

Africa-wide Civil Society Climate Change Initiative
for Policy Dialogues
- ACCID -



FANRPAN
Food, Agriculture and Natural Resources Policy Analysis Network



A service (1-18 December 2009) alerting readers to key policy documents and perspectives, with a special emphasis on agriculture and climate change, brought to you by Mr Sindiso Ngwenya, Secretary General, COMESA and Chairman of FANRPAN Board of Governors

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Copenhagen: 'A deal without agriculture, is no deal'

Moving away from a selection of news articles, important as they are, today's alert brings you news of three recent research reports. The first deals with the economics of climate change in Kenya (with a pointer about a similar process in Rwanda); then a report by the Grameen Foundation and Oxfam USA on micro-finance and climate change; the final report examines the knock-on effects of climate change on political stability or instability.

[The economics of climate change in Kenya](#)

Kenya National Advisory Committee

[Climate change and microfinance](#)

Asif Dowla

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Dan Smith & Janani Vivekananda

The economics of climate change in Kenya

Kenya National Advisory Committee for the DFID funded study on the Economic Impacts of Climate Change in Kenya

This study was funded by DFID and DANIDA and undertaken by the Stockholm Environment Institute (in Oxford) working with local partners. It covers: the impacts and economics costs of climate change; the costs of adaptation; and the potential for

low carbon growth. The study has advanced a number of approaches to investigate these areas, using aggregated analysis (top-down), sector assessment (bottom-up) and case studies.

Key messages

The economic costs of climate change:

Existing climate variability has significant economic costs in Kenya. Periodic floods and droughts (extremes) cause major macro-economic costs and reductions in economic growth. Future climate change will lead to additional and potentially very large economic costs. These are uncertain. However, aggregate models indicate additional net economic costs (on top of existing climate variability) could be equivalent to a loss of almost 3% of GDP each year by 2030 in Kenya. Costs include potential threats to coastal zones (sea-level rise), health burdens, energy demand, infrastructure, water resources, agriculture and loss of ecosystem services. The study has addressed the potential impacts and economic costs in these sectors. These highlight the importance of preparing for future climate change. While it is difficult to predict effects with confidence, there is a need to plan robust strategies to prepare for the future, rather than using uncertainty as a reason for inaction.

Adaptation:

Adaptation can reduce the economic costs of climate change but it has a cost. The costs of adaptation are still emerging. A number of categories of adaptation have been identified that relate to the balance between development and climate change. An initial estimate of immediate needs for addressing current climate as well as preparing for future climate change for Kenya is \$500 million / year (for 2012). The cost of adaptation by 2030 will increase: an upper estimate of the cost is likely to be in the range of \$1 to 2 billion / year. The study has also prioritised early adaptation across the sectors. These studies demonstrate that adaptation has potentially very large benefits in reducing present and future damages. However, while adaptation reduces damages, it does not remove them entirely. Residual impacts in Kenya, particularly for some regions and groups are expected and need to be managed.

Low carbon growth:

The analysis has considered future emissions for Kenya, consistent with planned development. Emissions of greenhouse gases (GHG) could double between 2005 and 2030. Moreover, plans across the economy could 'lock-in' Kenya into a higher emission pathway. The study has investigated a low carbon alternative pathway. This finds that a large number of 'no regrets' options that would enhance economic growth, as well as allowing further access to international carbon credits. They also have economic benefits from greater energy security and diversity, reduced air pollution, reduced environmental impacts. The study estimates energy related emission savings of 22% could be achieved by 2020, relative to the baseline, even for a small selection of options. Over 80% of these options can be realized at net

negative cost. When carbon credits are included, this amount is likely to be even higher. Overall, because of its location, availability of resources and socio-economic conditions, the study concludes that there are significant economic benefits for Kenya in following a low carbon development path, as well as large environmental and social benefits.

[Full report](#)

[Rwanda analysis](#)

Climate change and microfinance

Asif Dowla

Grameen Foundation

November 2009

The ongoing emission of greenhouse gases by human activities will continue to increase the temperature of the earth. This global warming will have numerous physical consequences, including the melting of polar ice and major glaciers; a rise in sea level; and a higher incidence and severity of natural disasters, such as floods, cyclones and droughts. The warming of the earth also will increase outbreaks of infectious and vector-borne diseases.

Poor countries in Asia, Africa, and Latin America will bear the worst consequences of climate change. Global warming is projected to lower the level and growth of GDP and thus increase poverty, undermining progress towards achievement of Millennium Development Goals. Within the populations that will be most affected by global warming, the plight of many individuals is linked to the ability of microfinance institutions (MFIs) to adapt to the consequences of climate change. Climate change will impact MFIs in the following ways:

- The increased frequency and intensity of natural disasters and disease outbreaks will adversely affect MFIs and their work.
- Due to these multiple consequences of global warming, MFIs are likely to see an increase in default rates, and many MFIs will face repayment crises.
- Climate change will decrease the productivity of agriculture and will make investment by MFIs in this sector less profitable.
- Investment in livestock, a significant part of the portfolios of MFIs, will be directly affected by climate change.
- In the future, climate change will create pressures on MFIs to forgive debt;

MFIs will have to adapt to climate change. Their first priority should be to climate-proof their existing products and services by adopting the following recommendations:

- Reconfigure current products-loans, savings, and insurance to deal with climate change.
- Develop new insurance products, such as weather-based index insurance-to deal exclusively with climate change-related weather fluctuations.
- Introduce and expand the use of renewable energy, such as solar, to relieve energy poverty and help mitigate the threat of climate change.
- Develop a detailed disaster plan for the institution.
- Develop disaster funds locally as well in the head office.
- Work with government and civil society in the preparation of a National Adaptation Program of Action (NAPA).
- Work with multilateral institutions and donors to develop concessional funding facilities for dealing with catastrophes.

MFIs are in good position to take advantage of the voluntary market for carbon offsets and carbon trading through the Clean Development Mechanism (CDM). The latter source could become an additional revenue stream for MFIs seeking to lower the cost of introducing and expanding renewable energy and sustainable business practices in agriculture, forestry, and other sectors.

Donor agencies, foundations, and social entrepreneurs will need to help MFIs to adapt to and to take advantage of opportunities that can mitigate the effects of climate change.

[Full report](#)

Climate change, conflict and fragility: Understanding the linkages, shaping effective responses

Dan Smith & Janani Vivekananda

Initiative for Peacebuilding Early Warning

November 2009

As climate change unfolds, one of its effects is a heightened risk of violent conflict. This risk is at its sharpest in poor, badly governed countries, many of which have a recent history of armed conflict. This both adds to the burdens faced by deprived and vulnerable communities and makes it harder to reduce their vulnerability by adapting to climate change.

Policy discussions about the consequences of climate change are beginning to acknowledge the conflict and security implications. These concerns, however, are not being properly taken on within the complex negotiations for a new international agreement on reducing global warming and responding to climate change.

In order to shape adaptation policies, it is necessary to go beyond the most immediate natural and social effects of climate change and look to the context in which its impact will be felt, because it is the interaction between the natural consequences and the social and political realities in which people live that will determine whether they can adapt successfully to climate change. Doing this means addressing the realities of the system of power in fragile and conflict-affected societies, a structure of power that often systematically excludes the voices of all but a privileged few.

Policies for adapting to the effects of climate change have to respond to these realities or they will not work. At the same time, the field of development itself will have to adapt in order to face the challenge of climate change.

This paper outlines the climate-conflict interlinkages and the challenges involved in responding to their combined challenge. Establishing the overall goal of international policy on adaptation as helping people in developing countries adapt successfully to climate change even where there is state fragility or conflict risk, the paper makes and explains eight specific policy recommendations


[Full report](#)

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