Sixty Ninth Sovereign Debt News Update: The World Bank approves $246 million to strengthen Coastal Resilience in West Africa – The Double Tragedy of Climate Vulnerability and Climate Finance Debt in Africa

By:

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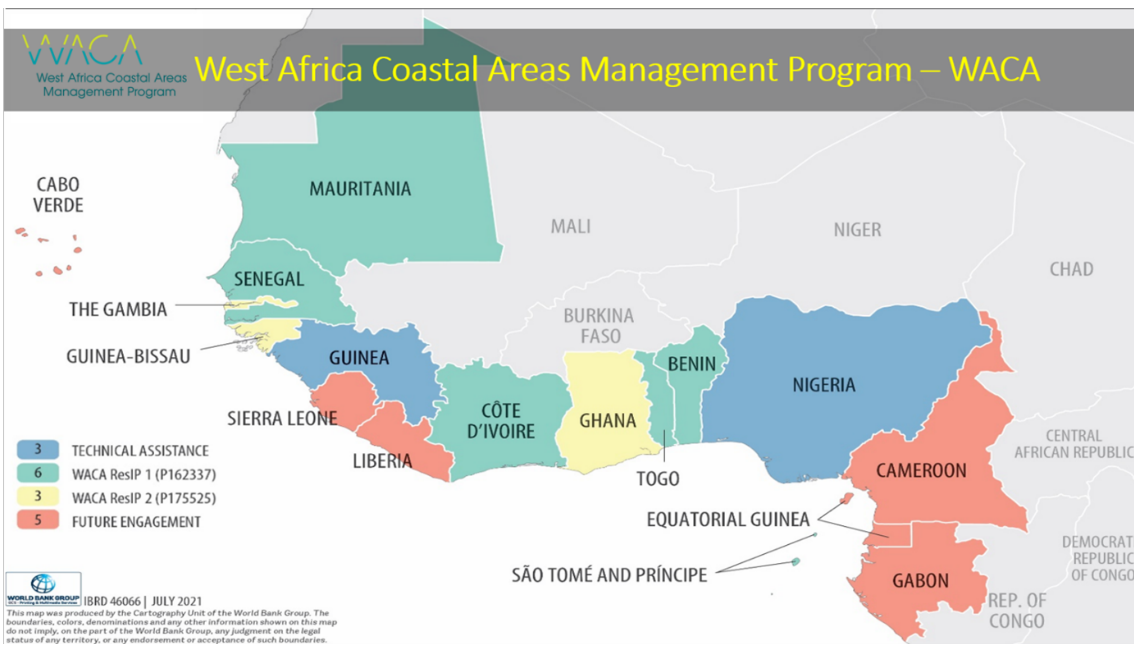
On December 15, 2022, the World Bank approved $246 million in financing for the West African Coastal Areas Resilience Investment Project 2 (WACA ResIP 2). The financing is expected to benefit The Gambia, Ghana, Guinea-Bissau, and the West African Economic and Monetary Union (WAEMU) to manage coastal erosion, flooding, and pollution. The project, financed by the International Development Association (IDA), includes a $5m recipient-executed PROBLUE grant for Ghana that supports a pilot mangrove blue carbon deal financed by the Danish energy company Ørsted. Many other partners also provide financing and technical support to WACA, including the Nordic Development Fund (NDF), the French Agency for Development (AFD), and the Global Environment Facility (GEF).

With the second WACA project approved, the total World Bank financing to the WACA Program amounts to $492 million (including grants of $20 million from the Global Environment Facility and $5 million from PROBLUE), covering engagements in nine countries, including: Benin, Cote d'Ivoire, The Gambia, Ghana, Guinea-Bissau, Mauritania, Sao Tome and Principe, Senegal, and Togo, and the WAEMU and associated regional institutions.

As seen from the map below, WACA's investments in coastal resilience now cover nine countries in West Africa, and support seven regional institutions on policy harmonization and cross-border solutions for coastal management, totalling a $507 million portfolio managed by the World Bank.



Source: WACA Management Program

This second WACA project includes a grant to WAEMU to coordinate regional organizations in improving regional integration, managing environmental flows, and achieving economies of scale in managing shared coastal resources needed for climate resilience. It is an expansion of the WACA Program that already included Benin, Cote d'Ivoire, Mauritania, Sao Tome and Principe, Senegal, and Togo. In WACA ResIP 2 covering The Gambia, Ghana, and Guinea-Bissau, the new project will support physical coastal protection using a combination of nature-based solutions and grey infrastructure to protect economic and livelihood assets from coastal erosion and flooding and includes social investments at community level to increase climate-resilient at local level.

In The Gambia, the project aims to reduce the impact of flooding through the restoration of Kotu stream, including a green river park in the area at the mouth of the stream. This includes nature-based solutions to reduce risk and sequester carbon; floods mitigation; replacement and rehabilitation of bridges, culverts and drainage systems; and community solid waste management and sanitation projects. The project also includes sand and market-based approaches to create sustainable jobs for women, starting with a jobs-market assessment and identification of key jobs effects. Similarly, in Ghana, the project aims to reduce flooding in Greater Accra through the construction of a jetty at Korle Lagoon; improving ecosystem health and protecting communities from erosion in the Volta Delta and Keta Lagoon through the protection and restoration of mangrove forests; nourishment of sandy barriers; dune re-vegetation; and building of protective infrastructure such as groynes. Investments will also address improved flood management along the Weija River, oil spill preparedness, and marine plastics management. Social subprojects focus on livelihood protection and restoration. In Guinea-Bissau, it seeks to improve access and infrastructure through small to medium scale works in the Bijagos, including the Bubaque jetties for coastal protection, mangrove ecosystem restoration for flood management, mangrove and seagrass conservation, and reducing deforestation by providing solar energy systems to replace wood as an energy source. Social subprojects include community infrastructure such as wells and schools.

Apart from the WAEMU, other key institutions participating in the WACA Program include: the Economic Commission of West African States (ECOWAS), the Economic Community of Central African States (ECCAS), the Secretariat of the Abidjan Convention (ABC), the Centre de *Suivi Ecologique* (CSE), the International Union for Conservation of Nature (IUCN), the Regional Partnership for Coastal and Marine Conservation (PRCM), the Regional Network of Marine

Protected Areas in West Africa (RAMPAO), the Port Management Association of West and Central Africa (PMAWCA), and the Africa regional Centre of Excellence for Coastal Resilience (ACECoR) at University of Cape Coast, Ghana.

The WACA Program is expected to continue its collaborative efforts in 2023 to expand direct support to communities facing immediate risk from coastal erosion, flooding, pollution, aggravated by climate change. Most importantly, the project's climate co-benefits are estimated at 75% and are expected to drive in a reduction in net Greenhouse Gas emissions due to carbon sequestration activities. The total carbon emissions saved by the project are expected to reach 2,555,319 tons of carbon dioxide equivalent (CO2e), or the equivalent of 85,177tCO2e savings per year.

The Double Tragedy of Climate Vulnerability and Climate Finance Debt in Africa

Despite its benefits to strengthening Coastal resilience in West Africa, the WACA Program, together with many other climate finance programs, contribute to the unnecessary unsustainable debt levels of African countries as over 70% is provided as loans. Ironically, Africa is responsible for less than 4% of the global greenhouse gas emissions, yet it is warming more quickly, its glaciers are retreating faster, and its rate of sea-level rise is higher than the global mean. This means that African countries need more finances to address these climate-related challenges. As a result, Sub-Saharan African countries will have to take on almost USD 1 trillion in debt over the next decade. African countries will therefore continue to be trapped repaying vast sums to their creditors every year, hampering their ability to respond to the mounting impacts and costs of the climate crisis. At the same time, extreme climate events and insufficient grant-based climate finance are forcing indebted countries deeper into debt, keeping many locked in fossil fuel production, as the main source of income to guarantee debt service payment, and creating a vicious cycle that can be impossible to escape.

In sum, the debt burdens of African countries make it exceedingly difficult for these countries to address the impacts of climate change, provide basic services to improve the wellbeing of their people, and participate in the new global economy. Furthermore, the cost of borrowing to address climate priorities has also become exceedingly expensive. Ironically, contrary to the promise of the UNFCCC regime, the punitive cost of climate change is being borne by the least developed countries in the world, mostly found in Africa. In the absence of real debt relief and automatic debt standstills in the event of extreme climate events, compounded by prolonged and complicated restructuring processes, WACA ResIP-recipient countries – as well as other climate finance-recipient countries – are at risk of entering a vicious cycle of indebtedness and vulnerability in which they incur further debt liabilities to address their climate needs yet spend more on debt repayments than addressing their climate vulnerabilities and building the required resilience. Adaptation and loss and damage needs should be primarily financed through grants and in-kind support. The Global Mechanism for Reconstruction Grants proposed in the Bridgetown Agenda is an important piece of the loss and damage finance puzzle.

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