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POLICY BRIEF

Unlocking Climate Finance for Somalia: Challenges and Recommendations



About the Authors

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Currently, as an independent consultant, Farhiya's work focuses on the intersectional impacts of climate change on vulnerable communities, emphasizing the integration of resilience, adaptation, and mitigation into sustainable development efforts. Most recently, she served as a Senior Programme Manager at the Royal Norwegian Embassy, supporting key development initiatives in Somalia. Farhiya holds an MBA in Strategic Management and a BA in Sociology and Psychology from the University of Nairobi, complemented by specialized training in climate change, including an executive course on Climate Change Economics and Governance from the London School of Economics (LSE).

About Horn Africa Consultants Firm

Horn Africa Consultants Firm (HACOF) is a fully-fledged international development implementing agency providing solutions to governments, regional institutions, humanitarian, and development partners. We are committed to contributing to sustainable development and transforming lives of people through implementation of a myriad range of activities. Established in 2012, HACOF intends to provide technical solutions to governments and development partners in the areas of Research, Communication and Policy Analysis, Governance and stabilization, Growth and Resilience, and Environment and Climate change.

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Greenhouse gas emissions constitute the greatest market failure the world has seen

Nicholas Stern, 2009

Introduction

Climate change, a significant long-term shift in our planet's weather patterns, is largely driven by human activities. Our reliance on burning fossil fuels, deforestation, and massive industrialization has greatly increased greenhouse gases (GHGs) in the atmosphere. This has not only accelerated global warming but also led to a series of serious ecological issues.

The consequences of climate change are both profound and relentless. The hot temperatures are causing glaciers to melt down, which

increases sea levels and threatens coastal ecosystems. Additionally, severe weather patterns like droughts, floods, cyclones, and wildfires are occurring more frequently and with greater intensity, leading to widespread loss of life, property, livelihoods, and displacement.

Addressing climate change requires a dual approach: mitigating its causes and adapting to its impacts. Governments, corporates, civil society, development partners and individuals have a role to play.

Climate Change in Somalia

Somalia is highly vulnerable to the impacts of climate change, facing numerous climate-related challenges. Over the past 30 years, the country has experienced an increase in the frequency of droughts, flash floods, and riverine floods, which have significantly disrupted the livelihoods of its people and negatively affected the economy. The implications for human security in Somalia are substantial, as the population faces intertwined challenges related to maladaptation to climate change and the unsustainable use of natural resources. These risks exacerbate the difficulties Somalis encounter while trying to navigate and cope with their changing environment. For the past three decades, conflict and violence have been the primary drivers of internal displacement in Somalia, particularly due to the ongoing confrontations between the military and non-state armed groups like al-Shabaab. In recent years, however, as more data has become available, weather-related disasters such as droughts and floods have emerged as significant causes of displacement, often exceeding the number of people forced to flee due to conflict and violence each year.

Climatic shocks, namely periods of flooding and drought, are expected to become more frequent and severe, subsequently fueling structural drivers of poverty and instability and severely

impeding resilience efforts across the country. Repeated droughts significantly reduce consumption in rural areas, pushing more people into poverty. Since 1990, Somalia has been impacted by a threefold increase in climatic events, the recent drought in Somalia in 2022, caused by three consecutive failed rainy seasons, has been particularly severe, with devastating consequences for both livestock and human populations. Reports of livestock deaths due to water shortages were soon followed by distressing accounts of human suffering, including fatalities among children and a mass displacement of people to urban areas seeking humanitarian aid.

Climate change is establishing a "new normal" in Somalia, characterized by more arid landscapes, unstable water and food supplies, and increased climate-induced displacement. The United Nations (UN) projected famine conditions in parts of Somalia due to ongoing drought, water scarcity, and crop failures. The World Food Programme (WFP) reported that the number of people facing famine was ten times higher than it was five years ago. Combined with ongoing conflict, these climatic shocks have displaced around 1.3 million people in 2022 alone, with an estimated 8.3 million in need of humanitarian assistance.

Progress Achieved by Somalia in Addressing Climate Change

Somalia has been making notable progress in tackling climate change and environmental degradation through a blend of national policies and international partnerships. The Federal Government of Somalia (FGS) has embedded climate considerations into its National Development Plan (NDP) for 2020–2024. This plan sets out a clear path for managing climate risks and enhancing resilience across various sectors.

One of the major steps taken is the creation of the National Adaptation Programme of Action (NAPA) in 2013 and the updating of the National Climate Change Policy in 2020. These frameworks offer a comprehensive strategy for both climate adaptation and mitigation. Somalia has also updated its Nationally Determined Contribution (NDC), reaffirming its commitment to global climate agreements, and outlining its specific climate action targets.

To further these efforts, the Somali government established the Ministry of Environment and

Climate Financing

Each year, global leaders gather at the Conference of the Parties (COP) to the United Nations Framework Convention on Climate Change (UNFCCC) to tackle and negotiate climate policies. These meetings are pivotal for countries to review their progress, set ambitious new targets, and coordinate joint efforts to fight climate change. At these conferences, leaders revisit their Nationally Determined Contributions (NDCs), seek funding commitments, and create strategies to deal with pressing issues like adaptation, mitigation, and loss and damage. The goal is to drive international cooperation and ensure that all countries, regardless of their development status, contribute effectively to a sustainable future.

Despite the progress made through these commitments, full implementation remains challenging. The \$100 billion annual funding target¹, for instance, has faced significant obstacles. As climate action evolves, success varies across regions and sectors. The focus remains on meeting these ambitious goals and improving the global response to climate change. In 2022, developed countries provided and mobilized a total of USD 115.9 billion in climate finance for developing countries, exceeding the annual USD 100 billion goal for the first time.

Climate Change (MOECC), which is crucial for overseeing and coordinating the country's environmental and climate initiatives. This ministry, along with other national frameworks and institutions such as the newly established Somali National Climate Fund (with a dedicated Executive Director appointed in June 2024), supports Somalia's commitment to building climate resilience and addressing environmental challenges.

In March 2024, the Green Climate Fund¹ (GCF) Executive Director, Mafalda Duarte, led the first-ever GCF delegation to Somalia, unveiling a substantial climate action investment of up to USD 100 million for 2025. The GCF's support acknowledges Somalia's strides towards financial stability², which is essential for effective climate finance deployment. This investment aims to enhance Somalia's climate resilience and foster sustainable, integrated climate actions for long-term peace and prosperity.

The fight against climate change has always been a global challenge, with developed nations historically being the largest contributors to greenhouse gas emissions. While many of these wealthy countries have pledged to support developing nations with financial and technical assistance, the reality often falls short of these promises.

Developing countries, particularly in Africa, despite their relatively minor contributions to global emissions, are experiencing the most severe impacts of climate change. This is evident in countries like Somalia, where recurrent droughts and floods are threatening livelihoods and economies. This disparity underscores a grave injustice: those who have contributed the least to the problem are often the ones bearing the brunt of its effects. This significant gap, recognized by various stakeholders, underscores the urgent need for innovative approaches and new mechanisms to support these vulnerable communities and governments. The complexities of preparing conflict-affected states for climate impacts demand a reimagined commitment to ensure they are not left to navigate worsening climate crises alone, exacerbating their already precarious situations.

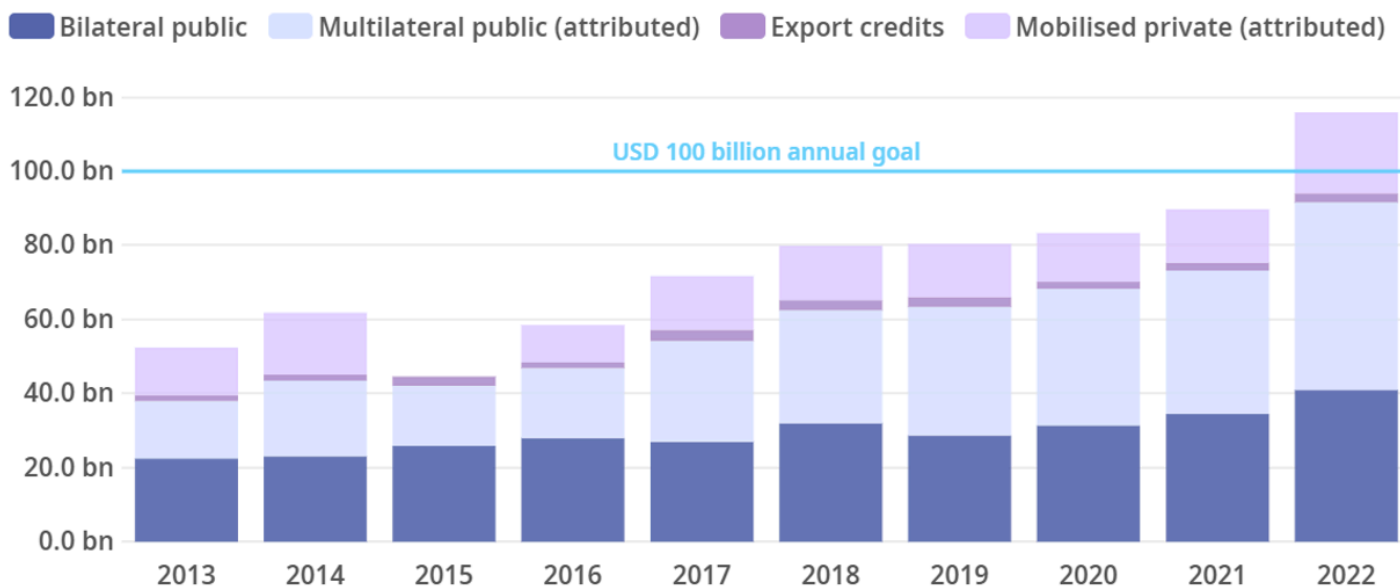
¹ The Green Climate Fund, an arm of the UNFCCC, is the world's largest dedicated climate fund, with a portfolio of USD 13.9 billion (USD 53 billion including co-financing) and supports transformative climate action across over 129 developing countries.

² The Executive Boards of the International Monetary Fund (IMF) and the World Bank's International Development Association (IDA) approved the Heavily Indebted Poor Countries (HIPC) Initiative Completion Point for Somalia in December 2023 which will unlock development financing for the country.

³ At the 15th Conference of Parties (COP15) of the UNFCCC in Copenhagen in 2009, developed countries committed to a collective goal of mobilising USD 100 billion per year by 2020 for climate action in developing countries, in the context of meaningful mitigation actions and transparency on implementation. The goal was formalised at COP16 in Cancun, and at COP21 in Paris, it was reiterated and extended to 2025.

Climate finance for developing countries

Amounts provided and mobilised by developed countries, billion USD



International agreements, like the Paris Agreement, aim to address this imbalance by encouraging developed nations to provide crucial support to developing countries. However, despite these commitments, the actual support often falls short. Many developing countries continue to struggle with insufficient funding and resources, which hampers their ability to effectively tackle climate impacts and pursue sustainable development. Africa requires USD 2.8 trillion between 2020-2030 to

implement its NDCs under the Paris Agreement. This is the cost of the continent's contribution to limiting warming to 1.5°C and addressing the biggest impacts of climate change. However, annual climate finance flows in Africa stand at only USD 30 billion. Africa faces a significant financing gap, needing between \$118.2 billion and \$145.5 billion annually to address its climate commitments. This shortfall underscores the need for development partners to increase their support.

Climate financing in Somalia

Somalia's access to climate finance remains severely limited. Currently, the country receives only about \$300 million annually for climate change programs, far short of the \$16 billion needed by 2030 as outlined in Somalia's NDC. In 2021, the Somali government estimated that it required approximately USD 5.5 billion per year to adequately address its climate challenges. However, climate finance inflows in 2019-2020 were estimated at just USD 321 million—less than 0.6% of the required amount. This stark gap underscores the severe underfunding of climate action in Somalia, a situation common in many conflict-affected regions.

International support, such as the \$100 million commitment from the United Nations-backed Green Climate Fund (GCF) in 2023, represents a critical step forward in addressing Somalia's urgent climate challenges. However, this commitment is only a fraction of what is needed annually. The challenges of navigating the complex processes required to secure climate finance, mean that much of the necessary funding remains out of reach.

Barriers to Effective Climate Financing in Somalia

Somalia faces significant barriers to effective climate financing, including political instability, limited institutional capacity, and challenges in coordination and accountability. Ongoing conflict and insecurity disrupt the implementation of climate projects and hinder the efficient allocation of resources. The country's limited institutional capacity and

governance issues further impede its ability to manage and utilize climate finance effectively. Additionally, ensuring coordination among various stakeholders and maintaining accountability and transparency in the use of funds are critical challenges that need to be addressed to optimize the impact of climate financing in Somalia.

Recommendations to Increase Climate Finance in Somalia

Strengthening Governance and Institutional Capacity: To effectively manage and utilize climate finance, Somalia must enhance the capacity of both national and local institutions. This can be achieved through targeted training, technical assistance, and comprehensive capacity-building programs. Strengthening governance and institutional frameworks is vital for improving the planning, implementation, and monitoring of climate-related projects, ensuring that resources are utilized efficiently and effectively.

Key institutions in this effort include the Somali National Climate Fund, which aims to collaborate with the federal government to create an inclusive framework for developing climate policies and increasing climate financing. Additionally, the Ministry of Environment and Climate Change is essential for integrating environmental considerations into national development strategies. Strengthening these institutions is crucial to ensuring the efficient implementation of projects and maximizing the impact of climate-related investments in Somalia, ultimately helping the country tackle its pressing environmental challenges.

Enhancing Coordination and Partnerships: Enhanced collaboration among government agencies, donors, non-governmental organizations (NGOs), and the private sector is crucial for optimizing the effectiveness of climate finance efforts in Somalia. This coordinated approach will ensure a more impactful response to climate change challenges

in the country. Collaborative approaches and strong partnerships can help align efforts, reduce duplication, and ensure that resources are channeled towards the most pressing needs. Encouraging multi-stakeholder collaboration will enhance the overall effectiveness of climate interventions.

Monitoring and Evaluation: Establishing strong monitoring and evaluation (M&E) systems is crucial for assessing the progress and impact of climate initiatives in Somalia. Currently, the M&E framework in Somalia faces challenges such as limited data collection capacity, insufficient collaboration among stakeholders, and lack of standardized indicators. An effective M&E system can address these issues by promoting accountability, identifying best practices, and providing valuable insights for future projects. Supporting the Somali National Bureau of Statistics (SNBS) within the Ministry of Planning, Investment and Economic Development (MoPIED) is essential to overcoming these challenges, as it will enhance data collection capacities and promote the development of standard indicators that are necessary for effective evaluation.

Public Private Partnerships (PPPs): Somalia can foster collaboration between the public sector, private investors, and development partners to finance large-scale climate projects. PPPs can combine resources and expertise to implement critical infrastructure projects, such as renewable energy facilities, water management systems, and resilient agricultural practices.

Access International Climate Funds:

Strengthen Somalia's capacity to access global climate funds by building institutional capacity to develop competitive proposals, ensuring compliance with international standards, and establishing a dedicated national authority to manage these funds. Key funds include the Green Climate Fund (GCF) and the Adaptation Fund. Additionally, Somalia can leverage its integration into the East African Community (EAC) to lobby for regional climate financing, such as the Africa Adaptation Acceleration Program (AAP). The AAP, co-designed by the African Development Bank (AfDB) and the Global Center on Adaptation (GCA) and endorsed by the African Union (AU), is Africa's response to the climate crisis, aiming to climate-proof \$25 billion

worth of investments by 2025 to accelerate adaptation efforts.

Implement Debt-for-Climate Swaps: Since Somalia is now able to access flexible financing such as debts as a result of the completion of debt relief process, there will be an increased appetite to secure more debts for development financing. Somalia can in the long run negotiate debt-for-climate swap agreements with international creditors. These agreements would allow Somalia to restructure its debt in exchange for commitments to invest in climate adaptation and mitigation projects, easing financial pressures while advancing climate goals.

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