

Climate Change Financing to Somalia

December 10, 2022

Introduction

Somalia currently takes the lead in battling the climate change, with the climate-related hazards tripling since the year 1990. Since that time, the country has been faced with 31 droughts, floods and other climatic events - three times the number experienced between 1970 and 1990.

As a country with a human population of approximately 16,967,954, more than 7.8 million people are already affected, and 300,000 people are vulnerable to famine caused by drought. It is reported that the current drought is the Somalia's worst ever experienced in the last 40 years and the situation is likely to worsen due to a failed fifth rainy season predicted.

Climate Financing and Conflict

- Somalia is a conflict-prone country and this adamantly affects climate change financing. Shockingly, vast amounts of donor funds that are injected to curb climate change crises are shared inequitably, with very small portions going to conflict-affected countries.

The Crisis Group analysis reveals that *countries affected by both climate change and conflict receive, on average, only one third of the amount of climate financing on a per capita basis collected by countries that suffer from climate change but are free of conflict.*

For an equitable share of climate finance, taking into consideration the challenges faced by countries like Somalia engulfed by conflict will help close this gap.

- For the past 30 years Somalia has experienced political instability and frequent conflict as well as climate change which complicates the administration and implementation of public development assistance, which is the rubric under which the climate finance is delivered. A good number of climate funding organisations become reluctant, or even refuse, to fund projects in situations of armed conflict, since building infrastructure and providing services in terms of physical safety, and also subject to events that can jeopardise project delivery.

Climate finance mechanisms need to include strategies for assessing and managing conflict risk. According to Crisis Group analysis, 50 per cent of the most climate-affected countries also suffer from conflict. The two threats can exacerbate the other, with each shaping the conditions under which the other is experienced. Despite this trend, conflict-affected countries' vulnerabilities are overlooked in many climate financing mechanisms.

- States which have experienced poor governance due to the unending conflicts, which can be an obstacle to a state in getting access to climate financing, especially if the situation blocks accreditation by a donor fund. One solution in such cases is to involve the international agencies in administering the funds directly, with permission of the country, and carry out the adaptation work by themselves; two of the three countries cited below have done as much. However, a bone of contention over implementation of the priorities between the agency and the host government may occur.
- According to Crisis Group's analysis, approximately two-thirds of climate finance, is at least partly in the form of **non-concessional loans** - loans that must be repaid with interest at market-based rate. Somalia being among the poorest countries in the world, one thing that would help would be for donors to pivot away from non-concessional debt financing. Financing for the poorest states (which in many cases flows to accredited implementing entities) should come in the form of grants, not loans, not just because these states are not responsible for the climate catastrophe with which

they are dealing, but also because many of these states already carry debt they will never be able to repay.

Delayed Funding

- The country is less likely to receive funding in times of devastating climate changes as it is ranked 71 out of 79 among lower-middle-income countries in terms of funding approval by multilateral climate funds. A key problem is the nature and length of the climate financing application and approval process. Costly and technically demanding, it can take as long as ten years- far too long to wait to address a crisis of the scale and urgency that Somalia faces. A dedicated approach such as a tailored financial mechanism and resource allocation criterion that is simplified can play a vital role in overcoming these barriers and improving Somalia's chances to access funding for adaptation programming. Furthermore, local actors will now access climate finance independently.
- There is an inadequate funding from Africa. Most African states tend to bear a little to no responsibility for harmful emissions causing a change in climate, and adapting to its repercussions will cost huge amounts of money. A 2009 pledge by well-off states to provide \$100 billion in annual climate finance to vulnerable low to lower-middle income countries like Somalia has not been fulfilled.

Climate Adaption Per Capita Financing and Conflict

- Crisis Group analysis reveals that *countries experiencing both conflict and climate change receive roughly \$5 per capita of climate finance for adaption, as compared to \$15 for countries that are not grappling with active conflict, after adjusting for purchasing power.* In 2020, the last year for which data is available, three-quarters (26 out of 34) of the countries that received below-average climate financing per capita over the previous decade had experienced conflict. The pattern holds both globally and for Africa

The graphical representation of the case is as below.

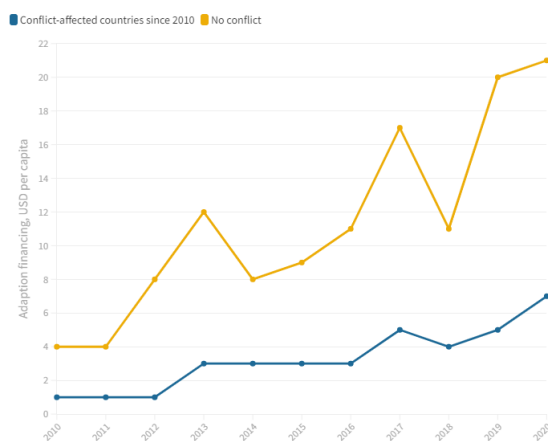


Figure 1: Climate financing, conflict-affected countries since 2010.

- Total climate finance has increased over the past ten years – though it remains below \$100 billion annually – but the per capita climate financing gap between climate-affected and non-climate-affected countries has widened. Wealthy countries pledged at COP26 to double annual funding for adaptation to \$40 billion by 2025 – but so long as the gains are inequitably distributed, conflict countries will lag farther and farther behind in their capacity to adapt. Countries like Somalia which are severely affected by conflict (meaning the 10 per cent of countries with the highest number of violent incidents in the period 2010-2020) face even greater adaptation challenges. They receive even less money per capita, only about one fifth of what conflict-free states receive. This pattern holds both globally and on the African continent.

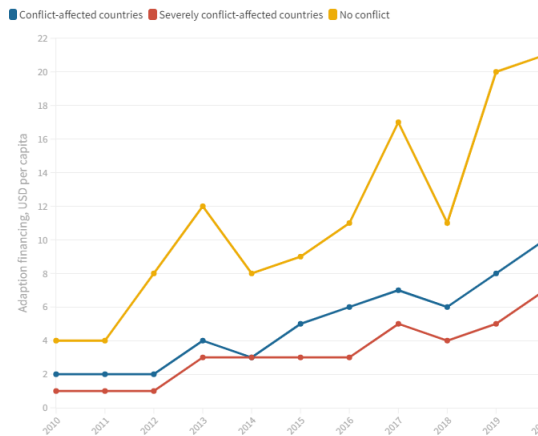


Figure 2: Climate financing, conflict-affected countries since 2010(top 10%)

Acute Challenge in the Horn of Africa

- Somalia is one the countries in the Horn of Africa and suffers from severe droughts which have displaced 1.1 million people in Somalia and put more than 300,000 people at risk of famine, a catastrophe compounded by seasonal floods and the Islamist insurgency Al-Shabaab's control of large portions of the country. Humanitarian organisations report that 750,000 Somalis live under Al-Shabaab, beyond the reach of virtually all international climate adaptation efforts and humanitarian aid.

The absence of the state and government services is a huge challenge in these areas, sometimes benefiting Al-Shabaab, and sometimes not. In some cases, the jihadist group profits financially by allowing third parties to provide water. In other cases, it punishes those opposing it, for example by denying services or poisoning wells. Its burdensome financial demands have alienated the drought-stricken Somalis under their control in some places, leading them to turn against the group.

While the emphasis now must be on delivering relief to address Somalia's humanitarian crisis, over the longer term the objective should be to support sustainable drought adaptation, both fostering climate resiliency and ameliorating resentment of the government.

Statistic by Crisis Group shows that 100% of Somalia's funding comes through grants. Surprisingly, only 5% of the country's required funding has been met and 74% of the total fundings went to long-term relief. Precisely, US\$284 million went to Somalia for climate adaptation and mitigation strategies.

Closing remarks

To close the gaps in climate financing for Somalia, there need to be sustained efforts to revisit the current criteria for accessing climate finance and the methodologies for assessing risk, and specialized ways of working in places affected by conflict need to be developed