

AfDB calls for more climate finance for Africa to support global goals

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Rich countries and international financial institutions need to provide more funding for Africa to support global climate goals by preventing African nations from pursuing carbon-intensive development, a senior African Development Bank executive said on Wednesday, 6 July.



Source: Luc Gnago/Reuters

The bank's vice president Kevin Urama said the regional development lender was seeking a new type of special drawing rights (SDRs) from the International Monetary Fund that would be channelled to "climate resilience".

Only 5% of SDRs went to African countries, he said, urging rich countries to reallocate more of the IMF's reserve currency for Africa's climate finance.

"I am not calling for aid, I am not calling for grants or a favour for Africa, I am actually calling for the global community to realise that fixing Africa is fixing the world," Urama told Reuters.

"Because otherwise if Africa chooses to develop on high carbon intensive pathways, the planet is at risk."

Urama was attending a meeting of African finance ministers and central bank chiefs in Marrakech, Morocco.

Meeting the nationally determined contributions to fight climate change requires African countries to mobilise \$1.6tn between 2022 and 2030, but so far, they have only received \$18.3bn, the bank said in a recent report.



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Africa squeezed by external shocks

"Financing needs are huge and the fiscal capacities of African countries are squeezed so much by external shocks that are not their responsibility," Urama said, citing the coronavirus pandemic, the war in Ukraine and imported inflation.

The global financial architecture "needs to be reviewed" as the overlapping crises deepen the gap between the Global North and South, he said.

Financial inflows into the continent have been declining and financing tightening, pushing many African countries to borrow in open markets and issue bonds with "shorter terms and higher risk".

Some countries are "basically mortgaging their future assets to get funds" through resource-backed loans, Urama said.

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