Brandenburgische Technische Universität Cottbus - Senftenberg

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Tilting the Balance in Favour of Climate Change Adaptation: A Microfinance and Climate Finance Perspective

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Climate Change Adaptation Challenges

Climate change adaptation must be addressed with the same priority as mitigation, but

- 91% of climate finance flows are for mitigation efforts, 7% for adaptation efforts and 2% for activities with both mitigation and adaptation objectives (Buchner et al 2014).

- Sub-Saharan Africa’s contribution to global GHG emissions in 2040 projected to be only 3% (Leopold 2014).

Climate Change Adaptation Challenges

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Climate change adaptation must be addressed with the same priority as mitigation, but

- A lack of adaptation finance credits (carbon credits) to encourage/incentivise private sector stakeholders (Abadie et al 2012).

- Almost three-quarters of climate finance flows are invested with the expectation of earning commercial returns (Buchner et al 2014).

Failure to Adapt is Not Optional

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- In Sub-Saharan Africa people living below the poverty line rose from 290 million in 1990 to 376 million (1999) and 414 million (2010).

- The continent's share of the global poverty also rose from 15 percent in 1990 to 34 percent in 2010 (UNECA 2014).

Source: Wikimedia, 2008

Failure to Adapt is Not Optional

- Asset accumulation affected by recurrent droughts, use of unsustainable technologies and overdependence on rain-fed agriculture = households prevented from escaping poverty and non-poor households brought into poverty.

Source: Oxfam, 2013

Adaptation Types

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Can include a wide range of behavioural adjustments that households and institutions make (including practices, processes, legislation, regulations and incentives) to mandate or facilitate changes in socio-economic systems, aimed at reducing vulnerability to climatic variability and change (Eriksen et al 2011).

- Mixed farming, planting drought resistant crop varieties, practicing irrigation, etc.
- Promoting new technologies, business models and financial innovations.

We Need Institutional Adaptation

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- Falling levels of Official Development Assistance.
- Non-inclusive growth/jobless growth.
- African migrants have the potential to provide more than $100 billion a year to help develop Africa and an estimated $50 billion in diaspora savings that could be leveraged for low-cost project finance (Arezki and Brückner, 2012).

A Microfinance Framework for Adaptation

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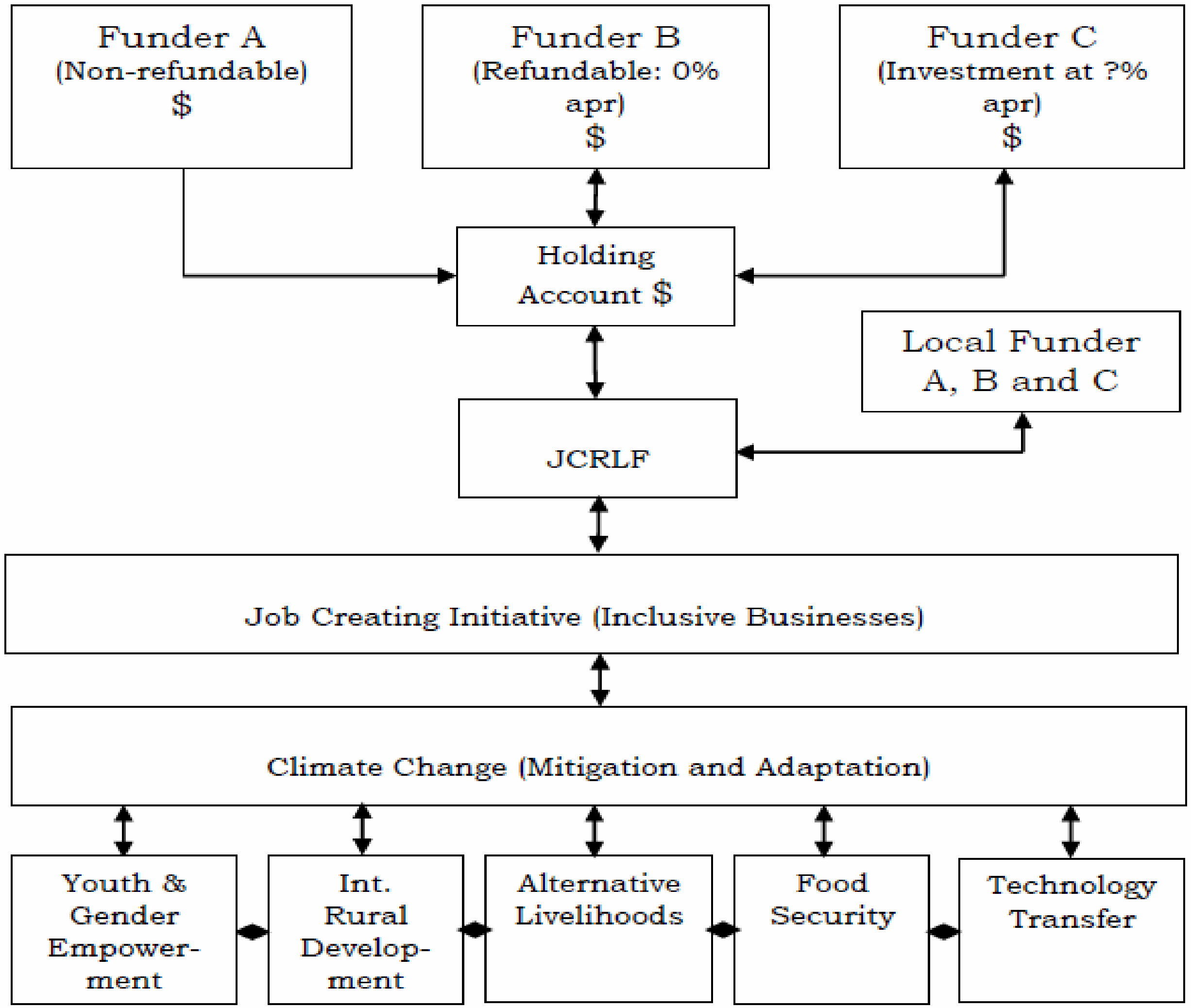
- Concessional loans.
- Poverty and climate change issues to be addressed simultaneously.



Concluding Remarks

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Remittance charges to and within Africa are almost double the global average hence if lowered to reach the world average levels and the 5% G8 target, remittance transfers would increase by $1.8 billion annually (Watkins and Quattri, 2014).

- Domestic actors to find country specific interventions.
- Adaptation actions can also bring commercial returns.
- Financial deepening and inclusion can support adaptation by allowing excluded people to engage in income-generating activities, and manage risks associated with their livelihoods.

Thank you very much for your attention!!!

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