, despite the less appealing returns, longer time horizons and less certain risk profiles than mitigation actions. Use of de-risking mechanisms such as guarantees, technical assistance and better risk assessments would tie in well with the AfDB's current strategic focus on sustainable infrastructure.

◊ **Europe may also want to look at how its adaptation, soil and starfish missions under the Green Deal might generate regional lesson-learning and a platform for mutual exchange with African counterparts - and what these missions could learn from African expertise in tackling the impacts of climate change.** The climate adaptation mission aims to support at least 150 European regions to adapt to climate impacts, while the soil mission will focus on reducing land degradation, desertification, and soil erosion, improving drought response and resilience, increasing soil carbon and improving soil literacy through establishing 100 "living labs". The starfish mission supports new ideas, research and innovation to scale up solutions to transform the way we care for our oceans, proposing new governance models and partnerships with governments, businesses, universities, civil society and many others to achieve this common goal. All three are recent, concrete examples of how Europe is providing ancillary support to those most vulnerable to the impacts of climate change. Their focus on citizen engagement, pathway modelling, coherent risk management and a comprehensive take on the sectors affected, may be of interest to African governments and regional institutions seeking to tackle similar threats from climate change, as well as for coastline cities that aim at being more resilient to sea level rise. Likewise, Africa's growing experience of climate-resilient agriculture, its Great Green Wall initiative to build more resilient landscapes in the Sahel, and expertise in community-based adaptation would be valuable sources of learning for European communities tackling similar issues, as temperatures rise and rainfall becomes more volatile. Learning the lessons of experience with common interventions, such as afforestation in Africa, would be of considerable value also to EU organisations testing out similar responses.

Conclusion:

Building a stronger partnership between the EU and Africa on adaptation will demand that the EU listens to Africa, builds trust, finds the right counterparts - and above all, avoids overpromising and then under-delivering. Whilst the EU is a leader amongst donor nations on climate finance, it is much more likely to achieve the strong partnership it seeks with Africa if a balanced approach between adaptation and mitigation dominates its climate discussions, rather than focusing largely on cutting greenhouse gases. The need to maintain consistency is only too evident in the current context, given the cut in EU access to gas from Russia and rush to contract gas supplies from African countries. The EU needs to consider the long-term vision of the AU, and its members states, and the trade-offs faced in addressing climate change actions.

Easing access to finance for adaptation initiatives, processes and procedures for the implementation of prioritised projects are key to the AU-EU Partnership. Failure to address these needs would turn any dialogue into just a talking-shop without any accountability or action needed. Several existing platforms and initiatives, including the Africa Adaptation Initiative (AAI), the Great Green Wall Initiative (GGWI), and the Great Blue Wall (GBW) Initiative should be used to enhance climate resilience, improve access to finance, and start addressing loss and damage issues.

Forging a genuine partnership between the EU and Africa on adaptation will involve both sets of actors recognising the others' priorities and meeting each other halfway. In particular, it will require the EU to see that its focus on mitigation cannot come at the expense of meaningful, sustained and carefully targeted support for climate resilience, given Africa's overwhelming needs. At the same time, African governments, NGOs, and businesses could take the lead on designing adaptation measures which make sense for their own context.

Recognition of the huge asymmetries between the continents, and a greater ability to listen by the EU could unlock a better relationship, given what it is asking of Africa in terms of its low-carbon transition, and broader support for ambitious NDCs at the UNFCCC. It will also involve ensuring that any potentially negative consequences for Africa of the EU Green Deal are recognised and addressed upfront, not least to make sure that the EU isn't thereby undermining Africa's own economic stability and ability to withstand climate shocks.

The Global Gateway initiative will also need to prove its relevance to Africa's pressing climate resilience concerns, and pay more than lip service to African concerns about climate vulnerability if it is to make good on its latest partnership aspirations. A true partnership demands a long-term approach, agreeing joint responsibilities, and a willingness to adapt as circumstances change. As we have seen in recent months, geo-political change is here to stay. The EU and Africa need to talk frankly to build their common future.

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